

Timah Tbk (TINS)

Pemulihan Permintaan Global di tengah Gejolak Suplai

Peningkatan Permintaan Timah oleh China

Seiring dengan **membairnya industri di China**, permintaan timah di negara tersebut pun semakin tinggi. Hal ini berdampak langsung terhadap kinerja penjualan TINS yang mencatatkan **peningkatan volume penjualan produk-produknya**. Pada 3Q17, volume penjualan logam TINS naik 3,8% y-y dari 6.918 ton menjadi 7.184 ton, sedangkan volume penjualan bahan kimia TINS naik 198,1% y-y menjadi 1.428 ton dari 683 ton pada 3Q16.

Penurunan Pasokan Mineral Dunia

Pada 2017 harga-harga komoditas tambang telah mengalami *rebound* kecuali timah, sehingga harga timah diprediksikan akan meningkat pada 2018 mengikuti peningkatan harga komoditas lainnya, dan kenaikan harga tersebut akan berdampak terhadap kinerja penjualan TINS. Berdasarkan data komoditas global, pasokan dari tembaga, aluminium, timba, seng, nikel, dan timah terus mengalami penurunan.

USD20.000-USD21.000/Ton: Prediksi Harga Timah pada 2018

Beberapa lembaga survei komoditas dunia memprediksikan bahwa harga timah pada 2018 akan meningkat dan stabil di kisaran USD20.000 - USD21.000/ ton. Estimasi ini ditopang oleh kenaikan permintaan produk timah.

Ringkasan Kinerja pada 3Q17

Pendapatan TINS meningkat 24,6% y-y dari Rp1,8 triliun pada 3Q16 menjadi Rp2,3 triliun pada 3Q17 yang ditopang oleh kenaikan volume penjualan dan harga jual. Selain itu, TINS juga membukukan lonjakan laba sebesar 79,5% dari Rp84 miliar pada 3Q16 menjadi Rp150 miliar pada 3Q17.

Timah, Tbk | Summary (IDR bn)

	2016/12A	2017/12E	2018/12E	2019/12E
Revenue	6,968	8,893	9,049	9,063
Revenue growth	1.1%	27.6%	1.8%	0.2%
EBITDA	1,476	1,541	1,635	1,636
Net profit	252	453	509	513
EPS (IDR)	34	61	68	69
EPS growth	120.3%	80.0%	12.2%	1.0%
BVPS (IDR)	759	801	851	899
EBITDA margin	21.2%	17.3%	18.1%	18.1%
NPM	3.6%	5.1%	5.6%	5.7%
ROE	4.6%	7.8%	8.3%	7.9%
ROA	2.7%	4.3%	4.3%	4.2%
ROIC	3.6%	5.5%	5.4%	0.0%
P/E	31.8x	14.5x	13.0x	12.8x
P/BV	1.4x	1.1x	1.0x	1.0x
EV/EBITDA	6.2x	4.8x	3.8x	4.0x
DPS (IDR)	70	154	172	174
Dividend yield	6.5%	17.4%	19.5%	19.7%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Buy

Dec 2018 TP (IDR)	1,140
Consensus Price (IDR)	1,165
TP to Consensus Price vs. Last Price	-2.1% +28.8%

Shares data

Last Price (IDR)	885
Price date as of	Jan 12, 2018
52 wk range (Hi/Lo)	1,170/715
Free float (%)	35.0
Outstanding sh.(mn)	7,448
Market Cap (IDR bn)	6,666
Market Cap (USD mn)	500
Avg. Trd Vol - 3M (mn)	18.14
Avg. Trd Val - 3M (bn)	15.54
Foreign Ownership	0.10%

Mining

Metal & Mineral

Bloomberg

TINS.IJ

Reuters

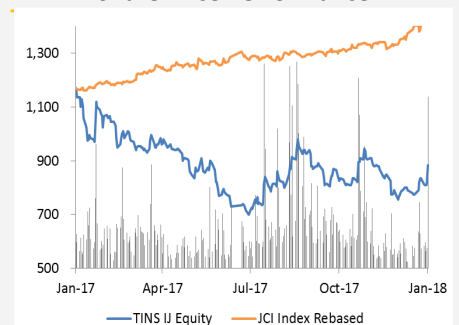
TINS.JK

Yuni

+62 21 797 6202, ext:164

yuni@nhsec.co.id

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	12.0%	17.2%	7.3%	-24.4%
Rel. Ret.	11.5%	16.7%	-0.2%	-44.7%

Ekspor Produk Elektronik

Berdasarkan data kementerian perdagangan pada Desember 2017, total ekspor timah Indonesia meningkat 17% y-y menjadi 7,056 ton. Kenaikan volume ekspor ditopang oleh tingginya kebutuhan produk timah untuk produk elektronik. Kami memperkirakan bahwa pada 2018 kebutuhan produk timah masih akan tinggi yang didorong oleh peningkatan permintaan gawai.

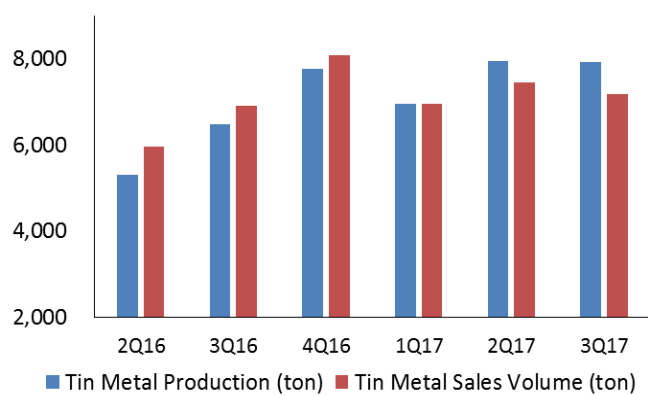
Ekspansi ke Nigeria

TINS telah menandatangani kerjasama dengan Topwide Venture Limited, perusahaan yang berbasis di Nigeria. Kerjasama tersebut merupakan langkah ekspansi TINS yang mencakup kegiatan eksplorasi, penambangan, pemurnian hingga penjualan dan pemasaran. Selain itu, kerjasama tersebut strategi untuk meningkatkan sumber cadangan baru seiring mulai menipisnya sumber cadangan saat ini.

Target Harga Rp1.140

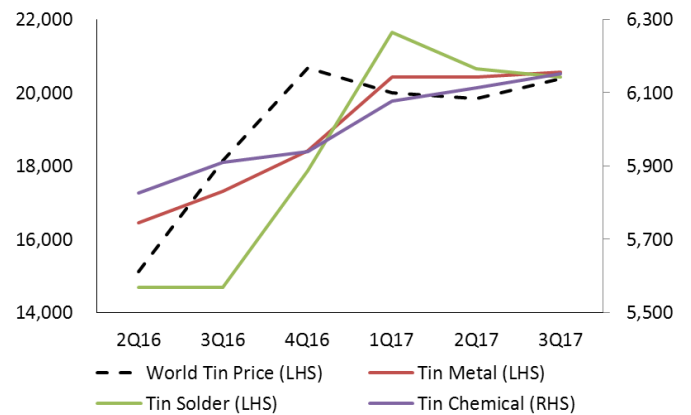
Kami menggunakan estimasi *forward* EV/EBITDA sebesar 5,0x (rata-rata 3 tahun terakhir) sebagai basis metode valuasi kami untuk memperoleh target harga pada Desember 2018. Target harga ini mengimplikasikan EV/EBITDA 2018E sebesar 5,0x (vs 3,8x saat ini).

Tin Production & Sales Volume | 2Q16 - 3Q17



Source: Company, NHKS Research

ASP Performance (USD/ton) | 2Q16 - 3Q17



Source: Company, NHKS Research

Daily World Tin Price | Nov 01 2017 - Jan 15 2018



Source: Company

Multiple Valuation

Forward EV/EBITDA band | Last 3 years



Source: NHKS research

Dynamic Forward EV/EBITDA band | Last 3 years



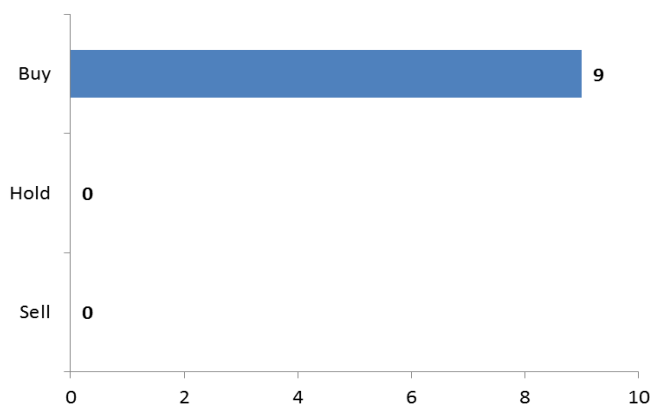
Source: NHKS research

Rating and target price update

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
7/19/2017	Buy	870	755	1,099	+15.2%	-20.80%
9/20/2017	Buy	1,070	890	1,181	+20.2%	-9.4%
1/16/2018	Buy	1,140	885	1,165	+28.8%	-2.1%

Source: NHKS research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

1. Period: End of year target price
2. Rating system based on a stock's absolute return from the date of publication
 - Buy : Greater than +15%
 - Hold : -15% to +15%
 - Sell : Less than -15%

Summary of Financials

TINS Summary		
Last Price (IDR)	January 12, 2018	885
Target Price (IDR)	Dec 2018	1,140
Analyst: Yuni	Rating:	Buy

INCOME STATEMENT

In IDR bn	2016/12A	2017/12E	2018/12E	2019/12E
Sales	6,968	8,893	9,049	9,063
Growth (% y/y)	1.1%	27.6%	1.8%	0.2%
COGS	(5,873)	(7,267)	(7,395)	(7,406)
Gross Profit	1,095	1,626	1,655	1,657
Gross Margin	15.7%	18.3%	18.3%	18.3%
Operating Expenses	(597)	(915)	(858)	(856)
EBIT	498	711	797	801
EBIT Margin	7.1%	8.0%	8.8%	8.8%
Depreciation	978	830	838	835
EBITDA	1,476	1,541	1,635	1,636
EBITDA Margin	21.2%	17.3%	18.1%	18.1%
Interest Expenses	(113)	(150)	(155)	(152)
EBT	415	685	769	776
Income Tax	(163)	(232)	(260)	(263)
Minority Interest	-	-	-	-
Net Profit	252	453	509	513
Growth (% y/y)	120.3%	80.0%	12.2%	1.0%
Net Profit Margin	3.6%	5.1%	5.6%	5.7%

BALANCE SHEET

In IDR bn	2016/12A	2017/12E	2018/12E	2019/12E
Cash	564	2,555	3,923	4,910
Receivables	821	1,010	744	1,068
Inventories	2,309	1,728	2,380	1,734
Total Current Assets	5,238	7,002	8,673	9,380
Net Fixed Assets	2,383	2,443	2,049	1,545
Other Non Current Assets	1,928	2,068	1,696	1,279
Total Assets	9,549	11,513	12,419	12,203
Payables	661	806	687	808
ST Bank Loan	1,733	1,844	2,039	1,510
Other Current Liab.	667	489	485	547
LT Debt	-	1,500	1,500	1,500
Other Non Current Liab.	834	910	1,369	1,140
Total Liabilities	3,895	5,548	6,081	5,505
Shareholders' Equity	5,654	5,965	6,337	6,698

CASH FLOW STATEMENT

In IDR bn	2016/12A	2017/12E	2018/12E	2019/12E
Net Income	252	453	509	513
Deprec & Amortization	978	830	838	835
Chg. In Working Capital	(258)	(23)	(425)	463
CFO	972	1,260	922	1,812
Capex	(535)	(825)	(445)	(331)
CFI	(548)	(687)	387	(143)
Dividends Paid	-	(151)	(136)	(153)
Net Borrowing (PMT)	(349)	1,614	195	(529)
CFF	(358)	1,416	59	(681)
Net Changes In Cash	66	1,989	1,368	987

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	93.7	Republic of Indonesia 65.0
United States	5.3	Dimensional Fund 2.1
Ireland	0.5	Vanguard group 0.9
Luxembourg	0.3	Indo Premier 0.2

PROFITABILITY & STABILITY

	2016/12A	2017/12E	2018/12E	2019/12E
ROE	4.6%	7.8%	8.3%	7.9%
ROA	2.7%	4.3%	4.3%	4.2%
ROIC	3.6%	5.5%	5.4%	0.0%
EBITDA/Equity	26.8%	26.5%	26.6%	25.1%
EBITDA/Assets	2.7%	4.3%	4.3%	4.2%
Cash Dividend (IDR bn)	76	136	153	154
Dividend Yield (%)	6.5%	17.4%	19.5%	19.7%
Payout Ratio (%)	30.0%	30.0%	30.0%	30.0%
DER	30.7%	56.1%	55.8%	44.9%
Net Gearing	30.4%	55.6%	55.4%	44.6%
LT Debt to Equity	0.0%	25.1%	23.7%	22.4%
Capitalization Ratio	23.5%	35.9%	35.8%	31.0%
Equity Ratio	59.2%	51.8%	51.0%	54.9%
Debt Ratio	18.2%	29.0%	28.5%	24.7%
Financial Leverage	168.3%	164.4%	187.2%	190.5%
Current Ratio	171.1%	223.1%	270.0%	327.4%
Quick Ratio	45.2%	113.6%	145.3%	208.6%
Cash Ratio	18.4%	81.4%	122.1%	171.4%
Cash Conversion Cycle	163	102	100	101
Par Value (IDR)	50	50	50	50
Total Shares (mn)	7,448	7,448	7,448	7,448
Share Price (IDR)	1,075	885	885	885
Market Cap (IDR bn)	8,006	6,591	6,591	6,591

VALUATION INDEX

	2016/12A	2017/12E	2018/12E	2019/12E
Price /Earnings	31.8x	14.5x	13.0x	12.8x
Price /Book Value	1.4x	1.1x	1.0x	1.0x
Price/Sales	1.1x	0.7x	0.7x	0.7x
PE/EPS Growth	0.3x	0.2x	1.1x	13.5x
EV/EBITDA	6.2x	4.8x	3.8x	4.0x
EV/EBIT	18.4x	10.4x	7.8x	8.2x
EV (IDR bn)	9,176	7,381	6,208	6,591
Sales CAGR (3-Yr)	6.0%	5.8%	9.5%	9.2%
EPS CAGR (3-Yr)	-21.2%	-12.4%	64.5%	26.8%
Basic EPS (IDR)	34	61	68	69
Diluted EPS (IDR)	34	61	68	69
BVPS (IDR)	759	801	851	899
Sales PS (IDR)	936	1,194	1,215	1,217
DPS (IDR)	70	154	172	174

DCF, RIM & EVA

	2016/12A	2017/12E	2018/12E	2019/12E
DCF				
NOPAT	302	470	527	530
+Depr./Amor.	978	830	838	835
-CAPEX	(535)	(825)	(445)	(331)
-Incr. (Decr.) in Working Cap.	(258)	(23)	(425)	463
(Unlevered) FCFF	487	452	496	1,497
WACC				
Cost of Debt (Tax Adj.)	6.5%	5.4%	6.5%	6.5%
Cost of Equity (COE)	9.6%	10.0%	10.6%	10.6%
WACC (%)	9.2%	9.2%	9.1%	9.3%
RIM				
Spread (FROE-COE) (%)	-4.9%	-2.0%	-2.0%	-2.5%
Residual Income (IDR bn)	(264)	(112)	(122)	(157)
Equity Charge	515	565	631	670
EVA				
Invested Capital (IDR bn)	7,486	7,387	9,309	9,876
ROIC-WACC (%)	-5.1%	-2.8%	-3.5%	-3.9%
EVA (IDR bn)	(384)	(209)	(324)	(387)

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entity of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not suitable for all investors. Although the information here is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, respective employees, and agents disclaim any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents liable for errors, omissions, misstatements, negligence, inaccuracy arising herefrom.

All rights reserved by PT NH Korindo Sekuritas Indonesia