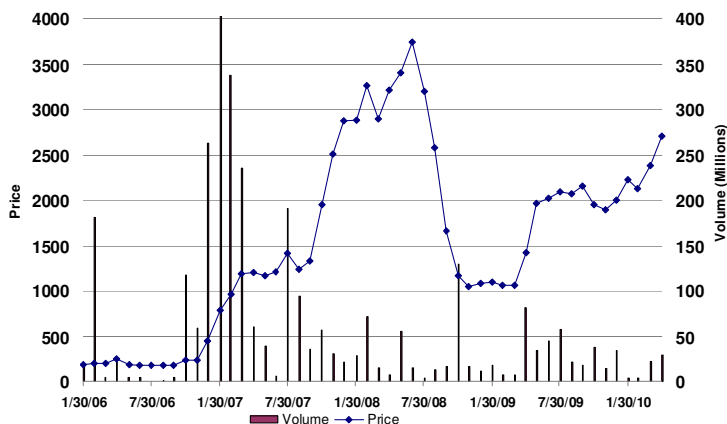


Rp 2,020 / share

PT Timah, Tbk (TINS)

Mining Sector

TINS STOCK PERFORMANCE



Share Price Information

| | | |
|-------------------------------------|---|-----------------|
| Estimated Fair Price | : | Rp 2,020 |
| Share Price (15/06/2010) | : | Rp 2,125 |
| Share Outstanding | : | 503,302,000 |
| Market Capitalization (Mill) | : | Rp 1,069,516.75 |
| 52 weeks: | | |
| - High | : | Rp 2,800 |
| - Low | : | Rp 1,770 |

Shareholders:

| | | |
|-------------------------|---|-----|
| - Indonesian Government | : | 65% |
| - Public (Domestic) | : | 22% |
| - Public (Foreign) | : | 13% |

Key Forecasts and Valuations

| | 2007 | 2008 | 2009 | 2010F | 2011F |
|-------------------|---------|--------|---------|---------|--------|
| EPS | 355 | 267 | 62 | 184 | 221 |
| PER | 8.08 | 4.04 | 32.26 | 10.95 | 10.32 |
| ROAE | 70.88% | 37.39% | 8.65% | 27.97% | 34.76% |
| ROAA | 42.02% | 24.82% | 5.90% | 14.26% | 12.71% |
| D/E RATIO | 0.00% | 6.32% | 7.50% | 7.50% | 7.88% |
| Gross Margin | 4.46% | 30.18% | 26.85% | 22.52% | 22.52% |
| Profit Margin | 20.89% | 14.83% | 4.07% | 9.25% | 10.37% |
| Current Ratio | 77.94% | 74.43% | 66.82% | 59.39% | 55.42% |
| Quick Ratio | 162.39% | 69.01% | 121.05% | 157.62% | 96.14% |
| Interest Coverage | 62.15 | 53.09 | 11.38 | 42.64 | 25.54 |

Analysts:

- ❖ Prof. Dr. Adler H. Manurung
- ❖ Sutan Nathanael Siagian
- PT Finansial Bisnis Informasi -

Company Overview

PT Timah, Tbk (Timah) was established in 1961 and went public in 1995. The company's main business is tin mining with an average annual production volume of 44,500 ton. It is currently the second biggest world tin exporter.

Expected Growth in Sales

The global demand for tin metal is expected to rise to the level of 320,000 ton in 2010 mainly due to the recovery of the global economy. To meet the extra demand, Timah is planning to increase its production level to 50,000 ton during the year which we believe is achievable given Timah's past productions, improving weather condition, and decreasing available tins stocks in the global market. Furthermore, the average price of tin in 2010 is also expected to increase due to the increasing demand. Due to its volatility, we use US\$16,000 per ton to forecast Timah's sales in 2010 and 2011. Thus, we predict that Timah sales in 2010 will jump to Rp 10.04 trillion and net income will increase to Rp 909.3 billion.

Going offshore, going deeper

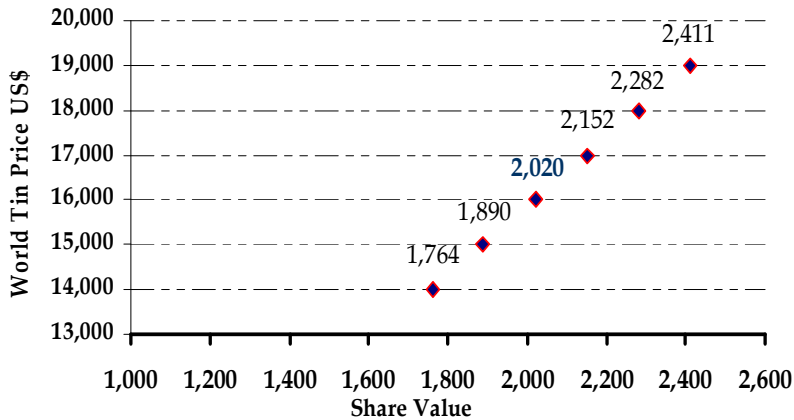
Illegal mining and land preservation are the main challenges currently faced by the Indonesian's tin industry. The problems have now forced Timah to move its production to offshore sites. Due to the investment aimed to replace some of Timah's currently owned dredgers, a jump in the production level followed by a slight decrease may be expected to occur. Offshore production is expected to account for 70% of Timah's 2010 production compared to 47% in 2009. In order to achieve the production target, Timah is planning to purchase five additional cutter suction dredgers in 2010 to boost its offshore production. Additionally, Timah is going to upgrade its currently owned dredgers into Bucket Wheel Dredgers that have the ability to reach 60m depth. With Timah's current cost of debt significantly lower than its cost of capital, we predict that Timah will issue a new short term debt to finance the purchase as well as other capital expenditures.

Valuation

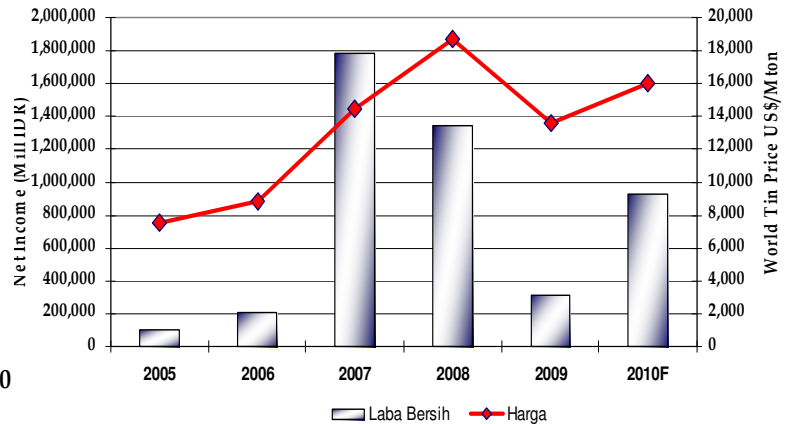
Due to the uncertainty raised by European crisis as well as the volatility of World Tin Price, we remain conservative by applying 17.74% as the required rate of return in our DCF valuation with the assumption that the price of Tins will remain at \$16,000. We estimate TINS' intrinsic share value to be Rp 2,020 per share, slightly lower than its current market price and PER of 10.95, much lower than its peers' PER of 24.90.

FORECASTS AND VALUATIONS

SCENARIO ANALYSIS - TIN PRICE



PROFIT vs TIN PRICE



PROFORMA INCOME STATEMENT

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010F | 2011F |
|-------------------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| Sales | 3,396,160 | 4,076,434 | 8,542,393 | 9,053,082 | 7,709,856 | 10,037,053 | 10,739,647 |
| EBIT | 231,786 | 401,205 | 2,697,322 | 2,149,413 | 602,064 | 1,319,890 | 1,610,231 |
| Interest Expenses | 27,174 | 53,733 | 43,400 | 40,484 | 52,901 | 30,958 | 63,044 |
| EBT | 204,612 | 347,472 | 2,653,922 | 2,108,929 | 549,163 | 1,288,933 | 1,547,187 |
| Tax Expenses | 96,905 | 139,312 | 869,328 | 766,578 | 235,391 | 360,901 | 433,212 |
| Net Income | 107,499 | 208,147 | 1,784,592 | 1,342,358 | 313,751 | 928,032 | 1,113,975 |

PROFORMA BALANCE SHEET

| | 2006 | 2007 | 2008 | 2009 | 2010F | 2011F |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| ASSETS | | | | | | |
| Current Assets | 2,352,411 | 3,922,668 | 4,305,906 | 3,244,475 | 3,439,568 | 3,882,499 |
| Non Current Assets | 1,109,811 | 1,110,044 | 1,479,097 | 1,611,037 | 3,083,971 | 3,926,560 |
| TOTAL ASSETS | 3,462,222 | 5,032,712 | 5,785,003 | 4,855,512 | 6,523,538 | 7,809,060 |
| LIABILITIES | | | | | | |
| Current Liabilities | 1,488,816 | 1,350,230 | 1,640,906 | 1,103,074 | 2,138,558 | 2,576,233 |
| Non Current Liabilities | 296,506 | 323,163 | 323,250 | 322,287 | 324,219 | 327,424 |
| TOTAL LIABILITIES | 1,785,593 | 1,673,666 | 1,964,422 | 1,425,648 | 2,463,056 | 2,903,657 |
| EQUITY | 1,676,629 | 3,359,046 | 3,820,581 | 3,430,064 | 3,204,669 | 4,905,403 |
| TOTAL LIABILITIES AND EQUITY | 3,462,222 | 5,032,712 | 5,785,003 | 4,855,712 | 5,667,725 | 7,809,060 |

DISCLAIMER: This report has been prepared by PT Finansial Bisnis Informasi on behalf of itself and is provided for information purposes only. This report has been produced independently and the forecast, opinion, and expectations contained herein are entirely those of PT. Finansial Bisnis Informasi. PT Finansial Bisnis Informasi won't accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.