



# **Q1-2018 Analyst Meeting**

**Jakarta - May 23, 2018**

**PT TIMAH Tbk**

PT TIMAH Tbk is the second largest tin mining company in the world and is a member of Holding State-Owned Mining Company



## VISION

To be a leading environmental friendly mining company in the world



## MISSION

- ❖ Building strong, supreme and dignified human resources
- ❖ Implementing the proper & right good governance for mining
- ❖ Optimizing the value of the Company and contribution to the shareholders as well as social responsibility



**TIMAH**

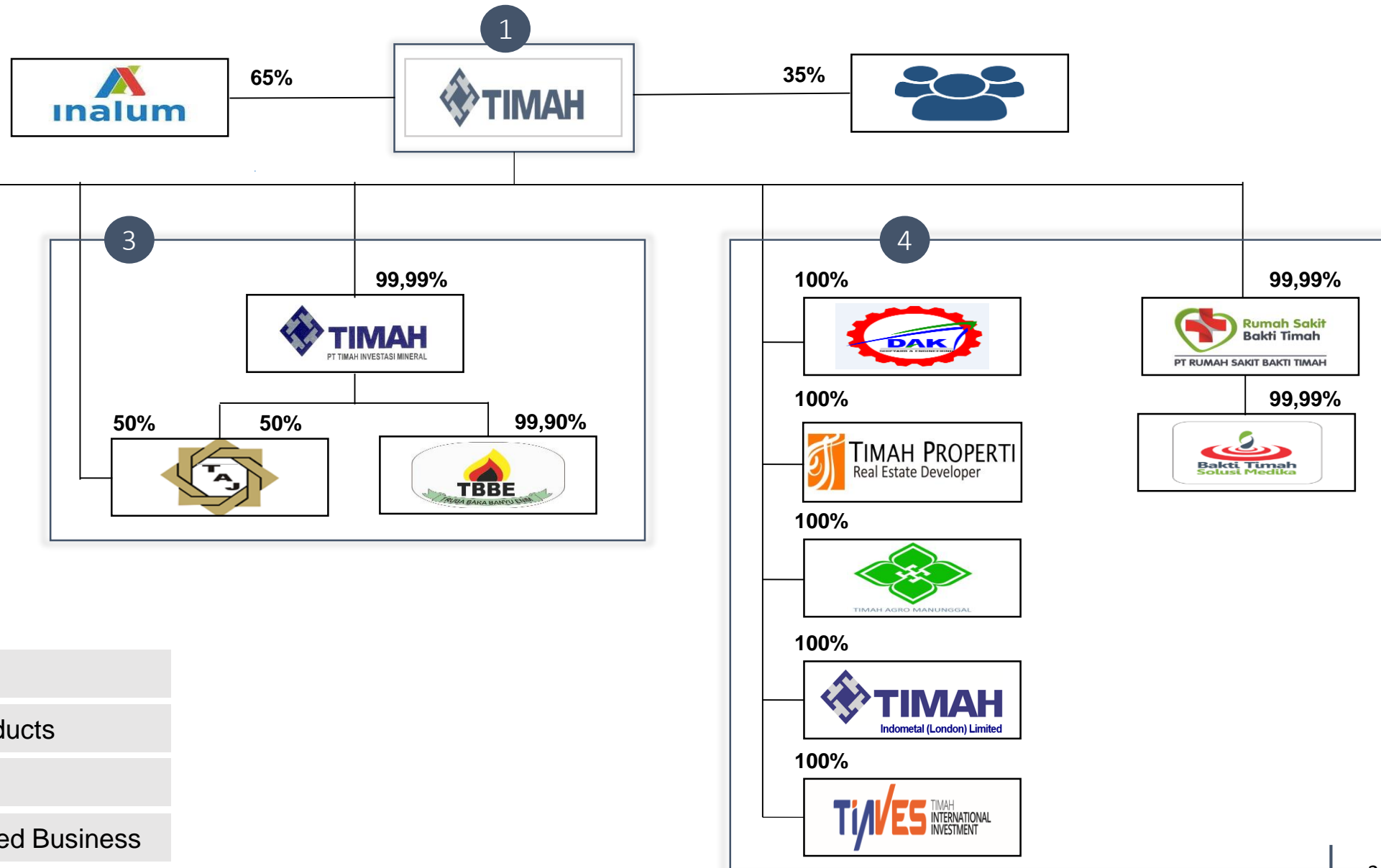
**BUMN**

*Hadir untuk negeri*

# Ownership Structure and Business Development

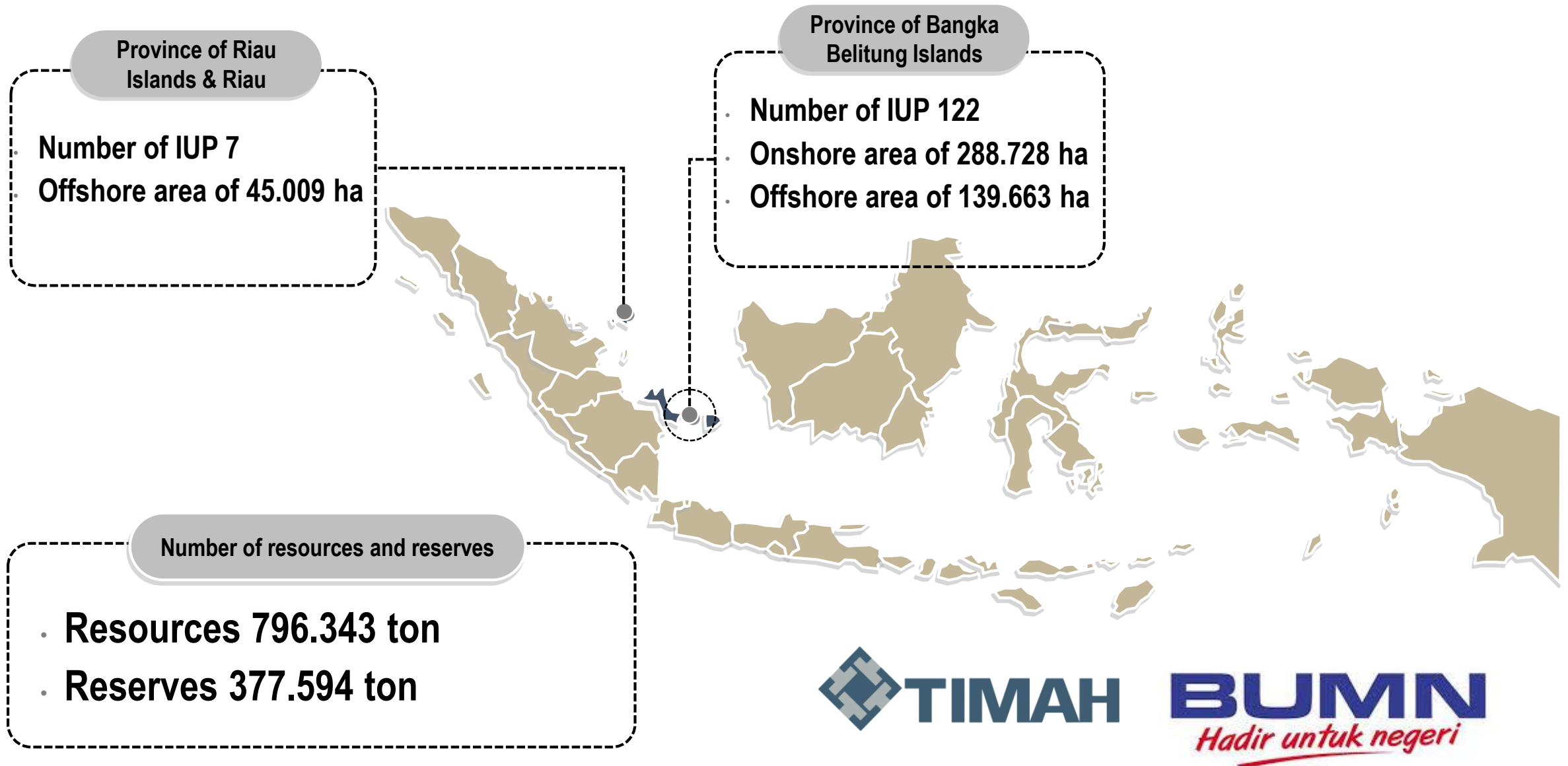


Republic of Indonesia  
owns 1 share of  
Series A (Dwiwarna)



- 1 Pilar 1 : Tin Mining
- 2 Pilar 2 : Downstream Products
- 3 Pilar 3 : Non-Tin Mining
- 4 Pilar 4 : Competency Based Business

# Area of Mining License (IUP)



	Q1-2017	Q2-2017	Q3-2017	Q4-2017	Q1-2018	YoY	QoQ
<b>Refined tin production in kt</b>							
<b>Asia</b>							
China	38.0	44.0	44.0	49.0	40.0	5%	-18%
Indonesia	19.0	18.0	21.0	22.0	20.0	5%	-9%
Malaysia	5.7	6.6	7.6	7.3	7.0	23%	-4%
Thailand	2.6	2.7	2.6	2.7	3.0	15%	11%
Others	2.3	2.3	2.4	2.4	2.4	4%	0%
<b>Total asia</b>	<b>67.6</b>	<b>73.6</b>	<b>77.6</b>	<b>83.4</b>	<b>72.4</b>	<b>7%</b>	<b>-13%</b>
<b>America</b>							
Bolivia	3.8	4.4	4	4.1	4.1	8%	0%
Brazil	2.8	3.5	3.2	3.2	3.2	14%	0%
Peru	3.6	4.7	5	4.7	4	11%	-15%
<b>Total America</b>	<b>10.2</b>	<b>12.6</b>	<b>12.2</b>	<b>12</b>	<b>11.3</b>	<b>11%</b>	<b>-6%</b>
<b>Eropa</b>							
Belgia	2.3	2.3	2.5	2.6	2.3	0%	-12%
Polandia	0.8	0.8	0.9	0.9	0.9	13%	0%
<b>Total Eropa</b>	<b>3.1</b>	<b>3.1</b>	<b>3.4</b>	<b>3.5</b>	<b>3.2</b>	<b>3%</b>	<b>-9%</b>
<b>Others</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0%</b>	<b>0%</b>
<b>Grand total</b>	<b>81.0</b>	<b>89.4</b>	<b>93.3</b>	<b>99.0</b>	<b>87.0</b>		
<b>Supply and demand in kt</b>							
World production	81.0	89.3	93.3	99.0	87.0	7%	-12%
World consumption	83.2	93.3	89.9	90.8	86.9	4%	-4%
<b>World balance</b>	<b>- 2.2</b>	<b>- 4.0</b>	<b>3.4</b>	<b>8.2</b>	<b>0.1</b>		

## Industri overview

1. Termination of Export Approval license (PE) has boosted the price of refined tin. Release from the Ministry of Trade that in March 2018 the total export was only 5,469 tons or down 24% from the previous month, because there was a delay in export delivery of tin. Total export of tin in the first quarter of 2018 was 17,184 tons or decreased 4.6% (year-on-year) and decreased 24% compared to the previous quarter
2. US trade policy can weaken demand. Since February 2018 there has been an escalation of Trump's protectionism agenda in the form of US trade tariffs on steel imports, including tinplate, followed by an import tariff proposal for 1,300 Chinese goods. List of Chinese goods that can be charged 25% when exported to China include solder-intensive consumer products such as air conditioners, refrigerators and washing machines, and other electronic products
3. Myanmar's tin ore exports to China are predicted to decline in 2018 due to depletion of tin reserves and rising production costs
4. Government policy in Africa could put pressure on tin exports by 2018. Tin producing countries in Africa seek to curb illegal mining through closer scrutiny of mining activities, including Democratic Republic of Congo (DRC) as Africa's largest tin producer, and Nigeria as Africa's second largest tin producer shifting Rwanda's position

# Refined tin use by application

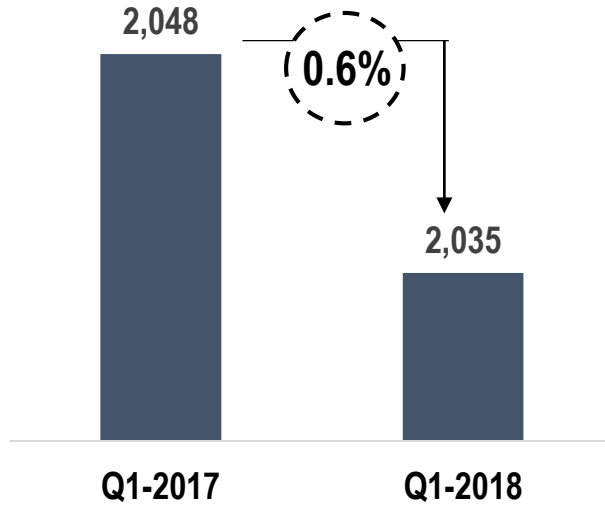
## Refined Tin Use by Application, 2010 - 2017

		2010	2011	2012	2013	2014	2015	2016	2017e
<b>Production</b>									
Solders	kt	187.5	182.0	168.3	169.5	171.5	159.9	165.6	168.1
Chemicals	kt	52.9	52.3	52.8	51.9	55.1	56.2	59.0	61.3
Tinplate	kt	57.2	56.1	54.3	53.5	52.0	50.4	48.8	49.0
Lead-Acid Batteries	kt	14.4	15.5	16.8	21.9	26.3	27.0	28.1	29.1
Copper Alloys	kt	17.1	17.6	17.3	17.6	18.5	18.0	18.2	17.9
Others	kt	28.5	31.3	26.5	28.4	30.5	29.8	29.2	30.1
<b>Total</b>	<b>kt</b>	<b>357.6</b>	<b>354.7</b>	<b>336.0</b>	<b>342.8</b>	<b>353.8</b>	<b>341.3</b>	<b>348.9</b>	<b>355.5</b>

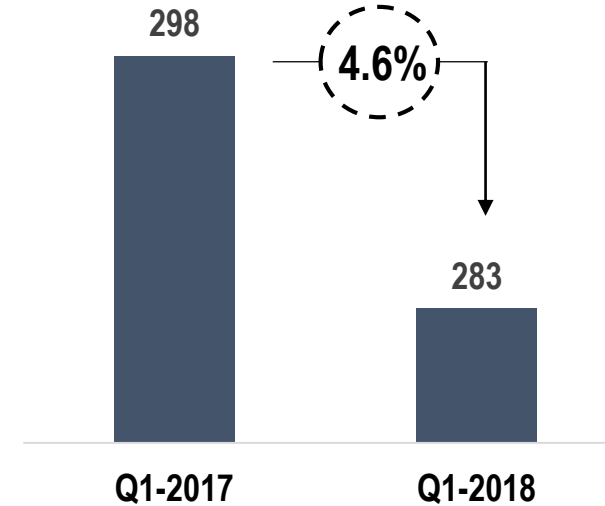
Notes: (1) Data: ITRI 2017 Global Tin Use Survey, ITRI estimates

# Financial Performance Quarterly (Yearly Basis)

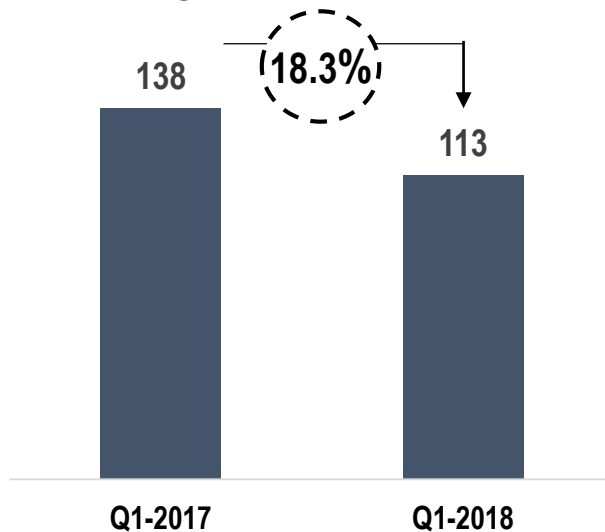
Revenue in billion Rp



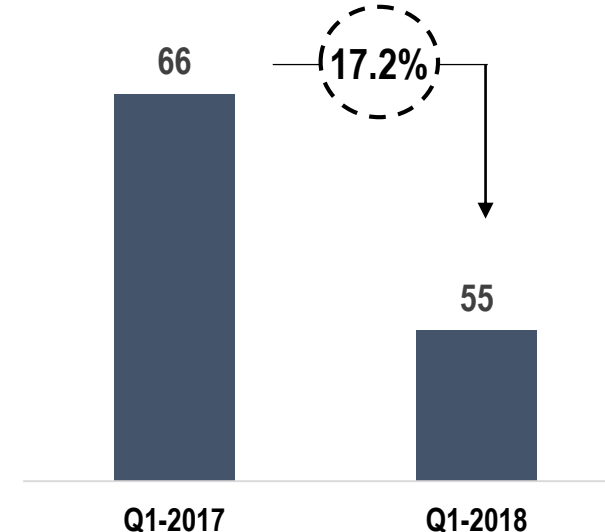
Gross profit in billion Rp



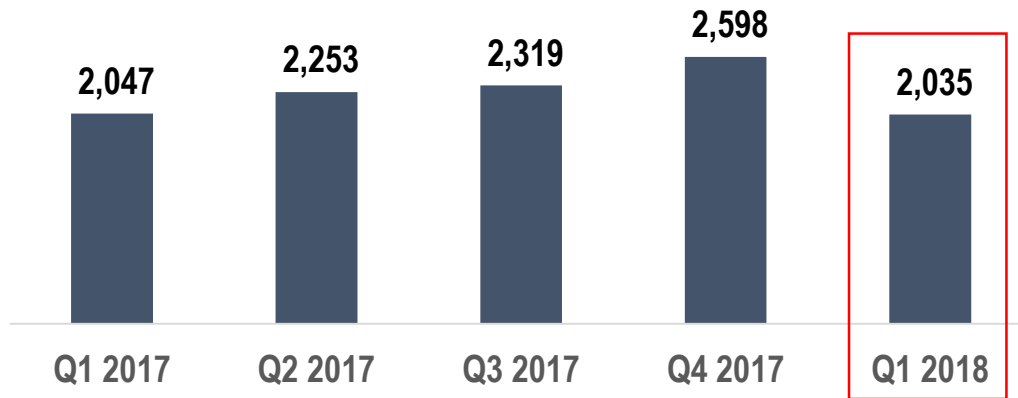
Operating income in billion Rp



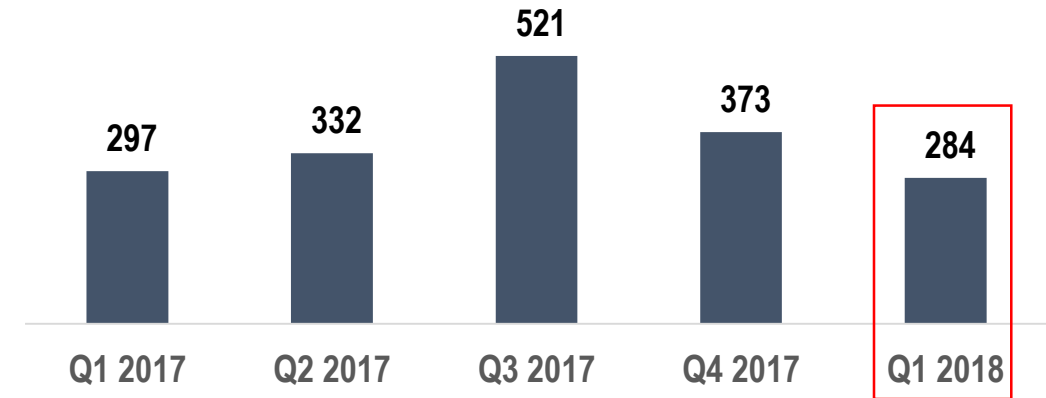
Profit for the year in billion Rp



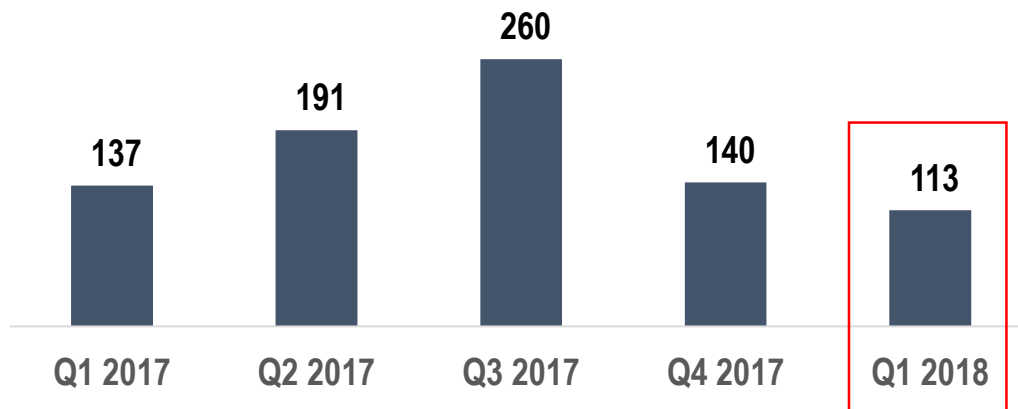
## Revenue in billion Rp



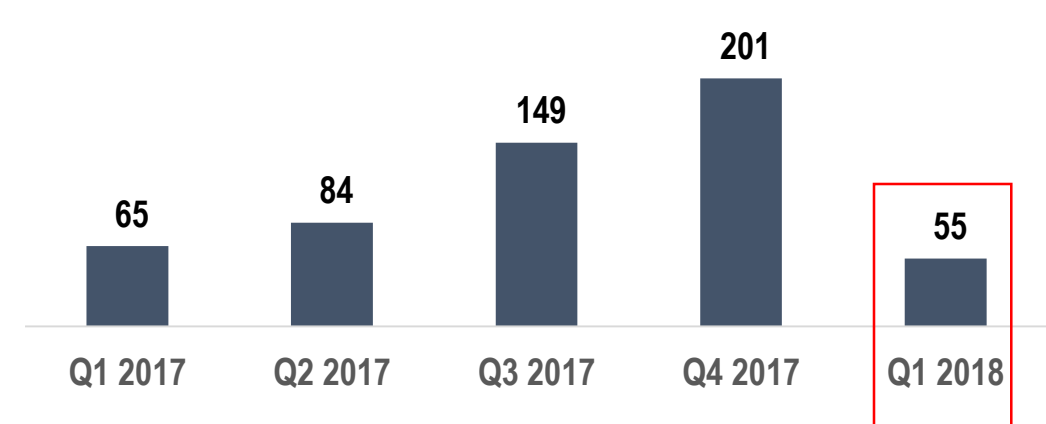
## Gross profit in billion Rp



## Operating income in billion Rp



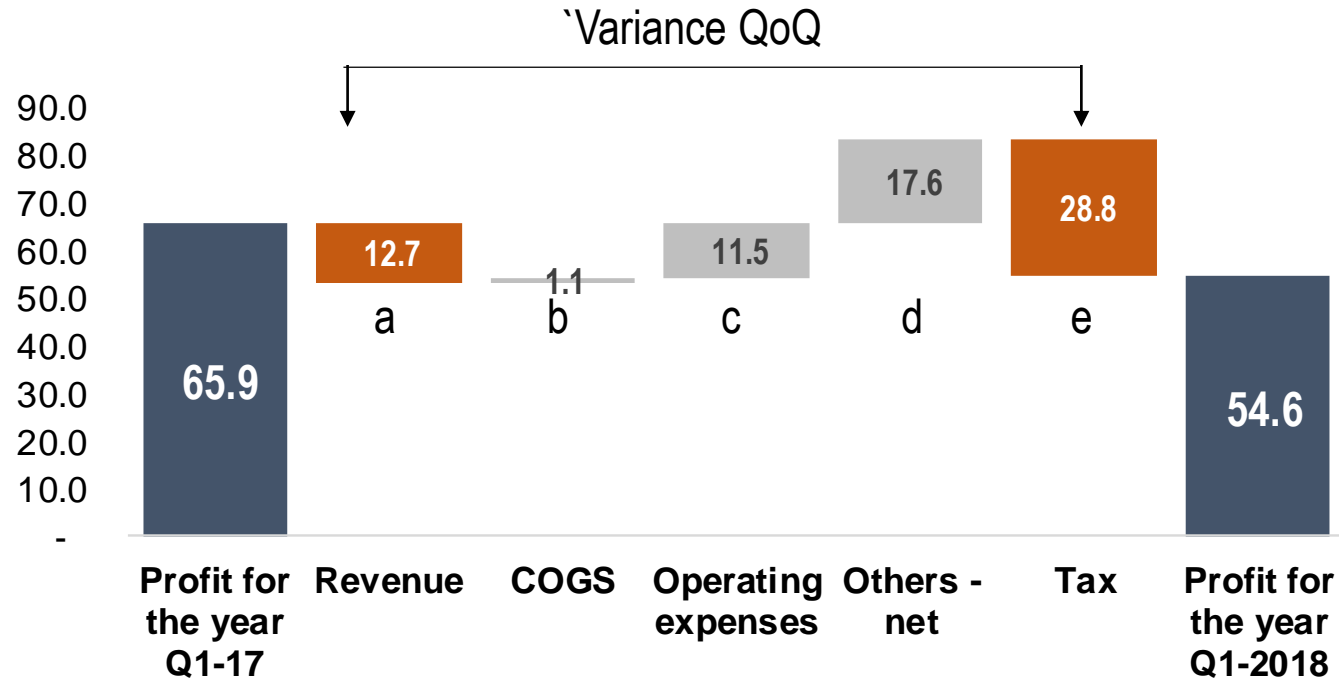
## Profit for the year in billion Rp





# Profit for The Year Analysis

## Profit for the year analysis in billion Rp



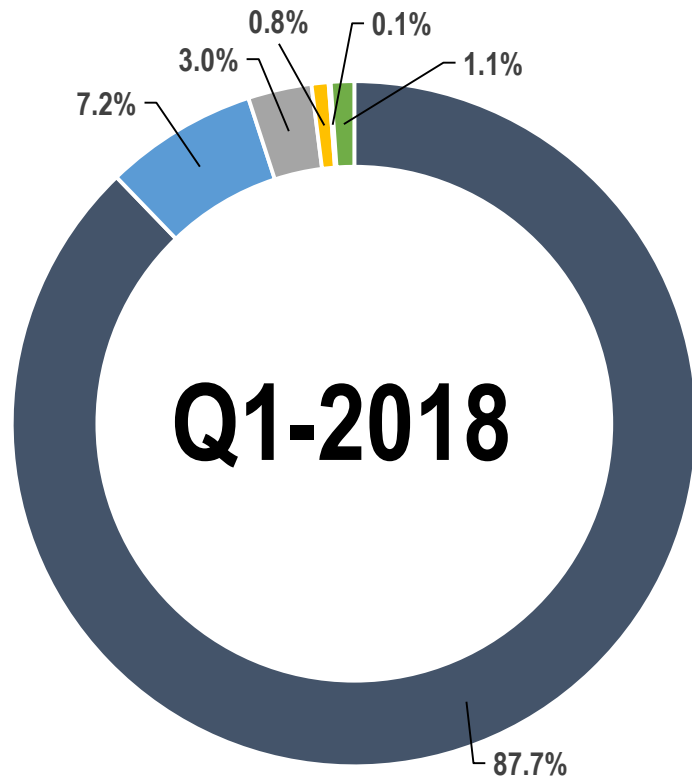
### Legend:

	Decreased (-)
	Increased (+)

### Remarks

- Mainly due to decreased in refined tin sales volume in relation to adapt the changes to the new regulation..
- COGS is relatively stable due to decreased tin ore production.
- Operating expenses had increased, especially in General & Administration Expense for employee development.
- Other expenses has also increased, particularly financial costs.
- Tax is approximately Rp28.8 billion, decreased due to lower profit before tax in Q1-2018.

## Revenue contribution

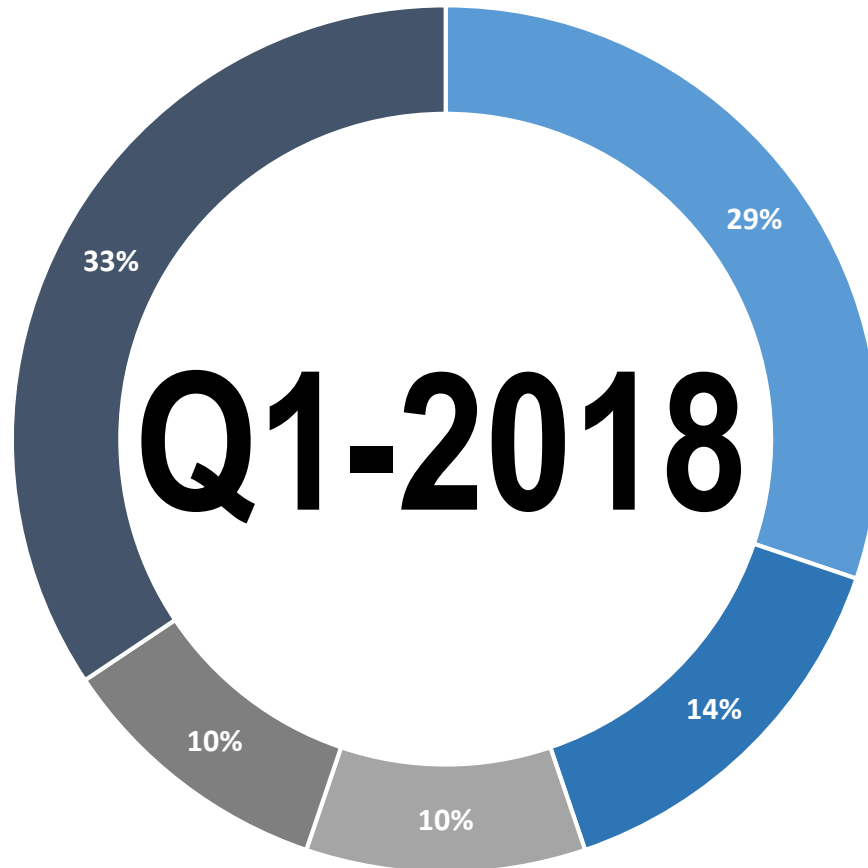


■ Refined tin & tin chemical ■ Tin chemical ■ Hospital ■ Real estate ■ Dockyard ■ Nikel

## Revenue details

	Q1-2017	Q1-2018	Variance	
			+/-	%
Refined tin and tin solder	1,919.1	1,784.8	- 134.30	-7.0%
Tin chemical	76.3	147.5	71.20	93.3%
Hospital	50.0	61.5	11.50	23.0%
Real estate	-	16.8	16.80	100.0%
Shipping dockyard	2.3	2.2	- 0.10	-4.3%
Nikel	-	21.7	21.70	100.0%
<b>Total</b>	<b>2,047.7</b>	<b>2,034.5</b>	<b>- 13.20</b>	<b>-0.6%</b>

- Mainly due to decreased in refined tin sales volume in relation to adapt the new regulation
- Sales and average selling price tin chemical are increased by 64% and 19%.
- Real estate revenue Rp16.8 billion, meanwhile in Q1-2017 real-estate is still progress development

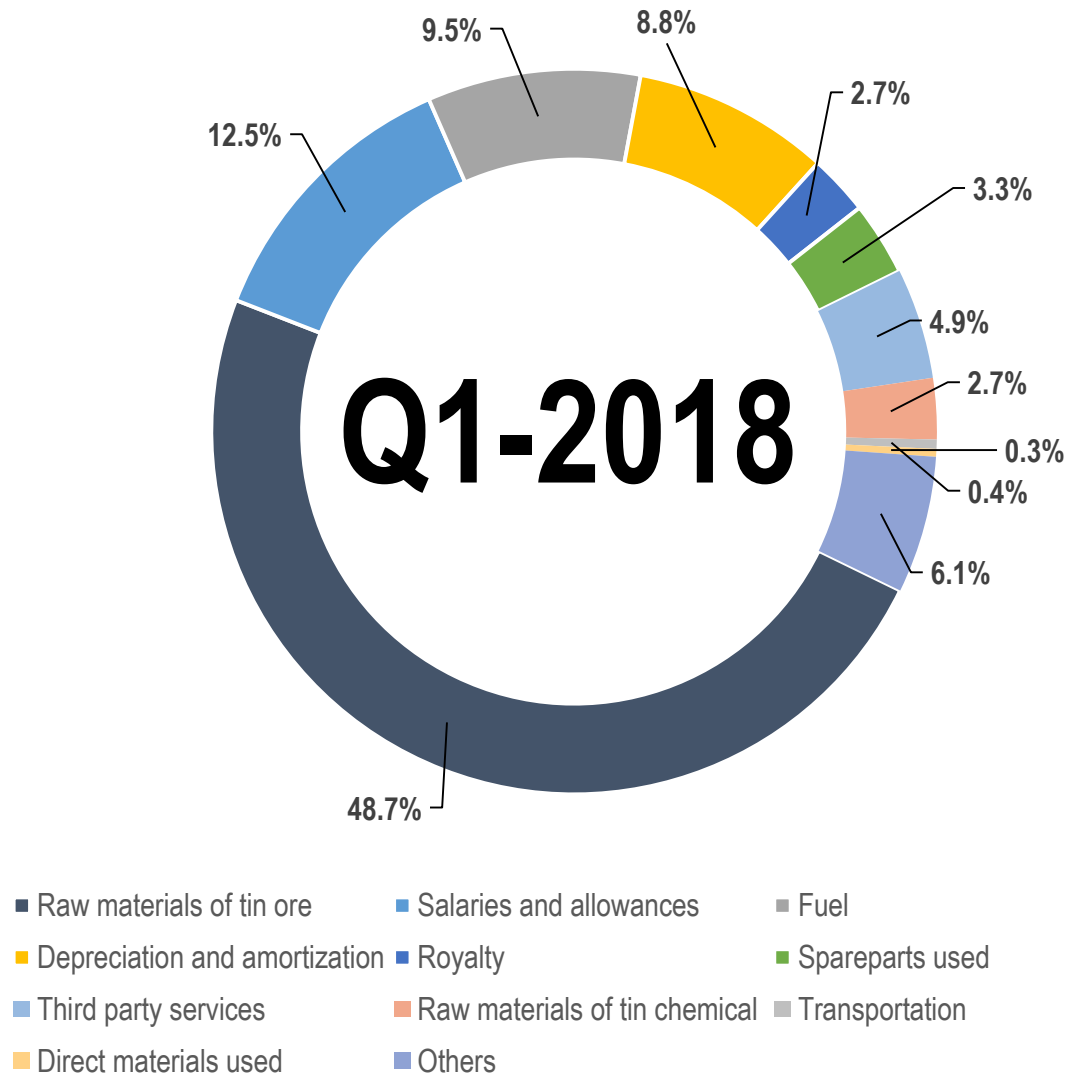


## Sales Destination

**96%** As of March 2018 total sales of PT TIMAH amounted to 5,801 ton of which is refined tin sales of PT TIMAH (Persero) Tbk **almost to meet the overseas market (export)** and about **4% to meet the domestic market**.

■ Jepang ■ Korea selatan ■ Amerika serikat ■ Perancis ■ Others

## COGS contribution

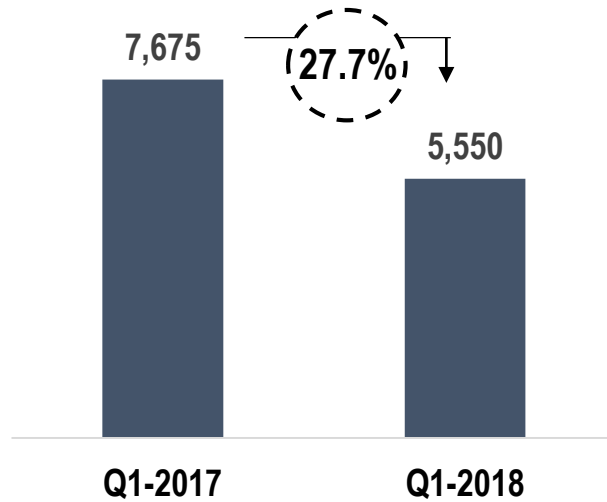


## COGS details

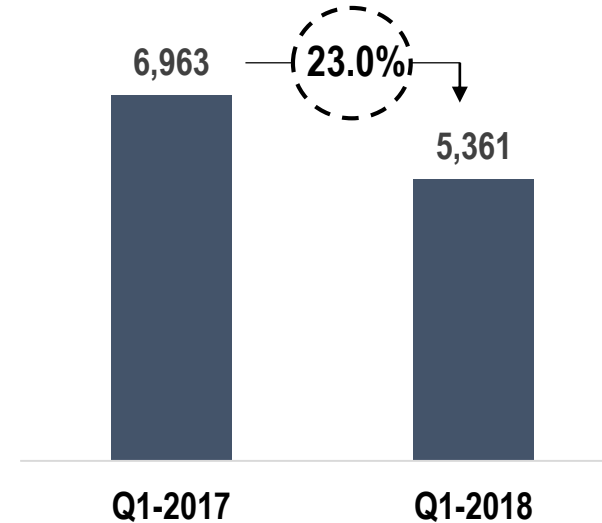
	Q1-2017	Q1-2018	Variance	
			+/-	%
Raw materials of tin ore	1,245.2	709.2	- 536.0	-43.0%
Salaries and allowances	140.4	182.7	42.3	30.2%
Fuel	102.5	138.5	35.9	35.0%
Depreciation and amortization	111.1	128.1	17.0	15.3%
Royalty	55.0	39.1	- 15.9	-28.9%
Spareparts used	46.4	47.8	1.5	3.2%
Third party services	39.5	71.9	32.4	81.9%
Raw materials of tin chemical	18.7	39.7	21.0	112.2%
Transportation	6.8	6.0	- 0.8	-11.7%
Direct materials used	4.7	5.1	0.4	7.5%
Others	124.5	89.1	- 35.4	-28.5%
Inventory - net	- 144.6	294.1	438.8	-303.4%
<b>Total</b>	<b>1,750.1</b>	<b>1,751.1</b>	<b>1.1</b>	<b>0.1%</b>

# Operational Performance Quarterly (Yearly Basis)

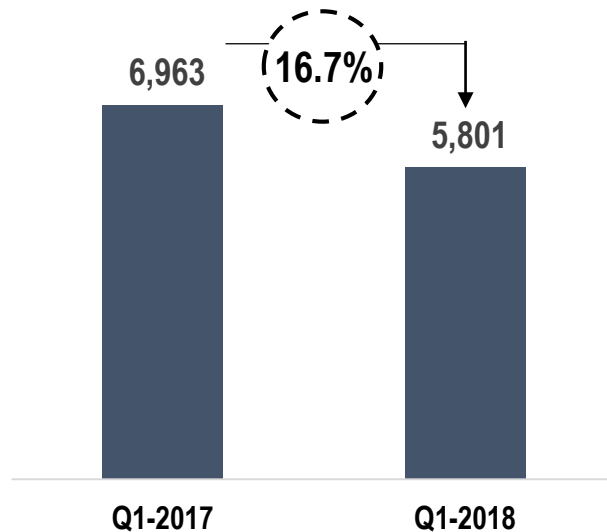
Tin ore production (ton)



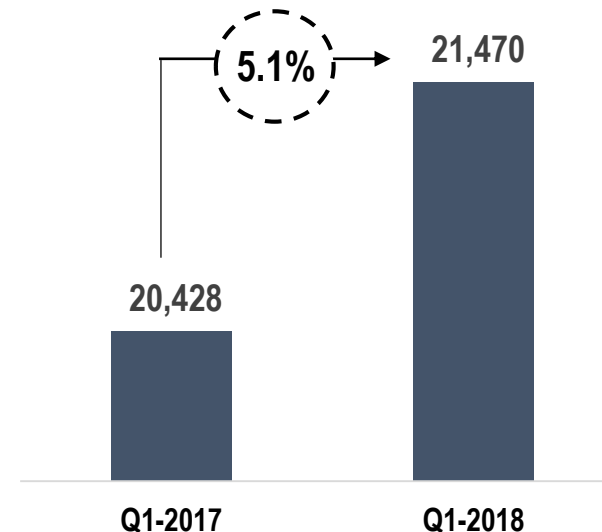
Refined tin production (Mton)



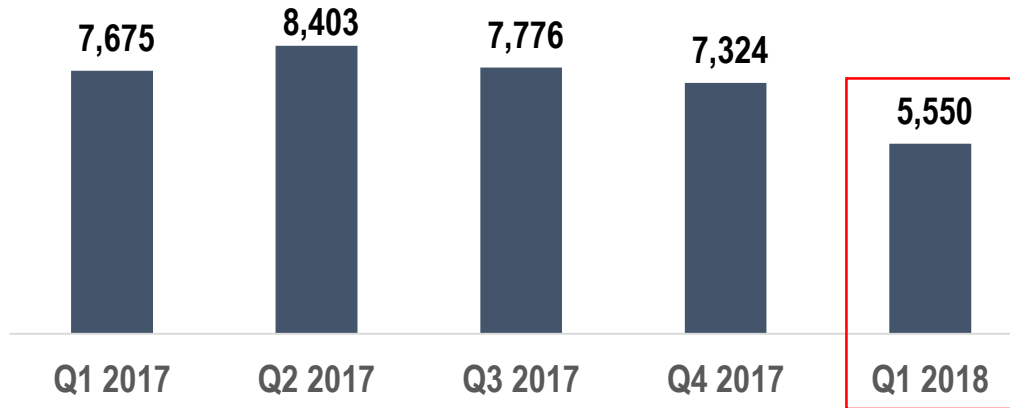
Sales (Mton)



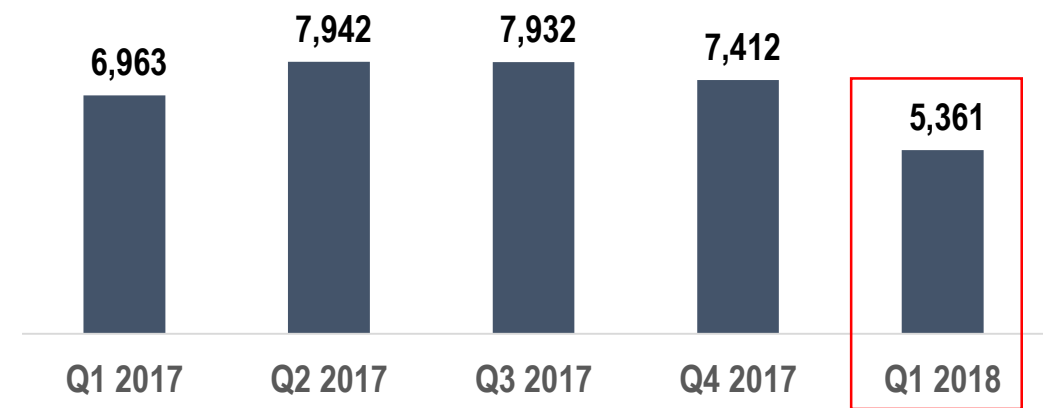
Average Selling Price (\$/t)



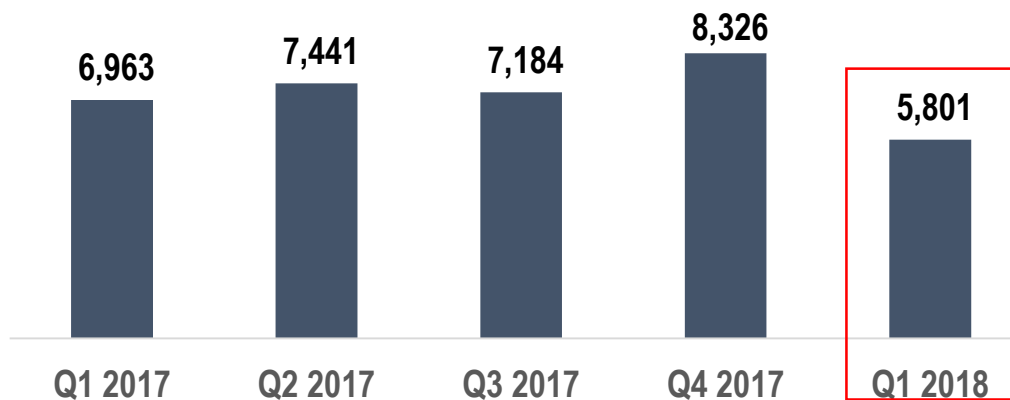
## Tin ore production (ton)



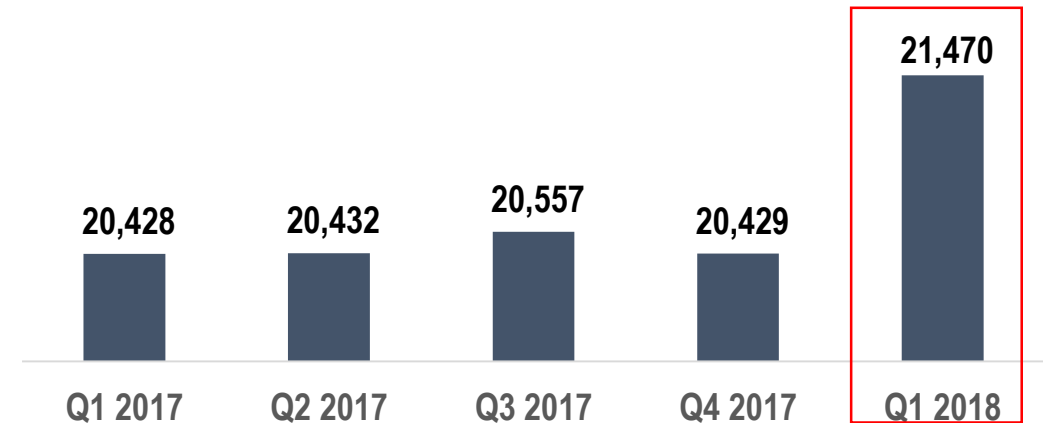
## Refined tin production (Mton)



## Sales (Mton)

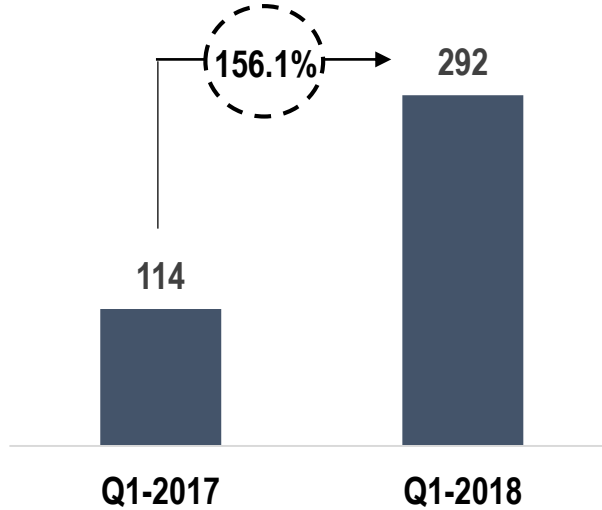


## Average Selling Price (\$/t)

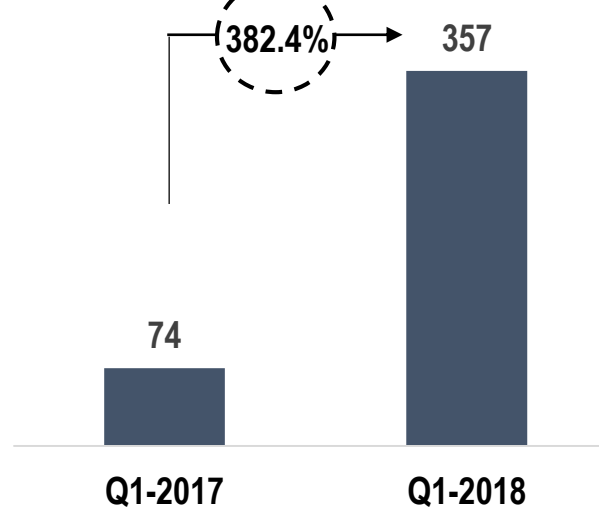


# Downstream - Operational Performance Quarterly (Yearly Basis)

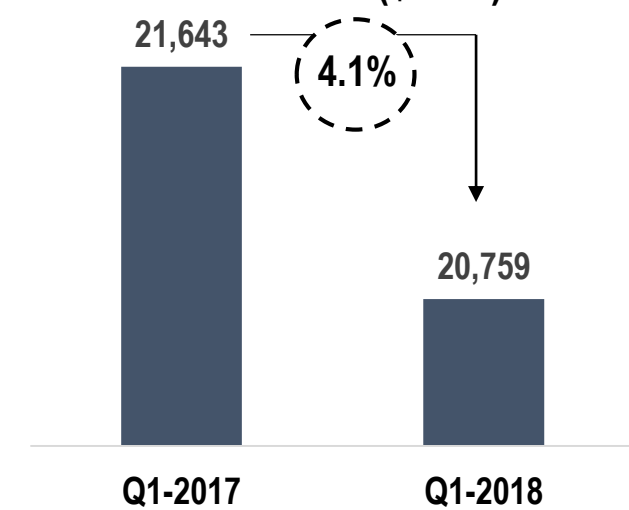
Tin solder production (Ton)



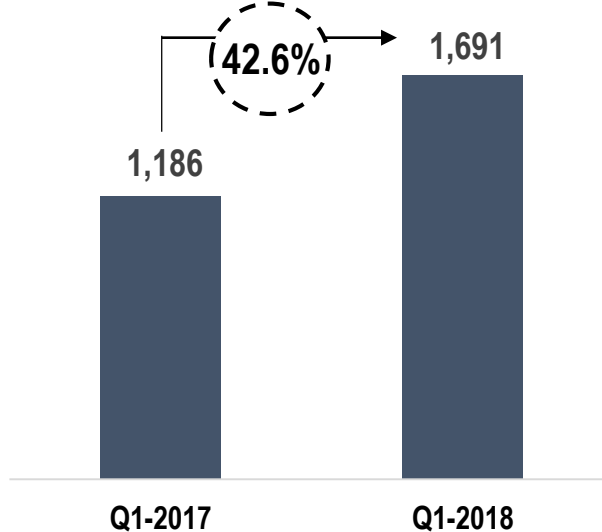
Tin solder sales (Ton)



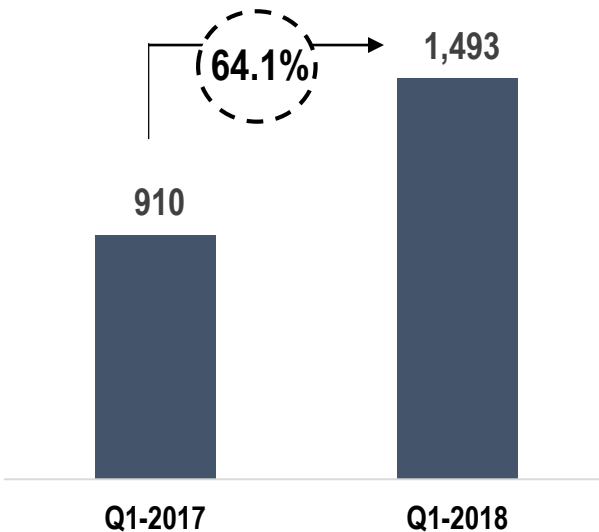
Average Selling Price  
Tin solder (\$/Ton)



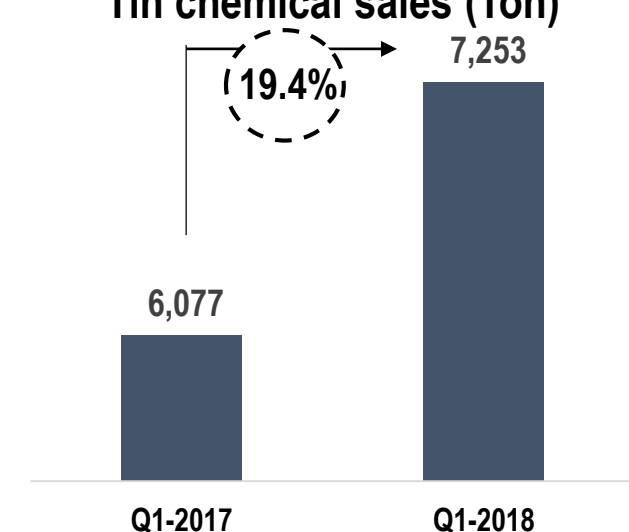
Tin chemical (Ton)



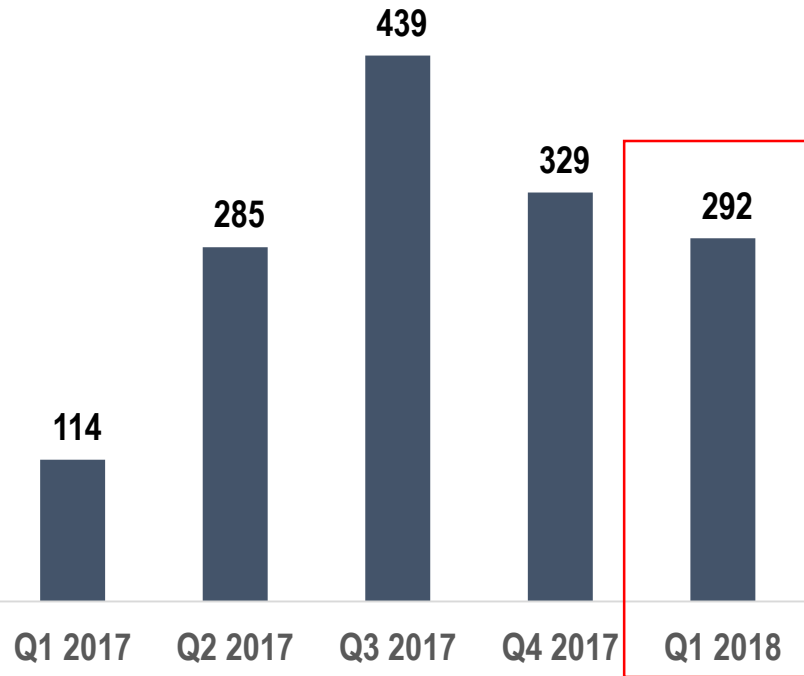
Tin chemical sales (Ton)



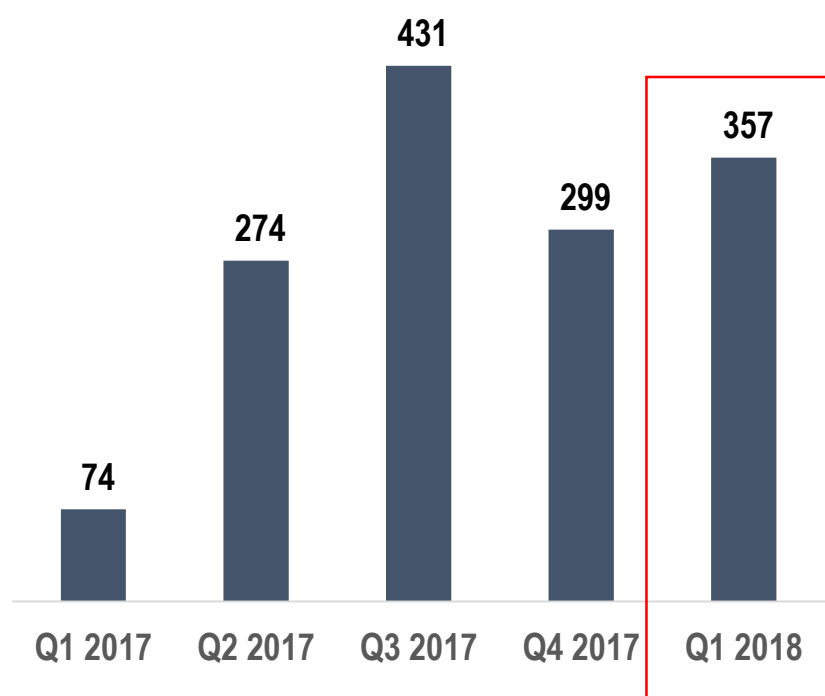
Average Selling Price  
Tin chemical sales (Ton)



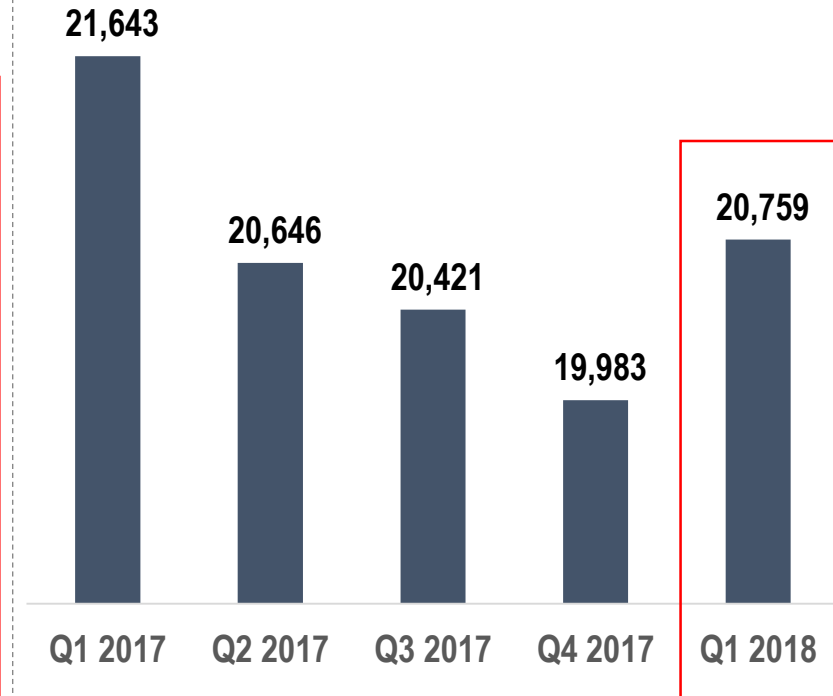
## Tin solder production (ton)



## Tin solder sales (ton)

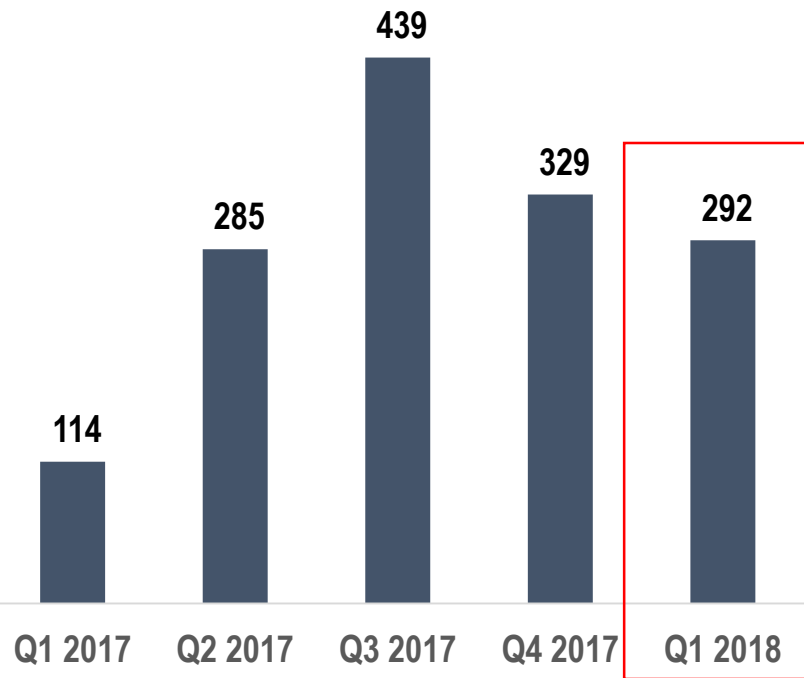


## Average Selling Price (\$/t)

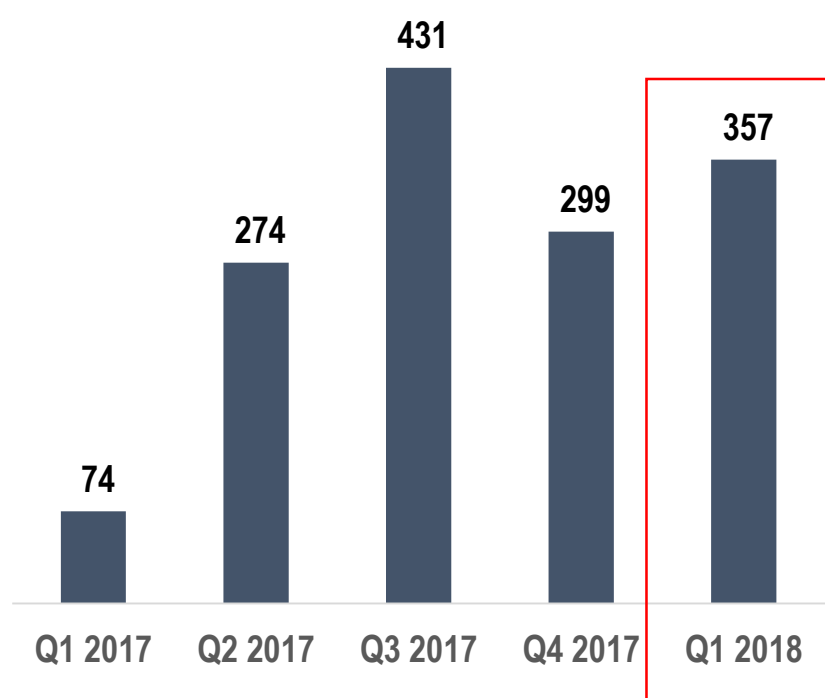




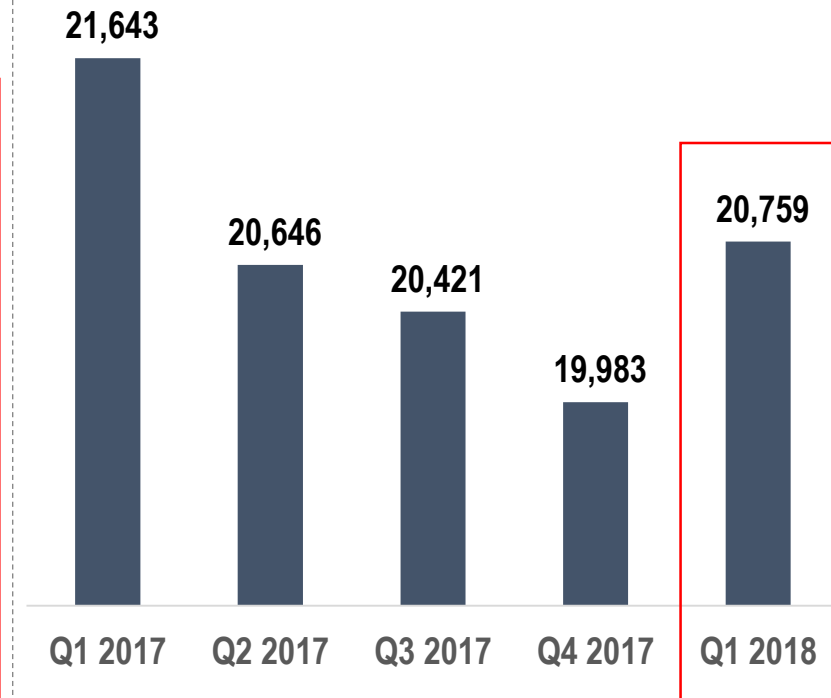
## Tin solder production (ton)



## Tin solder sales (ton)



## Average Selling Price (\$/t)



1

2

3



## Direct Reclamation

“ TIMAH continuously doing research to find alternative technology to become more efficient “



Minimum impact to the environmental



Short preparation time & high mobility



High safety and very low cost operation



Optimal ore excavation



Have a minimum mining area



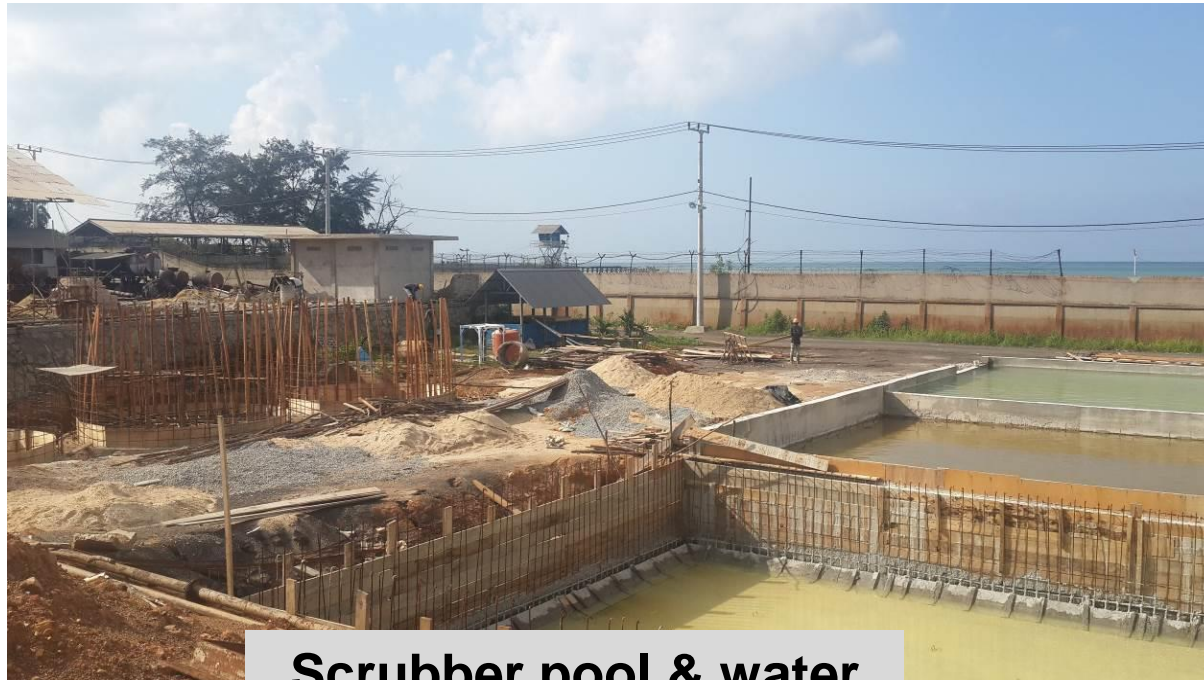


## Technology Fuming

Tin ore will be re-melted in a furnace to obtain metal with **recovery 95%**

## 30% progress

Estimated Q4-2018  
commissioning & commercial



**Scrubber pool & water circulating pool**



**Scrubber pool**

**End of Report**

