

PRESS RELEASE



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PT TIMAH Tbk Successfully Passed Obstacles during Semester I 2018 with Increase in Profit for the Period

Jakarta, 31 Agustus 2018, PT TIMAH Tbk (IDX:TINS) announces the consolidated financial statements for the period ended 30 June 2018.

Corporate Secretary of PT TIMAH Tbk Amin Haris Sugiarto said: "The Company has successfully passed all obstacles during the first semester of 2018 by recording profit for the period of Rp170 billion, an increase of 13% compared to the same period in the previous year. As known that at the beginning of 2018 the Company faced several obstacles namely changes in regulations and weather conditions. With conditions that have returned to normal, in the second semester of 2018 the Company continues to strive to increase production and to maintain costs in order to achieve performance according to the targets set by the Company".

Summary of the Company's financial performance:

- Operating income amounted to Rp4,377 billion, there were no significant changes compared to the same period in the previous year due to the obstacles faced by the Company during the first semester of 2018, but can be offset by performance enhancement in the downstream industry namely tin chemical with revenue increase by 43% to Rp275 billion in the first semester of 2018.
- As of the first semester of 2018, the Company has successfully reduced the raw material cost of tin ore by 18% to Rp2,060 billion from Rp2,527 billion in the previous year, therefore the cost of revenue slightly increased by 1% from Rp3,671 billion to Rp3,702 billion, also the impact towards gross profit increase of the Company to Rp674 billion with a gross profit margin of 15%.
- EBITDA of the first half 2018 amounted to Rp625 billion, increased by 10% from the previous year of Rp569 billion, driven by increase in average selling prices from \$20,432/t to \$21,389/t, maintaining production costs and increasing contribution from the downstream tin industry through the Company's subsidiary namely PT Timah Industri.
- Capital expenditure of Rp490 billion, of which Rp156 billion was used for machinery and installations, construction in progress Rp204 billion, including construction of fuming technology and the remainder are for exploration and production equipment and other supporting business activities Rp130 billion.

Summary of the Company's operating performance:

- Tin ore production amounted to 15,122 tons, a decrease of 6% of which onshore tin production is 5,829 tons or contribute 39% and offshore tin production is 9,306 tons or contribute 61%. Meanwhile, refined tin production amounted to 12,366 Mt, decrease of 17% from the same period in the previous year of 14,905 Mt.
- Refined tin sales of 12,741 Mt with the major sales destinations among others Japan 31%, South Korea 21%, Netherlands 11%, Taiwan and the United States 6% each, while the average selling price of tin increased from \$20,432/Mt to \$21,389/Mt.
- Tin solder production of 627 tons, increased by 59% compared to the previous period of 394 tons, and sales volume increased by 94% from the previous period to 676 tons from 348 tons in the previous period. Meanwhile, tin chemical's performance also increased in both production and sales, recorded tin chemical production increased by 12% to 2,971 tons and tin chemical sales increased by 10% to 2,580 tons.

Overview of the tin mining industry:

- Based on data of International Tin Association that up to the first semester of 2018, the price of refined tin has fluctuated between US\$19,000/t - US\$21,000/t but delays in the export of refined tin from Indonesia in March and April has generated increase in tin prices till US\$22,000/t. However, in June 2018 the price of refined tin decreased by 5.4% to US\$19,675/t from the previous US\$20,800/t due to several factors, including: Trade War Strategy carried out by the United States in the form of relatively greater import tariffs on Chinese products that will be shipped to the United States, concerns about China's economic growth caused by decrease in consumption of refined tin in the country, and decrease in demand for refined tin from Japan, while demand for refined tin from other Asian countries and America is still better when compared to the two countries.

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		30-Jun-18	30-Jun-17	Change	
				+/-	%
Financial performance (in billion Rupiah)					
Revenue		4,377	4,301	76	1.8%
Cost of revenue		3,702	3,671	31	0.9%
Gross profit		675	630	45	7.1%
Operating profit		268	329	(61)	-18.5%
Profit for the Year ¹⁾		170	151	19	12.9%
EBITDA ²⁾		625	570	55	9.7%
Capital expenditure		491	305	186	61.0%
Financial ratio					
Gross profit margin		15.4%	14.7%		
Operating profit margin		6.1%	7.7%		
EBITDA margin		14.3%	13.3%		
Operation performance (in full amount)					
Production of tin ore	ton	15,122	16,078	(956)	-5.9%
Production of refined tin	Mton	12,366	14,905	(2,539)	-17.0%
Sales of refined tin	Mton	12,741	14,404	(1,663)	-11.5%
Average selling price	\$/Mton	21,389	20,432	957	4.7%
Inventory					
Tin ore	ton	3,165	1,919	1,246	64.9%
Slag	ton	10,459	9,730	729	7.5%
Refined	Mton	3,246	3,892	(646)	-16.6%
Tin chemical					
Production	ton	2,971	2,647	324	12.2%
Sales	ton	2,580	2,344	236	10.1%
Average selling price	\$/ton	7,508	5,998	1,510	25.2%
Tin solder					
Production	ton	627	394	233	59.1%
Sales	ton	676	348	328	94.3%
Average selling price	\$/ton	21,331	20,327	1,004	4.9%

Notes

¹ Profit for the year is profit before other comprehensive income

² EBITDA: Operating profit + Depreciation & amortization + Interest expense

³ Capital expenditure: Purchase of fixed assets, excluding mining properties cost