

**PT Industri Jamu dan Farmasi Sido Muncul Tbk**

**BUY**

**Investment Considerations**

**Double digit growth in Herbal & Supplements**

- SIDO's sales increased by 70% QoQ but declined by -3.76% YoY to IDR 1.2 trillion due to higher demand in the rainy season in 4Q2023. However, for 2023FY, SIDO sales still decreased -8% YoY, with total sales reaching IDR 3.56 trillion.
- Herbal & supplement sales decreased by -8.6% YoY but improved quarterly +97.5% YoY to IDR 892 billion. Higher quarterly growth despite the negative full year performance was due to better demand at the end of year. This resulted in a higher herbal and supplement GPM at 70.7% in 4Q2023.
- The pharmaceutical segment continues to show improvement, with growth of +6.9% YoY or +0.03% QoQ growth to IDR 30.2 billion in 4Q2023 after the ban on all syrup medicine and is expected to be back to normal conditions in 1Q2024, The pharmaceutical gross profit margin (GPM) was higher at 33.1%.
- F&B sales increased by +14.3% YoY or +25% QoQ to IDR 281.6 billion in 4Q2023 supported by significant growth in the Ready to Drink (RDT) products and energy drinks. F&B margins continued to improve, reaching 38.9% in 4Q2023 helped by a decline in several raw material prices.
- For export sales, SIDO reported an export sales increase of 39.5% mostly supported by Herbal and Essential Oil sales growth.

**4Q2023 Result: Higher Margin**

- SIDO's 4Q2023 GPM was the highest of the year at 62.3%.
- SIDO COGS declined -6% YoY but increased +43% QoQ to IDR 453.8 billion in 4Q2023 due to lower raw material costs down by -12.6% YoY. This resulted in a higher gross profit at IDR 750.8 billion, with a higher GPM.
- SIDO's 4Q2023 bottom line profit increased by +163% QoQ but declined -5.3% YoY to IDR 364 billion, with a higher net profit margin (NPM) at 30.2%.
- For the full year 2023, SIDO's net profit was IDR 950.6 billion, a decrease of -13.9% YoY, with a slightly lower NPM of 26.7% due to higher forex losses. The unrealized loss in foreign exchange of IDR 43 billion was from exports to Nigeria due to the depreciation of the Naira.

**2024F Guidance and Valuation**

- The management has 2024F guidance at +10% growth for top line and bottom line with margin improvement from softer raw material prices. While risk of losses on forex from business transactions with Nigeria will be reduced by receipt of payments in advance.
- Despite the challenges, our recommendation for SIDO remains a BUY. The expectation is that purchasing power will normalize this year. Our target price (TP) is IDR 790, representing a 26% upside, with a 21x PE.

Financial Highlights	2021A	2022A	2023A	2024F	2025F
Revenue (IDR Mn)	4.020.980	3.865.523	3.565.930	3.875.559	4.136.312
EBITDA (IDR Mn)	1.708.037	1.516.060	1.323.939	1.406.827	1.543.890
Net Profit (IDR Mn)	1.260.898	1.104.714	950.648	1.027.798	1.129.213
EPS (IDR)	42	37	32	34	38
NPM (%)	31,4%	28,6%	26,7%	26,5%	27,3%
PER (x)	20,6	23,5	19,3	22,0	20,1
P/BV (x)	7,5	7,4	5,4	6,4	6,1
ROA (%)	56,2%	50,3%	46,0%	46,4%	48,0%

Source: Company and Binaartha

Consumer Goods, Pharmaceutical  
26 February 2024

Price IDR. 625

Target IDR. 790

JKSE Index 7,295.095



**Stock code**

Bloomberg code	SIDO IJ
Market cap (in Bn)	18,750.0
52-week high	915
52-week low	478
Shares Out (in Mn)	30,000
Free Float (%)	19.00%

**Major Share Holders (%)**

PT Hotel Candi Baru	81.00%
Public	19.00%

**USD/IDR-YE**

2023	15,439
2024F (6m-avg)	15,549

Analyst:

Eka Rahmawati Rahman  
eka.Rahmah@binaartha.com

## SIDO Business Segment GPM

	3Q2023	4Q2023	2022A	2023A
Herbal and supplement	66,9%	70,7%	67,9%	68,4%
Food and beverages	34,2%	38,9%	29,6%	33,9%
Pharmacy	35,6%	33,1%	36,8%	33,0%

Source: Company

## Income Statement In IDR Million YoY &amp; QoQ

Income Statement (IDR Mn)	1Q2023	2Q2023	3Q2023	4Q2023	QoQ	4Q2022	YoY	2022A	2023A	YoY
<b>Net Sales</b>	<b>907.302</b>	<b>746.492</b>	<b>707.505</b>	<b>1.204.631</b>	<b>70,3%</b>	<b>1.251.749</b>	<b>-3,8%</b>	<b>3.865.523</b>	<b>3.565.930</b>	<b>-7,8%</b>
Cost of Goods Sold	-424.109	-352.141	-317.144	-453.841	43,1%	-482.659	-6,0%	1.702.910	1.547.235	-9,1%
<b>Gross Profit</b>	<b>483.193</b>	<b>394.351</b>	<b>390.361</b>	<b>750.790</b>	<b>92,3%</b>	<b>769.090</b>	<b>-2,4%</b>	<b>2.162.613</b>	<b>2.018.695</b>	<b>-6,7%</b>
Operating Expense	-113.654	-201.026	-217.855	-295.289	35,5%	-281.920	4,7%	-769.547	-827.824	7,6%
<b>Operating Income</b>	<b>369.539</b>	<b>193.325</b>	<b>172.506</b>	<b>455.501</b>	<b>164,0%</b>	<b>487.170</b>	<b>-6,5%</b>	<b>1.393.066</b>	<b>1.190.871</b>	<b>-14,5%</b>
Other Income	10.682	4.433	4.460	9.093	103,9%	7.497	21,3%	26.786	28.668	7,0%
<b>PBT</b>	<b>380.221</b>	<b>197.758</b>	<b>176.966</b>	<b>464.594</b>	<b>162,5%</b>	<b>494.667</b>	<b>-6,1%</b>	<b>1.419.852</b>	<b>1.219.539</b>	<b>-14,1%</b>
Taxes	-79.942	-49.930	-38.500	-100.519	161,1%	-110.400	-9,0%	-315.138	-268.891	-14,7%
<b>PAT</b>	<b>300.279</b>	<b>147.828</b>	<b>138.466</b>	<b>364.075</b>	<b>162,9%</b>	<b>384.267</b>	<b>-5,3%</b>	<b>1.104.714</b>	<b>950.648</b>	<b>-13,9%</b>
Non-controlling interest	0	1	-1	0		0		0	0	
<b>Net Profit</b>	<b>300.279</b>	<b>147.829</b>	<b>138.465</b>	<b>364.075</b>	<b>162,9%</b>	<b>384.267</b>	<b>-5,3%</b>	<b>1.104.714</b>	<b>950.648</b>	<b>-13,9%</b>
<b>EPS</b>	<b>10</b>	<b>5</b>	<b>5</b>	<b>12</b>	<b>162,9%</b>	<b>13</b>	<b>-5,3%</b>	<b>37</b>	<b>32</b>	<b>-13,9%</b>
<b>GPM (%)</b>	<b>53,3%</b>	<b>52,8%</b>	<b>55,2%</b>	<b>62,3%</b>		<b>61,4%</b>		<b>55,9%</b>	<b>56,6%</b>	
<b>OPM (%)</b>	<b>40,7%</b>	<b>25,9%</b>	<b>24,4%</b>	<b>37,8%</b>		<b>38,9%</b>		<b>36,0%</b>	<b>33,4%</b>	
<b>NPM (%)</b>	<b>33,1%</b>	<b>19,8%</b>	<b>19,6%</b>	<b>30,2%</b>		<b>30,7%</b>		<b>28,6%</b>	<b>26,7%</b>	

Source: Company

## Income Statement In IDR Million YoY

Income Statement (IDR Mn)	2019A	2020A	2021A	2022A	2023A	2024F	2025F
<b>Net Sales</b>	<b>3.067.434</b>	<b>3.335.411</b>	<b>4.020.980</b>	<b>3.865.523</b>	<b>3.565.930</b>	<b>3.875.559</b>	<b>4.136.312</b>
Cost of Goods Sold	-1.386.870	-1.496.628	-1.734.948	-1.702.910	-1.547.235	-1.705.246	-1.778.614
<b>Gross Profit</b>	<b>1.680.564</b>	<b>1.838.783</b>	<b>2.286.032</b>	<b>2.162.613</b>	<b>2.018.695</b>	<b>2.170.313</b>	<b>2.357.698</b>
Operating Expense	-656.320	-687.758	-709.340	-769.547	-827.824	-891.379	-951.352
<b>Operating Income</b>	<b>1.024.244</b>	<b>1.151.025</b>	<b>1.576.692</b>	<b>1.393.066</b>	<b>1.190.871</b>	<b>1.278.934</b>	<b>1.406.346</b>
Other Income	49.591	48.523	36.539	26.786	28.668	38.756	41.363
<b>PBT</b>	<b>1.073.835</b>	<b>1.199.548</b>	<b>1.613.231</b>	<b>1.419.852</b>	<b>1.219.539</b>	<b>1.317.690</b>	<b>1.447.709</b>
Taxes	-266.146	-265.532	-352.333	-315.138	-268.891	-289.892	-318.496
<b>PAT</b>	<b>807.689</b>	<b>934.016</b>	<b>1.260.898</b>	<b>1.104.714</b>	<b>950.648</b>	<b>1.027.798</b>	<b>1.129.213</b>
Non-controlling interest	0	0	0	0	0	0	0
<b>Net Profit</b>	<b>807.689</b>	<b>934.016</b>	<b>1.260.898</b>	<b>1.104.714</b>	<b>950.648</b>	<b>1.027.798</b>	<b>1.129.213</b>
EPS	54	31	42	37	32	34	38

Source: Company &amp; Binaartha

## Cash Flow in IDR Million YoY

Cash Flow (In IDR Mn)	2020A	2021A	2022A	2023A	2024F	2025F
Net Income	934.016	1.260.898	1.104.714	950.648	1.027.798	1.129.213
Depreciation	96.876	93.944	95.428	103.719	88.456	95.499
Change in WC	-24.884	-159.034	-111.029	-44.516	-12.282	18.951
<b>Cash From Operating Activities</b>	<b>1.006.008</b>	<b>1.195.808</b>	<b>1.089.113</b>	<b>1.009.851</b>	<b>1.103.972</b>	<b>1.243.663</b>
Change in Non-current Asset	-73.648	-120.772	-158.365	-40.455	-148.430	-156.287
<b>Cash From Investing Activities</b>	<b>-73.648</b>	<b>-120.772</b>	<b>-158.365</b>	<b>-40.455</b>	<b>-148.430</b>	<b>-156.287</b>
Employee benefits liabilities	11.879	-16.894	-13.376	5.197	9.147	2.608
Deferred tax liabilities	-126	3.576	-6.120	2.670	-2.643	709
Equity	-776.983	-1.011.453	-1.070.424	-1.070.182	-888.549	-971.122
<b>Cash From Financing Activities</b>	<b>-765.230</b>	<b>-1.024.771</b>	<b>-1.089.920</b>	<b>-1.062.315</b>	<b>-882.046</b>	<b>-967.806</b>
Net Changes in Cash	167.130	50.265	-159.172	-92.919	73.496	119.570
<b>Beginning Balance</b>	<b>864.824</b>	<b>1.031.954</b>	<b>1.082.219</b>	<b>923.047</b>	<b>830.128</b>	<b>903.624</b>
<b>Ending Balance</b>	<b>1.031.954</b>	<b>1.082.219</b>	<b>923.047</b>	<b>830.128</b>	<b>903.624</b>	<b>1.023.195</b>

Source: Company &amp; Binaartha

## Statement of Financial Position in IDR Million YoY

ASSETS	2020A	2021A	2022A	2023A	2024F	2025F
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	1.031.954	1.082.219	923.047	830.128	903.624	1.023.194
Trade Accounts Receivable	667.647	664.058	686.662	788.722	728.564	809.076
Inventories	309.478	454.810	542.624	408.454	542.578	476.517
Others Current Assets	43.002	43.620	41.909	39.466	38.756	41.363
<b>Total Current Assets</b>	<b>2.052.081</b>	<b>2.244.707</b>	<b>2.194.242</b>	<b>2.066.770</b>	<b>2.213.523</b>	<b>2.350.150</b>
<b>NONCURRENT ASSETS</b>						
Fixed Assets	1.568.264	1.588.101	1.610.837	1.554.538	1.598.766	1.646.516
Goodwill	91.366	91.366	91.366	91.366	91.366	91.366
Other Noncurrent Assets	137.805	144.796	184.997	178.032	193.778	206.816
<b>Total Noncurrent Assets</b>	<b>1.797.435</b>	<b>1.824.263</b>	<b>1.887.200</b>	<b>1.823.936</b>	<b>1.883.910</b>	<b>1.944.697</b>
<b>TOTAL ASSETS</b>	<b>3.849.516</b>	<b>4.068.970</b>	<b>4.081.442</b>	<b>3.890.706</b>	<b>4.097.433</b>	<b>4.294.848</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Trade Account Payable	213.942	188.668	221.033	187.198	212.908	228.057
Others Current Liabilities	346.101	354.702	320.015	274.781	310.045	330.905
<b>Total Current Liabilities</b>	<b>560.043</b>	<b>543.370</b>	<b>541.048</b>	<b>461.979</b>	<b>522.953</b>	<b>558.962</b>
<b>NONCURRENT LIABILITIES</b>						
Employee benefits liabilities	54.682	37.788	24.412	29.609	38.756	41.363
Deferred tax liabilities	13.051	16.627	10.507	13.177	10.534	11.243
Lease liabilities						
<b>Total Noncurrent Liabilities</b>	<b>67.733</b>	<b>54.415</b>	<b>34.919</b>	<b>42.786</b>	<b>49.290</b>	<b>52.606</b>
<b>TOTAL LIABILITIES</b>	<b>627.776</b>	<b>597.785</b>	<b>575.967</b>	<b>504.765</b>	<b>572.243</b>	<b>611.568</b>
Non-controlling interest	7	7	7	7	7	7
<b>EQUITY</b>	<b>3.221.733</b>	<b>3.471.178</b>	<b>3.505.468</b>	<b>3.385.934</b>	<b>3.525.183</b>	<b>3.683.273</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3.849.516</b>	<b>4.068.970</b>	<b>4.081.442</b>	<b>3.890.706</b>	<b>4.097.433</b>	<b>4.294.848</b>

Source: Company &amp; Binaartha

## Ratio Highlights YoY

	2020A	2021A	2022A	2023A	2024F	2025F
<b>Growth (% YoY)</b>						
Revenue	9%	21%	-4%	-8%	9%	7%
OP	12%	37%	-12%	-15%	7%	10%
EBITDA	12%	32%	-11%	-13%	6%	10%
NP	16%	35%	-12%	-14%	8%	10%
EPS	12%	32%	-11%	-13%	6%	10%
<b>Profitability</b>						
Gross Profit Margin (%)	55%	57%	56%	57%	56%	57%
Operating Margin(%)	35%	39%	36%	33%	33%	34%
EBITDA margin(%)	39%	42%	39%	37%	36%	37%
NET Profit margin(%)	28%	31%	29%	27%	27%	27%
ROA(%)	46%	56%	50%	46%	46%	48%
ROE(%)	29%	36%	32%	28%	29%	31%
<b>Stability</b>						
Int. Coverage (x)	1.789	1.463	1.416	1.396	1.509	1.658
Current Ratio (X)	4	4	4	4	4	4
<b>Per Share data</b>						
EPS (IDR)	31	42	37	32	34	38
P/BV (x)	7	7	7	5	6	6
PER (x)	26	21	23	19	22	20
EBITDA/share	43	57	51	44	47	51

Source: Company &amp; Binaartha

**Stock Ratings:**

Buy : a recommendation to purchase the security with upside potential of **20% or greater**

Hold : a recommendation to neither buy nor sell a security with upside potential of **0-19%**.

Sell : a recommendation to close out a long position in a security with upside potential **below 0% or negative**.

**RESEARCH TEAM**  
**(62 21) 520 6678 ext. 611**

*Disclaimer; PT Binaartha Sekuritas has compiled this report in good faith, using information believed to be reliable. PT Binaartha Sekuritas and its analysts take no responsibility for the accuracy of the information contained in this report. This report has been produced for distribution to clients of PT Binaartha Sekuritas only. This report is not an invitation to buy or sell any security. PT Binaartha Sekuritas may have used the information in this report prior to publication. The company or its clients may have positions in or may from time to time buy or sell the securities mentioned in this report or other related securities.*