

PT Industri Jamu dan Farmasi Sido Muncul Tbk

BUY

Consumer Goods, Pharmaceutical
9 May 2023

Price	IDR.	795
Target	IDR.	1,030
JKSE Index		6,769.631



Stock code

Bloomberg code	SIDO IJ
Market cap (in Bn)	24,000.0
52-week high	1,020
52-week low	630
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

2022	15,350
2023F (6m-avg)	15,265

Analyst:
Eka Rahmawati Rahman

Investment Considerations

Pharmacy sales declined

- Pharmacy sales were negatively affected by the new syrup medicine regulations on the use of ethylene glycol (EG) and diethylene glycol (DEG) in syrup medicine in Indonesia in early 2023.
- SIDO sales increased +3% YoY but declined -27.5 % QoQ to IDR 907 billion.
- Pharmacy sales declined -45.5% YoY or -17.7% QoQ to IDR 23 billion due to pending BPOM test results, which are required in order to resume distribution. Seven SKUs out of sixteen have been allowed to be distributed again as of the end of March 2023 and will resume selling in April 2023. The rest are still waiting for the results of the BPOM testing. Pharmacy also recorded a lower margin of 24.9% in 1Q2023 from last year's 39.8%.
- Herbal & supplement sales increased by +4.5% YoY but declined -43.3 QoQ to IDR 330.7 billion. The herbal & supplement margin was lower compared to 4Q2022 at 67.6% due to higher raw material costs such as sugar, packaging and some herb ingredients.
- F&B sales also increased +7% YoY or +34% QoQ to IDR 330.7 billion in 1Q2023 due to a positive response to the launch of Alang Sari Cool. Despite the raw material price increases, F&B margins continued to improve QoQ to 31.2% in 1Q2023.
- With demand expected to continue to increase and with an expected pharmacy segment recovery in 2H2023, we expect SIDO top line in 2023F to reach IDR 4.25 trillion or +10% growth.

1Q2023 Result: More Operating efficiency

- Despite a decline in pharmacy sales, SIDO 1Q2023 bottom line profit was stable with better a margin QoQ due to opex efficiency.
- SIDO net profit was IDR 300.2 billion, up slightly by +1.8 YoY, and down -22% QoQ, but with a higher QoQ NPM of 33.1%.
- Operating income was stable YoY at IDR 369.5 billion due to operating expenses efficiency which reduced advertising and promotion costs by -31.7%. This resulted in a better QoQ operating profit margin of 40.7% in 1Q2023.
- As SIDO managed to offset the decline in pharmacy sales with greater efficiency in costs, we are now expecting SIDO profit to reach IDR 1.27 trillion for 2023F or +16% growth.

Valuation: BUY with TP 1.030

- we maintain our recommendation to BUY. We are targeting SIDO to reach IDR 1.030 or 30% upside, which is a 22x PE valuation within one year. BUY.

Financial Highlights	2019A	2020A	2021A	2022A	2023F	2024F
Revenue (IDR Mn)	3.067.434	3.335.411	4.020.980	3.865.523	4.252.075	4.677.283
EBITDA (IDR Mn)	1.160.983	1.296.946	1.708.037	1.516.060	1.705.065	1.869.075
Net Profit (IDR Mn)	807.689	934.016	1.260.898	1.104.714	1.276.473	1.404.121
EPS (IDR)	54	31	42	37	43	47
NPM (%)	26,3%	28,0%	31,4%	28,6%	30,0%	30,0%
PER (x)	23,5	25,9	20,6	23,5	24,4	22,2
P/BV (x)	6,2	7,5	7,5	7,4	8,5	8,0
ROA (%)	47,1%	45,5%	56,2%	50,3%	52,4%	53,2%

Chart: SIDO Business Segment GPM QoQ & YoY

	1Q2022	2Q2022	3Q2022	4Q2022	1Q2023
Herbal and supplement	68,4%	64,2%	66,6%	70,2%	67,6%
Food and beverages	33,4%	26,9%	27,0%	30,6%	31,2%
Pharmacy	39,8%	39,1%	38,0%	27,7%	24,9%

Source: Company

Table: Income Statement in IDR. Million YoY & QoQ

Income Statement (IDR Mn)	1Q2022	1Q2023	YoY	4Q2022	QoQ
Net Sales	880.493	907.302	3,0%	1.251.749	-27,5%
Cost of Goods Sold	-398.670	-424.109	6,4%	-482.659	-12,1%
Gross Profit	481.823	483.193	0,3%	769.090	-37,2%
Operating Expense	-114.708	-113.654	-0,9%	-281.920	-59,7%
Operating Income	367.115	369.539	0,7%	487.170	-24,1%
Other Income	10.082	10.682	6,0%	7.497	42,5%
PBT	377.197	380.221	0,8%	494.667	-23,1%
Taxes	-82.158	-79.942	-2,7%	-110.400	-27,6%
PAT	295.039	300.279	1,8%	384.267	-21,9%
Non-controlling interest	0	0		0	
Net Profit	295.039	300.279	1,8%	384.267	-21,9%
EPS	10	10	1,8%	13	-21,9%
GPM (%)	54,7%	53,3%		61,4%	
OPM (%)	41,7%	40,7%		38,9%	
NPM (%)	33,5%	33,1%		30,7%	

Source: Company

Table: Income Statement in IDR. Million YoY

Income Statement (IDR Mn)	2019A	2020A	2021A	2022A	2023F	2024F
Net Sales	3.067.434	3.335.411	4.020.980	3.865.523	4.252.075	4.677.283
Cost of Goods Sold	-1.386.870	-1.496.628	-1.734.948	-1.702.910	-1.998.475	-2.198.323
Gross Profit	1.680.564	1.838.783	2.286.032	2.162.613	2.253.600	2.478.960
Operating Expense	-656.320	-687.758	-709.340	-769.547	-680.332	-748.365
Operating Income	1.024.244	1.151.025	1.576.692	1.393.066	1.573.268	1.730.595
Other Income	49.591	48.523	36.539	26.786	42.521	46.773
PBT	1.073.835	1.199.548	1.613.231	1.419.852	1.615.789	1.777.367
Taxes	-266.146	-265.532	-352.333	-315.138	-339.316	-373.247
PAT	807.689	934.016	1.260.898	1.104.714	1.276.473	1.404.120
Non-controlling interest	0	0	0	0	0	1
Net Profit	807.689	934.016	1.260.898	1.104.714	1.276.473	1.404.121
EPS	54	31	42	37	43	47

Source: Company & Binaartha

Table: Cash Flow in IDR. Million YoY

Cash Flow (In IDR Mn)	2019A	2020A	2021A	2022A	2023F	2024F
Net Income	807.689	934.016	1.260.898	1.104.714	1.276.473	1.404.121
Depreciation	86.994	96.876	93.944	95.428	88.497	90.927
Change in WC	-61.747	-24.884	-159.034	-111.029	-57.812	-80.799
Cash From Operating Activities	832.936	1.006.008	1.195.808	1.089.113	1.307.158	1.414.250
Change in Non-current Asset	-117.695	-73.648	-120.772	-158.365	-75.310	-149.147
Cash From Investing Activities	-117.695	-73.648	-120.772	-158.365	-75.310	-149.147
Employee benefits liabilities	-13.249	11.879	-16.894	-13.376	18.109	4.252
Deferred tax liabilities	2.595	-126	3.576	-6.120	1.051	1.156
Equity	-645.596	-776.983	-1.011.453	-1.070.424	-1.102.408	-1.207.543
Cash From Financing Activities	-656.250	-765.230	-1.024.771	-1.089.920	-1.083.248	-1.202.135
Net Changes in Cash	58.991	167.130	50.265	-159.172	148.600	62.967
Beginning Balance	805.833	864.824	1.031.954	1.082.219	923.047	1.071.647
Ending Balance	864.824	1.031.954	1.082.219	923.047	1.071.647	1.134.614

Source: Company & Binaartha

Table: Statement of Financial Position in IDR. Million YoY

ASSETS	2019A	2020A	2021A	2022A	2023F	2024F
CURRENT ASSETS						
Cash and Cash Equivalents	864.824	1.031.954	1.082.219	923.047	1.071.647	1.134.614
Trade Accounts Receivable	537.104	667.647	664.058	686.662	728.776	801.653
Inventories	299.244	309.478	454.810	542.624	595.291	654.820
Others Current Assets	15.063	43.002	43.620	41.909	42.521	46.773
Total Current Assets	1.716.235	2.052.081	2.244.707	2.194.242	2.438.233	2.637.859
NONCURRENT ASSETS						
Fixed Assets	1.593.059	1.568.264	1.588.101	1.610.837	1.655.085	1.700.549
Goodwill	91.366	91.366	91.366	91.366	91.366	91.366
Other Noncurrent Assets	136.238	137.805	144.796	184.997	127.562	140.318
Total Noncurrent Assets	1.820.663	1.797.435	1.824.263	1.887.200	1.874.014	1.932.233
TOTAL ASSETS	3.536.898	3.849.516	4.068.970	4.081.442	4.312.247	4.570.093
LIABILITIES AND EQUITY						
LIABILITIES						
CURRENT LIABILITIES						
Trade Account Payable	165.459	213.942	188.668	221.033	238.462	260.306
Others Current Liabilities	250.752	346.101	354.702	320.015	340.166	374.183
Total Current Liabilities	416.211	560.043	543.370	541.048	578.628	634.488
NONCURRENT LIABILITIES						
Employee benefits liabilities	42.803	54.682	37.788	24.412	42.521	46.773
Deferred tax liabilities	13.177	13.051	16.627	10.507	11.558	12.713
Total Noncurrent Liabilities	55.980	67.733	54.415	34.919	54.078	59.486
TOTAL LIABILITIES	472.191	627.776	597.785	575.967	632.707	693.975
Non-controlling interest	7	7	7	7	9	10
EQUITY	3.064.700	3.221.733	3.471.178	3.505.468	3.679.531	3.876.108
TOTAL LIABILITIES & EQUITY	3.536.898	3.849.516	4.068.970	4.081.442	4.312.247	4.570.093

Source: Company & Binaartha

Table: Ratio Highlights YoY

	2019A	2020A	2021A	2022A	2023F	2024F
Growth (% YoY)						
Revenue	11%	9%	21%	-4%	10%	10%
OP	24%	12%	37%	-12%	13%	10%
EBITDA	25%	12%	32%	-11%	12%	10%
NP	22%	16%	35%	-12%	16%	10%
EPS	25%	12%	32%	-11%	12%	10%
Profitability						
Gross Profit Margin (%)	55%	55%	57%	56%	53%	53%
Operating Margin(%)	33%	35%	39%	36%	37%	37%
EBITDA margin(%)	38%	39%	42%	39%	40%	40%
NET Profit margin(%)	26%	28%	31%	29%	30%	30%
ROA(%)	47%	46%	56%	50%	52%	53%
ROE(%)	26%	29%	36%	32%	35%	36%
Stability						
Int. Coverage (x)	5.245	1.789	1.463	1.416	1.637	1.800
Current Ratio (X)	4	4	4	4	4	4
Per Share data						
EPS (IDR)	54	31	42	37	43	47
P/BV (x)	6	7	7	7	8	8
PER (x)	23	26	21	23	24	22
EBITDA/share	78	43	57	51	57	62

Source: Company & 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**.

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