

PT Industri Jamu dan Farmasi Sido Muncul Tbk

BUY

Consumer Goods, Pharmaceutical
10 February 2021

Price	IDR.	775
Target	IDR.	1,015
JKSE Index		6,181.672



Stock code

Bloomberg code	SIDO IJ
Market cap (in Bn)	23,250.0
52-week high	860
52-week low	453
6-m avg.dail.val (IDR)	666
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

2020	14,175
2021F (6m-avg)	14,046

Analyst:
Eka Rahmawati Rahman

Investment Considerations

Higher Sales QoQ

- In the 4th Quarter SIDO's recorded the highest sales of 2020 with Herbal and F&B business segments showing the strongest growth while pharmacy has been in a decline since 3Q2020.
- For the 2020FY, SIDO sales grew +9% YoY to IDR 3.33 trillion driven by a strong rebound in Herbal and stronger F&B sales. For 4Q2020, SIDO booked sales of IDR 1.08 trillion +15% YoY and higher QoQ. The Herbal segment grew fastest at +50% QoQ or +22.6% YoY to IDR 779.1 billion. The F&B segment grew 1.8% while pharmacy fell -37.4% YoY due to lower demand and a lower-value product mix.
- Higher herbal sales were driven by Tolak Angin as demand started to rise seasonally during the rainy season while F&B demand was driven by the healthy drink category with products such as ginger beverages and Vit C1000 which increased around +65%.
- We are expecting double-digit sales growth in 2021F on the back of the stronger 4Q2020 results and good news from January 2021 performances which is inline with growing consumer demand for health products.

Expanding Countries and Products

- After success in the Saudi Arabian market with Tolak Angin as the main product, SIDO plans to expand to Vietnam and China with Tolak Angin and Cambodia with Vit C1000, plus other Middle East and African countries in 2021.
- For 4Q2020, SIDO export sales improved thanks to the Philippines and Nigeria while Malaysia showed good recovery momentum.
- SIDO targets export sales to contribute 4%-5% of total sales in 2021.
- SIDO also plans to enter into a new export business, essential oils through a SIDO subsidiary "Semarang Herbal Indo Plant", which has a production capacity of 11,250 kg per day and a current utilization rate of 50%.

Stronger 4Q2020 Result

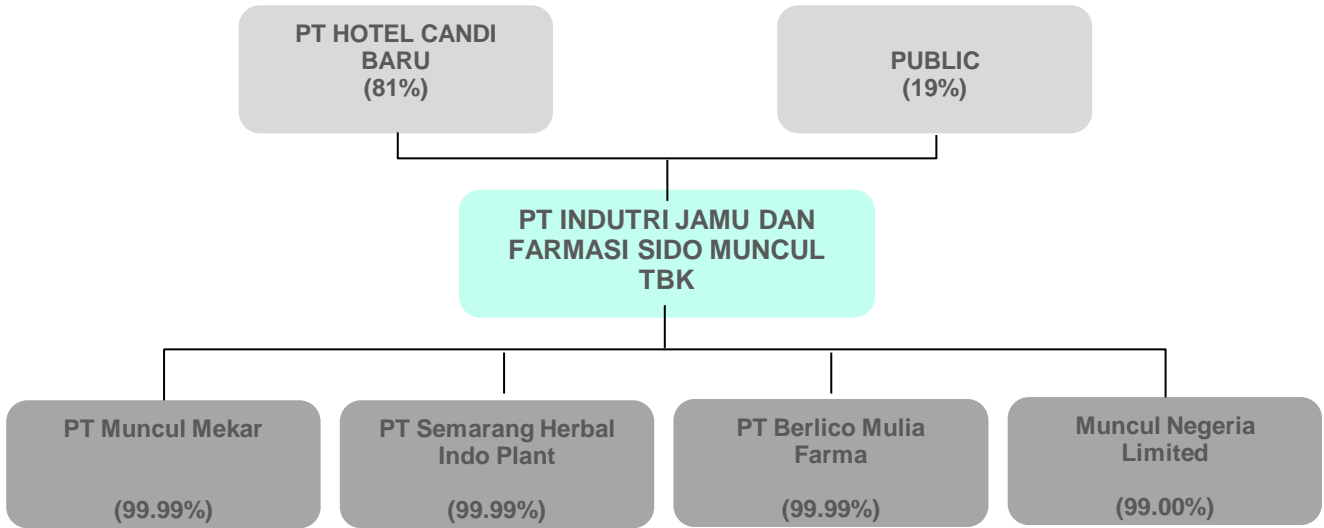
- In 4Q2020, SIDO maintained double-digit net profit growth of +28% YoY or +29% QoQ to IDR 293.2 billion with a stable NPM of 27.2%. For 2020FY SIDO booked net profit IDR 934 billion, growth of +16% YoY with a higher NPM of 28% from 26% in 2019.
- Operating profit grew stronger in 4Q2020 +24% YoY, 31% QoQ to IDR 364.98 billion and operating profit margins increased to 33.8%. For 2020FY, operating profit increased +12% YoY to IDR 1.19 trillion with a full year OPM of 35%, higher than 2019's 33%.
- Gross profit grew +19% YoY or 42.6% QoQ to IDR 621.6 billion in 4Q2020 and the gross profit margin was higher at 57%. For the full year SIDO booked 9% YoY growth or IDR 1.84 trillion with a stable margin of 55%.
- We increase our target for 2021F net profit to double digit growth +17% or IDR 1.09 trillion.

Valuation: Maintain BUY with TP 1,015

- With the good results and more expansion in 2021, We are targeting SIDO to reach IDR 1,015 or 31% upside, which is a 25x PE valuation within one year. Maintain BUY.

Financial Highlights	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Revenue (IDR Mn)	2.561.806	2.573.840	2.763.292	3.067.434	3.335.411	3.725.086	4.170.287
EBITDA (IDR Mn)	682.573	743.013	929.979	1.160.983	1.296.946	1.479.133	1.649.587
Net Profit (IDR Mn)	480.525	533.799	663.849	807.689	934.016	1.089.588	1.219.810
EPS (IDR)	32	36	45	54	31	36	41
EBITDA Margin (%)	26,6%	28,9%	33,7%	37,8%	38,9%	39,7%	39,6%
ROE (%)	17,4%	18,4%	22,9%	26,4%	29,0%	32,3%	34,4%
ROA (%)	26,8%	32,8%	42,9%	47,1%	45,5%	51,4%	53,7%

Chart: Company Structure



Source: Company

Chart: SIDO Sales Mix 4Q2020

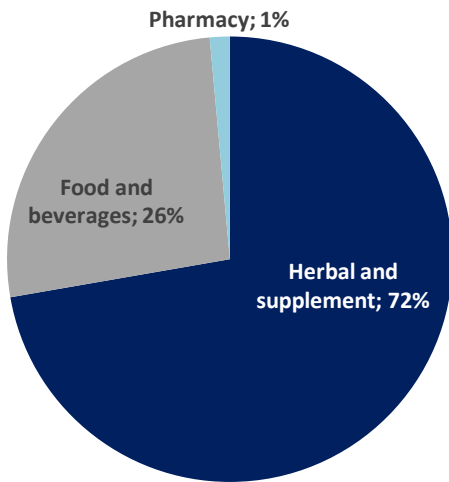
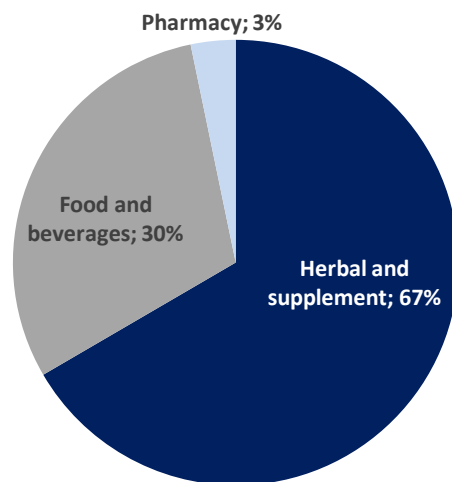


Chart: SIDO Sales Mix 2020FY



Source: Company

Table: Income Statement in IDR. Million YoY

Income Statement (IDR Mn)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Net Sales	2.561.806	2.573.840	2.763.292	3.067.434	3.335.411	3.725.086	4.170.287
Cost of Goods Sold	-1.494.142	-1.389.139	-1.338.901	-1.386.870	-1.496.628	-1.657.663	-1.855.778
Gross Profit	1.067.664	1.184.701	1.424.391	1.680.564	1.838.783	2.067.423	2.314.509
Operating Expense	-508.221	-544.465	-600.060	-656.320	-687.758	-745.017	-834.057
Operating Income	559.443	640.236	824.331	1.024.244	1.151.025	1.322.406	1.480.452
Other Income	69.639	41.653	43.506	49.591	48.523	74.502	83.406
PBT	629.082	681.889	867.837	1.073.835	1.199.548	1.396.907	1.563.858
Taxes	-148.557	-148.090	-203.988	-266.146	-265.532	-307.320	-344.049
PAT	480.525	533.799	663.849	807.689	934.016	1.089.588	1.219.809
Non-controlling interest	0	0	0	0	0	0	1
Net Profit	480.525	533.799	663.849	807.689	934.016	1.089.588	1.219.810
EPS	32	36	45	54	31	36	41
EBITDA	682.573	743.013	929.979	1.160.983	1.296.946	1.479.133	1.649.587
Shares	14.879	14.879	14.879	14.879	30.000	30.000	30.001

Source: Company & Binaartha

Table: Cash Flow in IDR. Million YoY

Cash Flow (In IDR Mn)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Net Income	480.525	533.799	663.849	807.689	934.016	1.089.588	1.219.810
Depreciation	53.351	60.536	62.001	86.994	96.876	81.704	85.208
Change in WC	105.100	63.762	144.089	-61.747	-24.884	-27.454	-52.412
Cash From Operating Activities	638.976	658.097	869.939	832.936	1.006.008	1.143.837	1.252.605
Capex	-158.168	-396.344	-322.666	-117.695	-73.648	-185.279	-186.268
Cash From Investing Activities	-158.168	-396.344	-322.666	-117.695	-73.648	-185.279	-186.268
Employee benefits liabilities	473	30.979	11.030	-13.249	11.879	8.761	7.102
Deferred tax liabilities	-167	8.804	1.778	2.595	-126	1.345	2.184
Equity	-320.954	-395.819	-657.100	-645.596	-776.983	-938.309	-1.049.036
Cash From Financing Activities	-320.648	-356.036	-644.292	-656.250	-765.230	-928.203	-1.039.750
Net Changes in Cash	160.160	-94.283	-97.019	58.991	167.130	30.355	26.587
Beginning Balance	836.975	997.135	902.852	805.833	864.824	1.031.954	1.062.309
Ending Balance	997.135	902.852	805.833	864.824	1.031.954	1.062.309	1.088.896

Source: Company & Binaartha

Table: Statement of Financial Position in IDR. Million YoY

ASSETS	2016A	2017A	2018A	2019A	2020A	2021F	2022F
CURRENT ASSETS							
Cash and Cash Equivalents	997.135	902.852	805.833	864.824	1.031.954	1.062.309	1.088.896
Trade Accounts Receivable	387.218	431.502	414.903	537.104	667.647	645.432	728.427
Inventories	317.082	267.915	311.193	299.244	309.478	379.073	421.949
Others Current Assets	92.690	26.632	15.737	15.063	43.002	31.519	33.320
Total Current Assets	1.794.125	1.628.901	1.547.666	1.716.235	2.052.081	2.118.334	2.272.592
NONCURRENT ASSETS							
Fixed Assets	1.051.227	1.215.176	1.553.362	1.593.059	1.568.264	1.649.968	1.735.176
Goodwill	91.366	91.366	91.366	91.366	91.366	91.366	91.366
Other Noncurrent Assets	50.896	222.755	145.234	136.238	137.805	159.676	175.529
Total Noncurrent Assets	1.193.489	1.529.297	1.789.962	1.820.663	1.797.435	1.901.010	2.002.071
TOTAL ASSETS	2.987.614	3.158.198	3.337.628	3.536.898	3.849.516	4.019.344	4.274.663
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Trade Account Payable	183.323	135.991	189.279	165.459	213.942	222.962	256.926
Others Current Liabilities	32.363	72.516	179.101	250.752	346.101	345.524	386.819
Total Current Liabilities	215.686	208.507	368.380	416.211	560.043	568.486	643.746
NONCURRENT LIABILITIES							
Employee benefits liabilities	14.043	45.022	56.052	42.803	54.682	63.443	70.545
Deferred tax liabilities	0	8.804	10.582	13.177	13.051	14.396	16.580
Total Noncurrent Liabilities	14.043	53.826	66.634	55.980	67.733	77.839	87.125
TOTAL LIABILITIES	229.729	262.333	435.014	472.191	627.776	646.325	730.870
Non-controlling interest	7	7	7	7	7	7	8
EQUITY	2.757.878	2.895.858	2.902.607	3.064.700	3.221.733	3.373.011	3.543.785
TOTAL LIABILITIES & EQUITY	2.987.614	3.158.198	3.337.628	3.536.898	3.849.516	4.019.344	4.274.663

Source: Company & Binaartha

Table: Ratio Highlights YoY

	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Growth (% YoY)							
Revenue	15%	0%	7%	11%	9%	12%	12%
OP	17%	14%	29%	24%	12%	15%	12%
EBITDA	8%	9%	25%	25%	12%	14%	12%
NP	10%	11%	24%	22%	16%	17%	12%
EPS	8%	9%	25%	25%	12%	14%	12%
Profitability							
Gross Profit Margin (%)	42%	46%	52%	55%	55%	56%	56%
Operating Margin(%)	22%	25%	30%	33%	35%	36%	36%
EBITDA margin(%)	27%	29%	34%	38%	39%	40%	40%
NET Profit margin(%)	19%	21%	24%	26%	28%	29%	29%
ROA(%)	27%	33%	43%	47%	46%	51%	54%
ROE(%)	17%	18%	23%	26%	29%	32%	34%
Stability							
Int. Coverage (x)	3.432	908	4.708	5.245	1.789	2.087	2.337
Current Ratio (X)	8	8	4	4	4	4	4
Per Share data (IDR)							
EPS	32	36	45	54	31	36	41
EBITDA/share	46	50	63	78	43	49	55

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**.

RESEARCH TEAM
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