

### PT Industri Jamu dan Farmasi Sido Muncul Tbk

**BUY**

#### Investment Considerations

##### Maintaining Double-digit Growth

- SIDO maintained double-digit sales growth of +11% YoY to IDR 880.5 billion in the 1Q2022 boosted by higher pharmaceutical sales and F&B sales in line with higher demand for Covid-19 treatment products such as paracetamol, cough syrup, multivitamin, etc.
- Pharmacy had the highest growth at +42% YoY to IDR 42.7 billion in 1Q2022.
- The F&B segment also increased +20% YoY to IDR 308.7 billion in 1Q2022 driven by strong export sales and increased demand domestically as mobility restrictions were eased. For F&B, an ASP hike is expected in 2Q2022 because of higher raw material prices and to mitigate margin compression.
- Herbal & supplement sales remain stable with +4.6% growth YoY to IDR 529 billion in line with volume and demand increases in 1Q2021.
- Export sales were up 125% in 1Q2022 and their contribution to sales continues to increase from 4% in 2021 to 5% in 1Q2022. The growth was driven by higher demand during Ramadan in Negeria and Malaysia, while Philippine sales are back to their pre-covid level. SIDO also expanded sales to Senegal and Benin in 2Q2022.
- Positive sentiment from the reopening of Indonesia Hajj and Umrah is expected to boost Tolak Angin demand.
- We maintain our double-digit sales growth forecast for 2022F as we expect higher demand for health products.

##### 1Q2022 Result: Slightly Lower Margins

- Despite margin contraction due to higher raw material costs, SIDO still recorded net profit growth of +9.7% YoY to IDR 295 billion with a slightly lower NPM of 33.5% compared to 1Q2021's 33.9%.
- Operating profit margins were stable at 41.7% in 1Q2022 as operating efficiencies offset cost pressure. Operating profit still grew 10.6% YoY to IDR 367.1 billion.
- Gross profit grew +7.6% YoY to IDR 481.8 billion in 1Q2022 with a lower GPM of 54.7% from 56.5% in 1Q2021.
- With efficiencies and demand growth, we are targeting SIDO's net profit to grow +17% to IDR 1.98 trillion in 2022F.

##### Valuation: Maintain BUY with TP 1,220

- We are targeting SIDO to reach IDR 1,220 or 30% upside, which is a 21x PE valuation within one year. Maintain BUY.

Consumer Goods, Pharmaceutical  
11 May 2022

Price	IDR.	935
Target	IDR.	1,220
JKSE Index		6,819.794



#### Stock code

Bloomberg code	SIDO IJ
Market cap (in Bn)	28,262.0
52-week high	1,070
52-week low	700
6-m avg.dail.val (IDR)	770
Shares Out (in Mn)	30,000
Free Float (%)	19.00%

#### Major Share Holders (%)

PT Hotel Candi Baru	81.00%
Public	19.00%

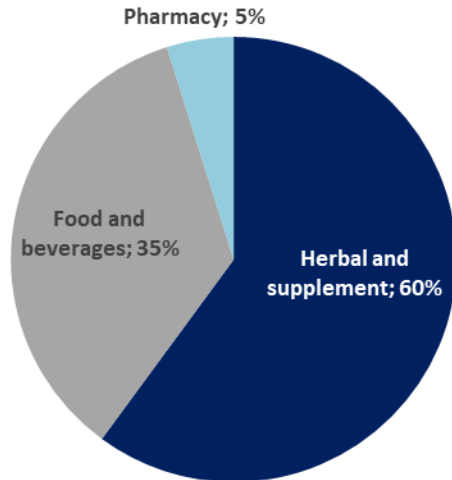
#### USD/IDR-YE

2021	14,300
2022F (6m-avg)	14,550

Analyst:  
Eka Rahmawati Rahman

Financial Highlights	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Revenue (IDR Mn)	2.573.840	2.763.292	3.067.434	3.335.411	4.020.980	4.624.127	5.317.746
EBITDA (IDR Mn)	743.013	929.979	1.160.983	1.296.946	1.708.037	1.981.008	2.321.860
Net Profit (IDR Mn)	533.799	663.849	807.689	934.016	1.260.898	1.478.796	1.742.094
EPS (IDR)	36	45	54	31	42	49	58
EBITDA Margin (%)	28,9%	33,7%	37,8%	38,9%	42,5%	42,8%	43,7%
ROE (%)	18,4%	22,9%	26,4%	29,0%	36,3%	40,2%	44,4%
ROA (%)	32,8%	42,9%	47,1%	45,5%	56,2%	59,2%	62,4%

Chart: SIDO Sales Mix 1Q2022



Source: Company

Table: Income Statement in IDR. Million YoY &amp; QoQ

Income Statement (IDR Mn)	1Q2021	1Q2022	YoY	4Q2021
<b>Net Sales</b>	<b>793.416</b>	<b>880.493</b>	<b>11,0%</b>	<b>1.244.540</b>
Cost of Goods Sold	-345.479	-398.670	15,4%	-520.446
<b>Gross Profit</b>	<b>447.937</b>	<b>481.823</b>	<b>7,6%</b>	<b>724.094</b>
Operating Expense	-115.894	-114.708	-1,0%	-225.912
<b>Operating Income</b>	<b>332.043</b>	<b>367.115</b>	<b>10,6%</b>	<b>498.182</b>
Other Income	11.503	10.082	-12,4%	6.602
<b>PBT</b>	<b>343.546</b>	<b>377.197</b>	<b>9,8%</b>	<b>504.784</b>
Taxes	-74.503	-82.158	10,3%	-109.384
<b>PAT</b>	<b>269.043</b>	<b>295.039</b>	<b>9,7%</b>	<b>395.400</b>
Non-controlling interest	0	0		0
<b>Net Profit</b>	<b>269.043</b>	<b>295.039</b>	<b>9,7%</b>	<b>395.400</b>
<b>EPS</b>	<b>9</b>	<b>10</b>	<b>9,7%</b>	<b>13</b>
<b>GPM (%)</b>	<b>56,5%</b>	<b>54,7%</b>		<b>58,2%</b>
<b>OPM (%)</b>	<b>41,8%</b>	<b>41,7%</b>		<b>40,0%</b>
<b>NPM (%)</b>	<b>33,9%</b>	<b>33,5%</b>		<b>31,8%</b>

Source: Company

Table: Income Statement in IDR. Million YoY

Income Statement (IDR Mn)	2016A	2017A	2018A	2019A	2020A	2021A	2022F	2023F
<b>Net Sales</b>	<b>2.561.806</b>	<b>2.573.840</b>	<b>2.763.292</b>	<b>3.067.434</b>	<b>3.335.411</b>	<b>4.020.980</b>	<b>4.624.127</b>	<b>5.317.746</b>
Cost of Goods Sold	-1.494.142	-1.389.139	-1.338.901	-1.386.870	-1.496.628	-1.734.948	-2.080.857	-2.392.986
<b>Gross Profit</b>	<b>1.067.664</b>	<b>1.184.701</b>	<b>1.424.391</b>	<b>1.680.564</b>	<b>1.838.783</b>	<b>2.286.032</b>	<b>2.543.270</b>	<b>2.924.760</b>
Operating Expense	-508.221	-544.465	-600.060	-656.320	-687.758	-709.340	-693.619	-744.484
<b>Operating Income</b>	<b>559.443</b>	<b>640.236</b>	<b>824.331</b>	<b>1.024.244</b>	<b>1.151.025</b>	<b>1.576.692</b>	<b>1.849.651</b>	<b>2.180.276</b>
Other Income	69.639	41.653	43.506	49.591	48.523	36.539	46.241	53.177
<b>PBT</b>	<b>629.082</b>	<b>681.889</b>	<b>867.837</b>	<b>1.073.835</b>	<b>1.199.548</b>	<b>1.613.231</b>	<b>1.895.892</b>	<b>2.233.453</b>
Taxes	-148.557	-148.090	-203.988	-266.146	-265.532	-352.333	-417.096	-491.360
<b>PAT</b>	<b>480.525</b>	<b>533.799</b>	<b>663.849</b>	<b>807.689</b>	<b>934.016</b>	<b>1.260.898</b>	<b>1.478.796</b>	<b>1.742.094</b>
Non-controlling interest	0	0	0	0	0	0	0	0
<b>Net Profit</b>	<b>480.525</b>	<b>533.799</b>	<b>663.849</b>	<b>807.689</b>	<b>934.016</b>	<b>1.260.898</b>	<b>1.478.796</b>	<b>1.742.094</b>
EPS	32	36	45	54	31	42	49	58
<b>EBITDA</b>	<b>682.573</b>	<b>743.013</b>	<b>929.979</b>	<b>1.160.983</b>	<b>1.296.946</b>	<b>1.708.037</b>	<b>1.981.008</b>	<b>2.321.860</b>
Shares	14.879	14.879	14.879	14.879	30.000	30.000	30.001	30.002

Source: Company &amp; Binaartha

Table: Cash Flow in IDR. Million YoY

Cash Flow (In IDR Mn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Net Income	533.799	663.849	807.689	934.016	1.260.898	1.478.796	1.742.094
Depreciation	60.536	62.001	86.994	96.876	93.944	84.254	87.544
Change in WC	63.762	144.089	-61.747	-24.884	-159.034	31.854	-88.090
<b>Cash From Operating Activities</b>	<b>658.097</b>	<b>869.939</b>	<b>832.936</b>	<b>1.006.008</b>	<b>1.195.808</b>	<b>1.594.904</b>	<b>1.741.548</b>
Change in Non-current Asset	-396.344	-322.666	-117.695	-73.648	-120.772	-129.557	-142.877
<b>Cash From Investing Activities</b>	<b>-396.344</b>	<b>-322.666</b>	<b>-117.695</b>	<b>-73.648</b>	<b>-120.772</b>	<b>-129.557</b>	<b>-142.877</b>
Employee benefits liabilities	30.979	11.030	-13.249	11.879	-16.894	8.453	6.936
Deferred tax liabilities	8.804	1.778	2.595	-126	3.576	2.494	2.868
Equity	-395.819	-657.100	-645.596	-776.983	-1.011.453	-1.272.351	-1.498.200
<b>Cash From Financing Activities</b>	<b>-356.036</b>	<b>-644.292</b>	<b>-656.250</b>	<b>-765.230</b>	<b>-1.024.771</b>	<b>-1.261.404</b>	<b>-1.488.395</b>
Net Changes in Cash	-94.283	-97.019	58.991	167.130	50.265	203.943	110.276
<b>Beginning Balance</b>	<b>997.135</b>	<b>902.852</b>	<b>805.833</b>	<b>864.824</b>	<b>1.031.954</b>	<b>1.082.219</b>	<b>1.286.162</b>
<b>Ending Balance</b>	<b>902.852</b>	<b>805.833</b>	<b>864.824</b>	<b>1.031.954</b>	<b>1.082.219</b>	<b>1.286.162</b>	<b>1.396.438</b>

Source: Company &amp; Binaartha

Table: Statement of Financial Position in IDR. Million YoY

ASSETS	2017A	2018A	2019A	2020A	2021A	2022F	2023F
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	902.852	805.833	864.824	1.031.954	1.082.219	1.286.162	1.396.438
Trade Accounts Receivable	431.502	414.903	537.104	667.647	664.058	693.619	797.662
Inventories	267.915	311.193	299.244	309.478	454.810	462.413	531.775
Others Current Assets	26.632	15.737	15.063	43.002	43.620	55.490	63.813
<b>Total Current Assets</b>	<b>1.628.901</b>	<b>1.547.666</b>	<b>1.716.235</b>	<b>2.052.081</b>	<b>2.244.707</b>	<b>2.497.683</b>	<b>2.789.687</b>
<b>NONCURRENT ASSETS</b>							
Fixed Assets	1.215.176	1.553.362	1.593.059	1.568.264	1.588.101	1.630.228	1.674.000
Goodwill	91.366	91.366	91.366	91.366	91.366	91.366	91.366
Other Noncurrent Assets	222.755	145.234	136.238	137.805	144.796	147.972	159.532
<b>Total Noncurrent Assets</b>	<b>1.529.297</b>	<b>1.789.962</b>	<b>1.820.663</b>	<b>1.797.435</b>	<b>1.824.263</b>	<b>1.869.566</b>	<b>1.924.899</b>
<b>TOTAL ASSETS</b>	<b>3.158.198</b>	<b>3.337.628</b>	<b>3.536.898</b>	<b>3.849.516</b>	<b>4.068.970</b>	<b>4.367.249</b>	<b>4.714.586</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Trade Account Payable	135.991	189.279	165.459	213.942	188.668	231.206	265.887
Others Current Liabilities	72.516	179.101	250.752	346.101	354.702	393.051	452.008
<b>Total Current Liabilities</b>	<b>208.507</b>	<b>368.380</b>	<b>416.211</b>	<b>560.043</b>	<b>543.370</b>	<b>624.257</b>	<b>717.896</b>
<b>NONCURRENT LIABILITIES</b>							
Employee benefits liabilities	45.022	56.052	42.803	54.682	37.788	46.241	53.177
Deferred tax liabilities	8.804	10.582	13.177	13.051	16.627	19.121	21.989
<b>Total Noncurrent Liabilities</b>	<b>53.826</b>	<b>66.634</b>	<b>55.980</b>	<b>67.733</b>	<b>54.415</b>	<b>65.362</b>	<b>75.167</b>
<b>TOTAL LIABILITIES</b>	<b>262.333</b>	<b>435.014</b>	<b>472.191</b>	<b>627.776</b>	<b>597.785</b>	<b>689.619</b>	<b>793.062</b>
Non-controlling interest	7	7	7	7	7	8	9
<b>EQUITY</b>	<b>2.895.858</b>	<b>2.902.607</b>	<b>3.064.700</b>	<b>3.221.733</b>	<b>3.471.178</b>	<b>3.677.621</b>	<b>3.921.515</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3.158.198</b>	<b>3.337.628</b>	<b>3.536.898</b>	<b>3.849.516</b>	<b>4.068.970</b>	<b>4.367.249</b>	<b>4.714.586</b>

Source: Company &amp; Binaartha

Table: Ratio Highlights YoY

	2017A	2018A	2019A	2020A	2021A	2022F	2023F
<b>Growth (% YoY)</b>							
Revenue	0%	7%	11%	9%	21%	15%	15%
OP	14%	29%	24%	12%	37%	17%	18%
EBITDA	9%	25%	25%	12%	32%	16%	17%
NP	11%	24%	22%	16%	35%	17%	18%
EPS	9%	25%	25%	12%	32%	16%	17%
<b>Profitability</b>							
Gross Profit Margin (%)	46%	52%	55%	55%	57%	55%	55%
Operating Margin(%)	25%	30%	33%	35%	39%	40%	41%
EBITDA margin(%)	29%	34%	38%	39%	42%	43%	44%
NET Profit margin(%)	21%	24%	26%	28%	31%	32%	33%
ROA(%)	33%	43%	47%	46%	56%	59%	62%
ROE(%)	18%	23%	26%	29%	36%	40%	44%
<b>Stability</b>							
Int. Coverage (x)	908	4.708	5.245	1.789	1.463	1.716	2.021
Current Ratio (X)	8	4	4	4	4	4	4
<b>Per Share data (IDR)</b>							
EPS	36	45	54	31	42	49	58
EBITDA/share	50	63	78	43	57	66	77

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.*