

PT Industri Jamu dan Farmasi Sido Muncul Tbk

BUY

Investment Considerations

3Q2021 Highest Sales QoQ

- SIDO recorded sales growth of 41% YoY or 30% QoQ to IDR 1.12 trillion in 3Q2021. 3Q2021 sales were boosted by higher demand in the domestic market from a reaction to the rising number of covid-19 cases in Indonesia which increased in June-July 2021. For 9M2021, SIDO booked +23% sales growth or IDR 2.77 trillion. The results are on track to match our 2021 sales estimate.
- The herbal & supplement segment increased +36% YoY or 27% QoQ to IDR 706.6 billion in line with volume and demand increases in 3Q2021. Tolak Angin sales increased more than 40% YoY in 3Q2021 and more than 20% in 9M2021. The F&B segment increased +47.4% or +39% QoQ to IDR 373 billion in 3Q2021.
- Meanwhile pharmacy had the highest growth at +65% YoY or +14% QoQ to IDR 41.9 billion in 3Q2021 after a decline in 1H2021.
- For Export sales, Nigeria and Malaysia are still the top export destinations. SIDO export sales increased by 39% contributing 2.6% of total sales in 9M2021. SIDO is still targeting an export sales contribution of 4% in 2021.
- We are still expecting double-digit sales growth in 2021F as we expect better demand in 4Q2021 inline with growing consumer demand for health products and as the vaccination program is expected to normalize economic activity.

3Q2021 Result: record profit

- In 3Q2021, SIDO recorded net profit growth of +60% YoY or +56% QoQ to IDR 363.5 billion with a higher NPM of 32.4% compared to 2Q2021's 27%. For 9M2021, SIDO recorded net profit of IDR 865.5 billion with a higher NPM of 31.2%. The profit growth was helped by stable raw material prices and efficient operations. The OPEX to sales ratio was 18%, which is lower compared to the historical ratio of 20%-21%.
- Operating profit grew in 3Q2021 by +64.4% YoY to IDR 457.7 billion and the operating profit margin increased to 40.8% from 34% in 2Q2021. For 1H2021, operating profit grew +22% to IDR 620.7 billion with a higher OPM of 38.8%.
- Gross profit grew +45% YoY to IDR 631.8 billion in 3Q2021 with a higher GPM of 56.3% from 54.7%. For 9M2021, gross profit grew +28.3% YoY to IDR 1.56 trillion with a higher GPM of 56.3%.
- We revise up our target growth for 2021F net profit to +17% or IDR 1.48 trillion based on the excellent profit performance in 3Q2021.

Valuation: Maintain BUY with TP 1,030

- We are targeting SIDO to reach IDR 1,030 or 20% upside, which is a 25x PE valuation within one year. Maintain BUY.

Financial Highlights	2017A	2018A	2019A	2020A	2021F	2022F
Revenue (IDR Mn)	2.573.840	2.763.292	3.067.434	3.335.411	3.725.086	4.170.287
EBITDA (IDR Mn)	743.013	929.979	1.160.983	1.296.946	1.482.858	1.670.439
Net Profit (IDR Mn)	533.799	663.849	807.689	934.016	1.092.493	1.236.074
EPS (IDR)	36	45	54	31	36	41
EBITDA Margin (%)	28,9%	33,7%	37,8%	38,9%	39,8%	40,1%
ROE (%)	18,4%	22,9%	26,4%	29,0%	32,4%	34,9%
ROA (%)	32,8%	42,9%	47,1%	45,5%	51,6%	54,3%

Source: Company and Binaartha

Consumer Goods, Pharmaceutical
21 October 2021

Price	IDR.	860
Target	IDR.	1,030
JKSE Index		6,655.999



Stock code

Bloomberg code	SIDO IJ
Market cap (in Bn)	25,800.0
52-week high	853
52-week low	699
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%

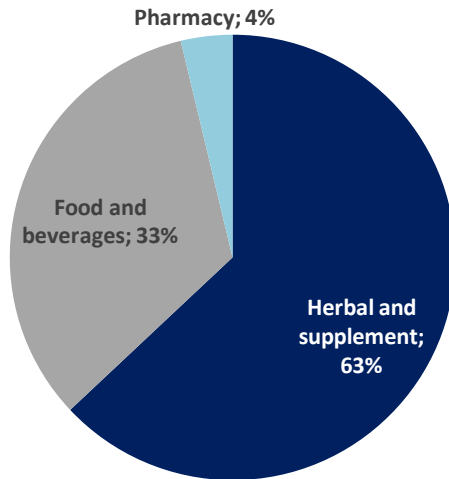
USD/IDR-YE

2020	14,175
2021F (6m-avg)	14,231

Analyst:

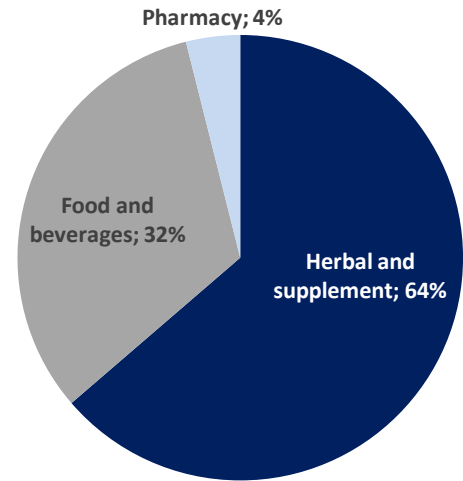
Eka Rahmawati Rahman

Chart: SIDO Sales Mix 3Q2021



Source: Company

Chart: SIDO Sales Mix 9M2021



Source: Company

Table: Income Statement in IDR. Million YoY & QoQ

Income Statement (IDR Mn)	1Q2021	2Q2021	3Q2021	QoQ	9M2020	9M2021	YoY
Net Sales	793.416	861.383	1.121.641	30,2%	2.257.274	2.776.440	23,0%
Cost of Goods Sold	-345.479	-379.236	-489.787	29,2%	-1.040.062	-1.214.502	16,8%
Gross Profit	447.937	482.147	631.854	31,1%	1.217.212	1.561.938	28,3%
Operating Expense	-115.894	-193.449	-174.085	-10,0%	-431.171	-483.428	12,1%
Operating Income	332.043	288.698	457.769	58,6%	786.041	1.078.510	37,2%
Other Income	11.503	10.109	8.325	-17,6%	36.732	29.937	-18,5%
PBT	343.546	298.807	466.094	56,0%	822.773	1.108.447	34,7%
Taxes	-74.503	-65.849	-102.597	55,8%	-181.968	-242.949	33,5%
PAT	269.043	232.958	363.497	56,0%	640.805	865.498	35,1%
Non-controlling interest	0	0	0		0	0	
Net Profit	269.043	232.958	363.497	56,0%	640.805	865.498	35,1%
EPS	9	8	12	56,0%	21	29	35,1%

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	-1.653.938	-1.834.926
Gross Profit	1.067.664	1.184.701	1.424.391	1.680.564	1.838.783	2.071.148	2.335.361
Operating Expense	-508.221	-544.465	-600.060	-656.320	-687.758	-707.766	-792.355
Operating Income	559.443	640.236	824.331	1.024.244	1.151.025	1.363.382	1.543.006
Other Income	69.639	41.653	43.506	49.591	48.523	37.251	41.703
PBT	629.082	681.889	867.837	1.073.835	1.199.548	1.400.632	1.584.709
Taxes	-148.557	-148.090	-203.988	-266.146	-265.532	-308.139	-348.636
PAT	480.525	533.799	663.849	807.689	934.016	1.092.493	1.236.073
Non-controlling interest	0	0	0	0	0	0	1
Net Profit	480.525	533.799	663.849	807.689	934.016	1.092.493	1.236.074
EPS	32	36	45	54	31	36	41
EBITDA	682.573	743.013	929.979	1.160.983	1.296.946	1.482.858	1.670.439
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	1.092.493	1.236.074
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	-40.636	-55.954
Cash From Operating Activities	638.976	658.097	869.939	832.936	1.006.008	1.133.561	1.265.328
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	-940.808	-1.063.023
Cash From Financing Activities	-320.648	-356.036	-644.292	-656.250	-765.230	-930.702	-1.053.737
Net Changes in Cash	160.160	-94.283	-97.019	58.991	167.130	17.580	25.322
Beginning Balance	836.975	997.135	902.852	805.833	864.824	1.031.954	1.049.534
Ending Balance	997.135	902.852	805.833	864.824	1.031.954	1.049.534	1.074.856

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	1.049.534	1.074.856
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	44.701	50.043
Total Current Assets	1.794.125	1.628.901	1.547.666	1.716.235	2.052.081	2.118.741	2.275.276
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	4.019.750	4.277.347
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	3.373.418	3.546.468
TOTAL LIABILITIES & EQUITY	2.987.614	3.158.198	3.337.628	3.536.898	3.849.516	4.019.750	4.277.347

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%	18%	13%
EBITDA	8%	9%	25%	25%	12%	14%	13%
NP	10%	11%	24%	22%	16%	17%	13%
EPS	8%	9%	25%	25%	12%	14%	13%
Profitability							
Gross Profit Margin (%)	42%	46%	52%	55%	55%	56%	56%
Operating Margin(%)	22%	25%	30%	33%	35%	37%	37%
EBITDA margin(%)	27%	29%	34%	38%	39%	40%	40%
NET Profit margin(%)	19%	21%	24%	26%	28%	29%	30%
ROA(%)	27%	33%	43%	47%	46%	52%	54%
ROE(%)	17%	18%	23%	26%	29%	32%	35%
Stability							
Int. Coverage (x)	3.432	908	4.708	5.245	1.789	2.093	2.368
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	56

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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