

PT Industri Jamu dan Farmasi Sido Muncul Tbk
BUY

 Consumer Goods, Pharmaceutical
 28 April 2021

Price	IDR.	805
Target	IDR.	1,000
JKSE Index		5,959.621



Stock code	SIDO IJ
Bloomberg code	SIDO IJ
Market cap (in Bn)	23,850.0
52-week high	860
52-week low	567
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)	14,231

 Analyst:
 Eka Rahmawati Rahman

Investment Considerations
Maintained Positive Growth

- Despite weak domestic demand because of Public Activity Restrictions (PPKM) in early 2021, SIDO's maintained positive-growth in 1Q2021. SIDO booked sales of IDR 793 billion or up +9% YoY.
- The F&B segment grew +30% YoY growth to IDR 257.4 billion, inline with high demand for healthy drink products. As of 1Q2021, the healthy drink category contributed 50% of F&B sales.
- The Herbal segment grew +1%, while pharmacy decreased -8% YoY but that's a lesser decline than last year.
- For Export sales, SIDO booked higher sales in 1Q2021 driven by F&B energy drink products, especially to Malaysia and Nigeria. Export sales contributed 3% of total consolidated sales.
- Online sales also grew strongly up by 1700% in 1Q2021. Online sales have started contributing to growth in the last 4 quarters.
- We are still expecting double-digit sales growth in 2021F as we expect better 2Q2021 demand inline with growing consumer demand for health products and as the vaccination program is expected to normalize economic activity.

1Q2021 Result: Higher Margin

- In 1Q2021, SIDO maintained double-digit net profit growth of +13% YoY to IDR 269 billion with a higher NPM of 34% compared to 1Q2020's 32%. Higher margins were due to stable raw material prices and SIDO maintaining effective cost management.
- Operating profit grew double digits in 1Q2021 +16% YoY to IDR 332 billion and the operating profit margins increased to 42% from 39% in 1Q2020.
- Gross profit grew +10% YoY to IDR 793 billion in 1Q2021 and the gross profit margin was stable at 56%.
- We maintain our target for 2021F net profit to grow +14% to IDR 1.06 trillion.

Valuation: Maintain BUY with TP 1,000

- We are targeting SIDO to reach IDR 1,000 or 25% 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	1.445.608	1.628.736
Net Profit (IDR Mn)	480.525	533.799	663.849	807.689	934.016	1.063.438	1.203.546
EPS (IDR)	32	36	45	54	31	35	40
EBITDA Margin (%)	26,6%	28,9%	33,7%	37,8%	38,9%	38,8%	39,1%
ROE (%)	17,4%	18,4%	22,9%	26,4%	29,0%	31,6%	34,0%
ROA (%)	26,8%	32,8%	42,9%	47,1%	45,5%	50,3%	53,1%

Pictures: SIDO New Products launched in 1Q2021

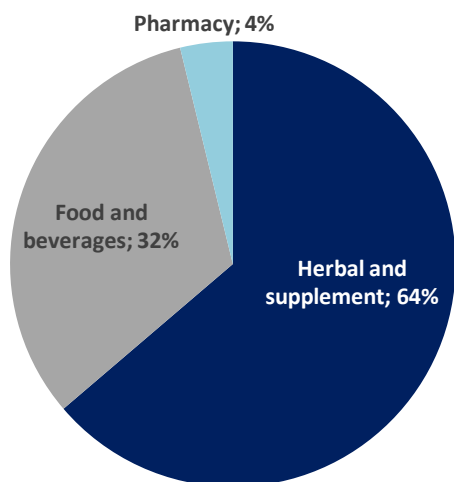
Pictures: SIDO Diversification on Healthy Drink Category



Source: Company

Source: Company

Chart: SIDO Sales Mix 1Q2021



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	-745.017	-834.057
Operating Income	559.443	640.236	824.331	1.024.244	1.151.025	1.326.131	1.501.303
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	1.363.382	1.543.006
Taxes	-148.557	-148.090	-203.988	-266.146	-265.532	-299.944	-339.461
PAT	480.525	533.799	663.849	807.689	934.016	1.063.438	1.203.545
Non-controlling interest	0	0	0	0	0	0	1
Net Profit	480.525	533.799	663.849	807.689	934.016	1.063.438	1.203.546
EPS	32	36	45	54	31	35	40
EBITDA	682.573	743.013	929.979	1.160.983	1.296.946	1.445.608	1.628.736
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	1.063.438	1.203.546
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	1.104.506	1.232.800
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	-915.820	-1.035.048
Cash From Financing Activities	-320.648	-356.036	-644.292	-656.250	-765.230	-905.714	-1.025.763
Net Changes in Cash	160.160	-94.283	-97.019	58.991	167.130	13.513	20.768
Beginning Balance	836.975	997.135	902.852	805.833	864.824	1.031.954	1.045.467
Ending Balance	997.135	902.852	805.833	864.824	1.031.954	1.045.467	1.066.235

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	1.045.467	1.066.235
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	2.114.673	2.266.654
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	4.015.683	4.268.725
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	3.369.350	3.537.847
TOTAL LIABILITIES & EQUITY	2.987.614	3.158.198	3.337.628	3.536.898	3.849.516	4.015.683	4.268.725

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%	13%
EBITDA	8%	9%	25%	25%	12%	11%	13%
NP	10%	11%	24%	22%	16%	14%	13%
EPS	8%	9%	25%	25%	12%	11%	13%
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%	39%	39%
NET Profit margin(%)	19%	21%	24%	26%	28%	29%	29%
ROA(%)	27%	33%	43%	47%	46%	50%	53%
ROE(%)	17%	18%	23%	26%	29%	32%	34%
Stability							
Int. Coverage (x)	3.432	908	4.708	5.245	1.789	2.037	2.306
Current Ratio (X)	8	8	4	4	4	4	4
Per Share data (IDR)							
EPS	32	36	45	54	31	35	40
EBITDA/share	46	50	63	78	43	48	54

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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