

PT Industri Jamu dan Farmasi Sido Muncul Tbk

Investment Considerations

BUY

Consumer Goods, Pharmaceutical
29 July 2024

Price IDR. 705

Target IDR. 900

JKSE Index 7,288.897



Gradually Higher Contribution of Export Sales

- SIDO's sales increased by 12.9% YoY but declined -20% QoQ to IDR 843.06 billion in Q2 2024, driven by volume increases across all business segments and in both domestic and export markets. For the 1H2024 total sales increased +14.7% to IDR 1.89 trillion.
- In terms of export sales, the total export sales contribution is gradually increasing, with the 1H2024 contribution to total sales at 8%, up from 5.8% in the previous year. The Philippine market accounted for 1-2% of total sales, Malaysia 4%, and Nigeria 1-2% in the 1H2024. Management is targeting to boost the export sales contribution to 10% - 15% in the next three years.
- In the herbal and supplement segment, sales rose by 8.1% YoY to IDR 486 billion, propelled by double-digit growth in Tolak Angin Group, Esemag, and soft capsule SKUs. This surge resulted in an elevated gross profit margin (GPM) of 69.4% for the segment, helped also by lower prices of some raw materials.
- The pharmaceutical segment saw a 12.3% YoY and 17.6% QoQ increase in sales to IDR 35.77 billion, following the reversal of a ban on all syrup medicines, with a recovery in sales and volume pushing the GPM to 38.3%.
- F&B sales climbed 21.2% YoY to IDR 320.6 billion, driven by energy drinks in domestic and export markets and sales of vitamin C-enhanced beverages. The F&B margin improved to 39.6%, aided by lower prices for key raw materials such as taurine, aspartame, citric acid, creamer, among others.
- We expect higher 2H2024 sales as, demand is seasonally higher in the second half of the year.

Q2 2024 Result: Margin improvement

- SIDO's net profit rose by 47.5% YoY but declined -44% QoQ to IDR 217.9 billion, due to reduced operating expenses from efficiencies in general and administrative expenses and improved operating leverage, resulting in a record net profit margin (NPM) of 25.9% in Q2 2024, higher compared to Q2 2023's 19.8%. For 1H2024 net profit also increased 35.8% to IDR 608.5 billion with an improved NPM at 32.1%.
- Cost of goods sold (COGS) decreased by -14.9% QoQ but increased slightly by 3.5% YoY to IDR 364 billion, and lower raw material costs coupled with increased sales volume led to a higher gross profit of IDR 478.5 billion, a 21.3% YoY increase, with a GPM of 56.8%.
- Operating income also grew by 38.6% to IDR 267.9 billion, as general and administrative expenses fell by -30.3% in 2Q2024.

Valuation: Maintain Buy, TP 900

- With margin improvements from softer raw material prices and an expect demand increases in 2H2024, we continue to recommend SIDO as a BUY. Our target price (TP) is IDR 900, representing 27% upside, with a projected P/E ratio of 20x.

Stock code

Bloomberg code	SIDO IJ
Market cap (in Bn)	38,907.6
52-week high	780
52-week low	478
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

2023	15,439
2024F (6m-avg)	16,016

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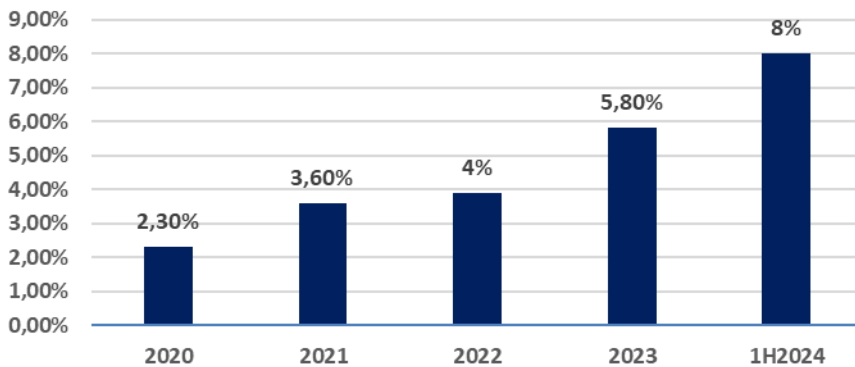
Financial Highlights	2021A	2022A	2023A	2024F	2025F
Revenue (IDR Mn)	4.020.980	3.865.523	3.565.930	3.922.523	4.314.775
EBITDA (IDR Mn)	1.708.037	1.516.060	1.323.939	1.638.534	1.827.954
Net Profit (IDR Mn)	1.260.898	1.104.714	950.648	1.208.529	1.346.210
EPS (IDR)	42	37	32	40	45
NPM (%)	31,4%	28,6%	26,7%	30,8%	31,2%
PER (x)	20,6	23,5	19,3	22,3	20,1
P/BV (x)	7,5	7,4	5,4	7,5	7,1
ROA (%)	56,2%	50,3%	46,0%	55,1%	59,6%

SIDO Business Segment

	1Q2024	2Q2024	2Q2023	YoY	1H2023	1H2024	YoY
Sales (IDR Mn)							
Herbal and supplement	626.886	486.703	450.189	8,1%	1.003.451	1.113.589	11,0%
Food and beverages	396.114	320.592	264.440	21,2%	595.191	716.706	20,4%
Pharmacy	30.423	35.774	31.863	12,3%	55.152	66.197	20,0%
GPM (%)							
Herbal and supplement	71,5%	69,4%	66,4%		67,1%	70,6%	
Food and beverages	41,8%	39,6%	31,7%		31,4%	40,8%	
Pharmacy	37,8%	38,3%	36,4%		31,5%	38,1%	

Source: Company

SIDO Export Sales Contribution



Source: Company

Income Statement In IDR Million YoY & QoQ

Income Statement (IDR Mn)	1Q2024	2Q2024	QoQ	2Q2023	YoY	1H2023	1H2024	YoY
Net Sales	1.053.423	843.069	-20,0%	746.492	12,9%	1.653.794	1.896.492	14,7%
Cost of Goods Sold	-428.312	-364.577	-14,9%	-352.141	3,5%	-776.250	-792.889	2,1%
Gross Profit	625.111	478.492	-23,5%	394.351	21,3%	877.544	1.103.603	25,8%
Operating Expense	-133.681	-210.522	57,5%	-201.026	4,7%	-314.680	-344.203	9,4%
Operating Income	491.430	267.970	-45,5%	193.325	38,6%	562.864	759.400	34,9%
Other Income	11.107	11.020	-0,8%	4.433	148,6%	15.115	22.127	46,4%
PBT	502.537	278.990	-44,5%	197.758	41,1%	577.979	781.527	35,2%
Taxes	-112.044	-60.993	-45,6%	-49.930	22,2%	-129.872	-173.037	33,2%
PAT	390.493	217.997	-44,2%	147.828	47,5%	448.107	608.490	35,8%
Non-controlling interest	0	0		0		0	0	
Net Profit	390.493	217.997	-44,2%	147.828	47,5%	448.107	608.490	35,8%
EPS	13	7	-44,2%	5	47,5%	15	20	35,8%
GPM (%)	59,3%	56,8%		52,8%		53,1%	58,2%	
OPM (%)	46,7%	31,8%		25,9%		34,0%	40,0%	
NPM (%)	37,1%	25,9%		19,8%		27,1%	32,1%	

Source: Company

Income Statement In IDR Million YoY

Income Statement (IDR Mn)	2021A	2022A	2023A	2024F	2025F
Net Sales	4.020.980	3.865.523	3.565.930	3.922.523	4.314.775
Cost of Goods Sold	-1.734.948	-1.702.910	-1.547.235	-1.627.847	-1.769.058
Gross Profit	2.286.032	2.162.613	2.018.695	2.294.676	2.545.717
Operating Expense	-709.340	-769.547	-827.824	-784.505	-862.955
Operating Income	1.576.692	1.393.066	1.190.871	1.510.171	1.682.762
Other Income	36.539	26.786	28.668	39.225	43.148
PBT	1.613.231	1.419.852	1.219.539	1.549.397	1.725.910
Taxes	-352.333	-315.138	-268.891	-340.867	-379.700
PAT	1.260.898	1.104.714	950.648	1.208.529	1.346.210
Non-controlling interest	0	0	0	0	0
Net Profit	1.260.898	1.104.714	950.648	1.208.529	1.346.210
EPS	42	37	32	40	45
EBITDA	1.708.037	1.516.060	1.323.939	1.638.534	1.827.954
Shares	30.000	30.000	30.000	30.000	30.000

Source: Company & Binaartha

Cash Flow in IDR Million YoY

Cash Flow (In IDR Mn)	2021A	2022A	2023A	2024F	2025F
Net Income	1.260.898	1.104.714	950.648	1.208.529	1.346.210
Depreciation	93.944	95.428	103.719	88.456	101.363
Change in WC	-159.034	-111.029	-44.516	-86.657	-66.946
Cash From Operating Activities	1.195.808	1.089.113	1.009.851	1.210.329	1.380.627
Change in Non-current Asset	-120.772	-158.365	-40.455	-248.941	-284.142
Cash From Investing Activities	-120.772	-158.365	-40.455	-248.941	-284.142
Employee benefits liabilities	-16.894	-13.376	5.197	9.616	3.923
Deferred tax liabilities	3.576	-6.120	2.670	-2.515	1.066
Equity	-1.011.453	-1.070.424	-1.070.182	-984.699	-1.157.741
Cash From Financing Activities	-1.024.771	-1.089.920	-1.062.315	-977.598	-1.152.752
Net Changes in Cash	50.265	-159.172	-92.919	-16.210	-56.267
Beginning Balance	1.031.954	1.082.219	923.047	830.128	813.918
Ending Balance	1.082.219	923.047	830.128	813.918	757.651

Source: Company & Binaartha

Statement of Financial Position in IDR Million YoY

ASSETS	2021A	2022A	2023A	2024F	2025F
CURRENT ASSETS					
Cash and Cash Equivalents	1.082.219	923.047	830.128	813.918	757.651
Trade Accounts Receivable	664.058	686.662	788.722	867.594	954.354
Inventories	454.810	542.624	408.454	474.220	502.456
Others Current Assets	43.620	41.909	39.466	39.225	43.148
Total Current Assets	2.244.707	2.194.242	2.066.770	2.194.957	2.257.608
NONCURRENT ASSETS					
Fixed Assets	1.588.101	1.610.837	1.554.538	1.696.928	1.860.095
Goodwill	91.366	91.366	91.366	91.366	91.366
Other Noncurrent Assets	144.796	184.997	178.032	196.126	215.739
Total Noncurrent Assets	1.824.263	1.887.200	1.823.936	1.984.421	2.167.200
TOTAL ASSETS	4.068.970	4.081.442	3.890.706	4.179.378	4.424.808
LIABILITIES AND EQUITY					
LIABILITIES					
CURRENT LIABILITIES					
Trade Account Payable	188.668	221.033	187.198	205.918	226.510
Others Current Liabilities	354.702	320.015	274.781	313.802	345.182
Total Current Liabilities	543.370	541.048	461.979	519.720	571.692
NONCURRENT LIABILITIES					
Employee benefits liabilities	37.788	24.412	29.609	39.225	43.148
Deferred tax liabilities	16.627	10.507	13.177	10.662	11.728
Lease liabilities					
Total Noncurrent Liabilities	54.415	34.919	42.786	49.887	54.876
TOTAL LIABILITIES	597.785	575.967	504.765	569.607	626.567
Non-controlling interest	7	7	7	7	7
EQUITY	3.471.178	3.505.468	3.385.934	3.609.764	3.798.233
TOTAL LIABILITIES & EQUITY	4.068.970	4.081.442	3.890.706	4.179.378	4.424.808

Source: Company & Binaartha

Ratio Highlights YoY					
	2021A	2022A	2023A	2024F	2025F
Growth (% YoY)					
Revenue	21%	-4%	-8%	10%	10%
OP	37%	-12%	-15%	27%	11%
EBITDA	32%	-11%	-13%	24%	12%
NP	35%	-12%	-14%	27%	11%
EPS	32%	-11%	-13%	24%	12%
Profitability					
Gross Profit Margin (%)	57%	56%	57%	59%	59%
Operating Margin(%)	39%	36%	33%	39%	39%
EBITDA margin(%)	42%	39%	37%	42%	42%
NET Profit margin(%)	31%	29%	27%	31%	31%
ROA(%)	56%	50%	46%	55%	60%
ROE(%)	36%	32%	28%	33%	35%
Stability					
Int. Coverage (x)	1.463	1.416	1.396	1.775	1.977
Current Ratio (X)	4	4	4	4	4
Per Share data					
EPS (IDR)	42	37	32	40	45
P/BV (x)	7	7	5	7	7
PER (x)	21	23	19	22	20
EBITDA/share	57	51	44	55	61

Source: Company & Binaartha

Stock Ratings:

- Buy : a recommendation to purchase the security with upside potential of **12.5% or greater**
Hold : a recommendation to neither buy nor sell a security with upside potential of **6.25%-12.49%**.
Sell : a recommendation to close out a long position in a security with upside potential **below 6.24% or negative**.

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