

**PT Industri Jamu dan Farmasi Sido Muncul Tbk**

**BUY**

**Investment Considerations**

**2Q2021 Demand Increased**

- The rising number of covid-19 cases in Indonesia has increased demand for food supplements and multivitamins as immune boosters in 2Q2021.
- SIDO recorded double digit sales growth of 18.2% YoY or 8.6% QoQ to IDR 861.3 billion in 2Q2021. The herbal & supplement segment increased +31.4% YoY to IDR 555.7 billion in line with volume and demand increases. Tolak Angin products increased by more than 30% YoY in 2Q2021.
- For 1H2021, SIDO booked +13.4% sales growth to IDR 1.65 trillion. The results are on track to match our 2021 estimate.
- The F&B segment decreased -1% YoY but still grew +4.4% QoQ to IDR 268.7 billion in 2Q2021. For 1H2021, the F&B segment still grew +12.2% to IDR 526.2 billion driven by Healthy drinks (+19%) and export sales of energy drinks.
- Meanwhile pharmacy had positive growth of +6.8% YoY or +22% QoQ in 2Q2021 after a decline in 1Q2021.
- For Export sales, Nigeria and Malaysia led with sales higher by 90% in 1H2021 from Kuku Bima energy products. The Nigeria market hasn't been significantly affected by the covid-19 pandemic while the Philippines market registered a slight improvement but is still far from pre-covid levels. SIDO is targeting an export sales contribution of 4% of total sales in 2021.
- Online sales also grew strongly up by 11x from last year.
- We are still expecting double-digit sales growth in 2021F as we expect better 2H2021 demand inline with growing consumer demand for health products and as the vaccination program is expected to normalize economic activity.

**2Q2021 Result: Higher Margin**

- In 2Q2021, SIDO maintained double-digit net profit growth of +25% YoY to IDR 232.9 billion with a higher NPM of 27% compared to 2Q2020's 25%. For 1H2021, SIDO recorded net profit of IDR 502 billion with a higher NPM of 30%.
- Operating profit grew double digits in 2Q2021 +30% YoY to IDR 288 billion and the operating profit margins increased to 34% from 30% in 2Q2020. For 1H2021, operating profit grew +22% to IDR 620.7 billion with a higher OPM of 38%.
- Gross profit grew +29% YoY to IDR 482 billion in 2Q2021 with a higher GPM at 56% from 51%. For 1H2021, gross profit grew +21 YoY to IDR 930 billion with a higher GPM of 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.

Consumer Goods, Pharmaceutical  
30 July 2021

Price	IDR.	800
Target	IDR.	1,000
JKSE Index		6,120.727



<b>Stock code</b>	SIDO IJ
Bloomberg code	SIDO IJ
Market cap (in Bn)	24,000.0
52-week high	860
52-week low	620
6-m avg.dail.val (IDR)	666
Shares Out (in Mn)	30,000
Free Float (%)	19.00%

<b>Major Share Holders (%)</b>	
PT Hotel Candi Baru	81.00%
Public	19.00%

<b>USD/IDR-YE</b>	
2020	14,175
2021F (6m-avg)	14,231

Analyst:  
Eka Rahmawati Rahman

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 2Q2021



- Contains 50 soft-capsules
- Composition: Coenzyme Q10 75mg
- Coenzyme Q10 is an antioxidant to reduce free radicals and supports for cellular energy production.

Sido Muncul CoQ10  
(Soft Capsule Supplement)



Jamu Heritage      Vitamin C1000mg + Zinc

Chart: SIDO Sales Mix 2Q2021

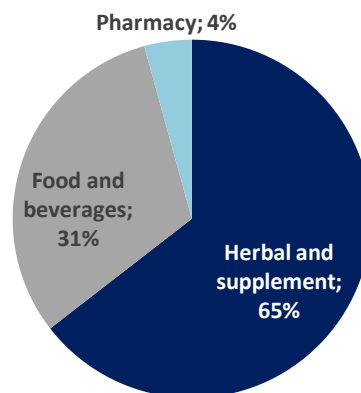


Chart: SIDO Sales Mix 1H2021

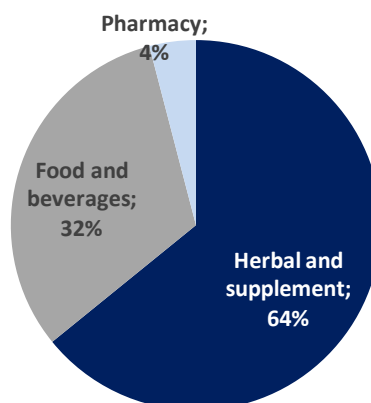


Table: Income Statement in IDR. Million YoY & QoQ

Source: Company

Income Statement (IDR Mn)	1Q2021	2Q2021	QoQ	1H2020	1H2021	YoY
<b>Net Sales</b>	<b>793.416</b>	<b>861.383</b>	<b>9%</b>	<b>1.459.710</b>	<b>1.654.799</b>	<b>13%</b>
Cost of Goods Sold	-345.479	-379.236	10%	-678.394	-724.715	7%
<b>Gross Profit</b>	<b>447.937</b>	<b>482.147</b>	<b>8%</b>	<b>781.316</b>	<b>930.084</b>	<b>19%</b>
Operating Expense	-115.894	-193.449	67%	-273.716	-309.343	13%
<b>Operating Income</b>	<b>332.043</b>	<b>288.698</b>	<b>-13%</b>	<b>507.600</b>	<b>620.741</b>	<b>22%</b>
Other Income	11.503	10.109	-12%	25.570	21.612	-15%
<b>PBT</b>	<b>343.546</b>	<b>298.807</b>	<b>-13%</b>	<b>533.170</b>	<b>642.353</b>	<b>20%</b>
Taxes	-74.503	-65.849	-12%	-119.379	-140.352	18%
<b>PAT</b>	<b>269.043</b>	<b>232.958</b>	<b>-13%</b>	<b>413.791</b>	<b>502.001</b>	<b>21%</b>
Non-controlling interest	0	0		0	0	
<b>Net Profit</b>	<b>269.043</b>	<b>232.958</b>	<b>-13%</b>	<b>413.791</b>	<b>502.001</b>	<b>21%</b>
<b>EPS</b>	<b>9</b>	<b>8</b>	<b>-13%</b>	<b>14</b>	<b>17</b>	<b>21%</b>

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
<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>2.071.148</b>	<b>2.335.361</b>
Operating Expense	-508.221	-544.465	-600.060	-656.320	-687.758	-745.017	-834.057
<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>1.326.131</b>	<b>1.501.303</b>
Other Income	69.639	41.653	43.506	49.591	48.523	37.251	41.703
<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>1.363.382</b>	<b>1.543.006</b>
Taxes	-148.557	-148.090	-203.988	-266.146	-265.532	-299.944	-339.461
<b>PAT</b>	<b>480.525</b>	<b>533.799</b>	<b>663.849</b>	<b>807.689</b>	<b>934.016</b>	<b>1.063.438</b>	<b>1.203.545</b>
Non-controlling interest	0	0	0	0	0	0	1
<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>1.063.438</b>	<b>1.203.546</b>
EPS	32	36	45	54	31	35	40
<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>1.445.608</b>	<b>1.628.736</b>
Shares	14.879	14.879	14.879	14.879	30.000	30.000	30.001

Source: Company &amp; 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
<b>Cash From Operating Activities</b>	<b>638.976</b>	<b>658.097</b>	<b>869.939</b>	<b>832.936</b>	<b>1.006.008</b>	<b>1.104.506</b>	<b>1.232.800</b>
Capex	-158.168	-396.344	-322.666	-117.695	-73.648	-185.279	-186.268
<b>Cash From Investing Activities</b>	<b>-158.168</b>	<b>-396.344</b>	<b>-322.666</b>	<b>-117.695</b>	<b>-73.648</b>	<b>-185.279</b>	<b>-186.268</b>
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
<b>Cash From Financing Activities</b>	<b>-320.648</b>	<b>-356.036</b>	<b>-644.292</b>	<b>-656.250</b>	<b>-765.230</b>	<b>-905.714</b>	<b>-1.025.763</b>
Net Changes in Cash	160.160	-94.283	-97.019	58.991	167.130	13.513	20.768
<b>Beginning Balance</b>	<b>836.975</b>	<b>997.135</b>	<b>902.852</b>	<b>805.833</b>	<b>864.824</b>	<b>1.031.954</b>	<b>1.045.467</b>
<b>Ending Balance</b>	<b>997.135</b>	<b>902.852</b>	<b>805.833</b>	<b>864.824</b>	<b>1.031.954</b>	<b>1.045.467</b>	<b>1.066.235</b>

Source: Company &amp; Binaartha

Table: Statement of Financial Position in IDR. Million YoY

ASSETS	2016A	2017A	2018A	2019A	2020A	2021F	2022F
<b>CURRENT ASSETS</b>							
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
<b>Total Current Assets</b>	<b>1.794.125</b>	<b>1.628.901</b>	<b>1.547.666</b>	<b>1.716.235</b>	<b>2.052.081</b>	<b>2.114.673</b>	<b>2.266.654</b>
<b>NONCURRENT ASSETS</b>							
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
<b>Total Noncurrent Assets</b>	<b>1.193.489</b>	<b>1.529.297</b>	<b>1.789.962</b>	<b>1.820.663</b>	<b>1.797.435</b>	<b>1.901.010</b>	<b>2.002.071</b>
<b>TOTAL ASSETS</b>	<b>2.987.614</b>	<b>3.158.198</b>	<b>3.337.628</b>	<b>3.536.898</b>	<b>3.849.516</b>	<b>4.015.683</b>	<b>4.268.725</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
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
<b>Total Current Liabilities</b>	<b>215.686</b>	<b>208.507</b>	<b>368.380</b>	<b>416.211</b>	<b>560.043</b>	<b>568.486</b>	<b>643.746</b>
<b>NONCURRENT LIABILITIES</b>							
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
<b>Total Noncurrent Liabilities</b>	<b>14.043</b>	<b>53.826</b>	<b>66.634</b>	<b>55.980</b>	<b>67.733</b>	<b>77.839</b>	<b>87.125</b>
<b>TOTAL LIABILITIES</b>	<b>229.729</b>	<b>262.333</b>	<b>435.014</b>	<b>472.191</b>	<b>627.776</b>	<b>646.325</b>	<b>730.870</b>
Non-controlling interest	7	7	7	7	7	7	8
<b>EQUITY</b>	<b>2.757.878</b>	<b>2.895.858</b>	<b>2.902.607</b>	<b>3.064.700</b>	<b>3.221.733</b>	<b>3.369.350</b>	<b>3.537.847</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>2.987.614</b>	<b>3.158.198</b>	<b>3.337.628</b>	<b>3.536.898</b>	<b>3.849.516</b>	<b>4.015.683</b>	<b>4.268.725</b>

Source: Company &amp; Binaartha

Table: Ratio Highlights YoY

	2016A	2017A	2018A	2019A	2020A	2021F	2022F
<b>Growth (% YoY)</b>							
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%
<b>Profitability</b>							
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%
<b>Stability</b>							
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
<b>Per Share data (IDR)</b>							
EPS	32	36	45	54	31	35	40
EBITDA/share	46	50	63	78	43	48	54

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**  
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