

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

**HOLD**

Consumer Goods, Pharmaceutical  
4 August 2022

Price	IDR.	765
Target	IDR.	895
JKSE Index		7,046.635



**Stock code**

Bloomberg code	SIDO IJ
Market cap (in Bn)	28,262.0
52-week high	1,070
52-week low	755
6-m avg.dail.val (IDR)	960
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	14,310
2022F (6m-avg)	14,533

Analyst:  
Eka Rahmawati Rahman

**Investment Considerations**

**A shifting trend**

- Because rising commodity prices have triggered an increase in inflation in 2Q2022, the previous prevailing trend has begun to change. Consumer focus has shifted to staples needs, and demand for vitamin products has declined.
- In 2Q2022, SIDO sales decreased -15.1% YoY or -17% QoQ to IDR 731.6 billion from an across the board slowdown.
- Pharmacy had the lowest decrease of -3% YoY or -16.3% QoQ to IDR 35.7 billion in 2Q2022.
- F&B sales also fell -12.2% YoY or -23.5 to IDR 236.1 billion in 2Q2022 driven by lower Kuku Bima Energy and Vit. C. sales. Because of higher raw material costs, SIDO increased ASPs in 2Q2022.
- Herbal & supplement sales also declined by -17.3% YoY or -13.1% QoQ to IDR 459.7 billion due to a decline in demand during Ramadan.
- The contribution of export sales increased from 4% in 2021 to 6% in 1H2022, from increased international business of over 80% YoY with Malaysia and Nigeria as the top buyers. SIDO also expanded sales to Senegal and Togo in 1H2022.
- After the demand slowdown in 2Q2022 we expect the downtrend to continue in 3Q2022, and we revise SIDO top line target sales in 2022F to IDR 4.16 trillion which is single digit growth +4% YoY.

**2Q2022 Result: Margin decline**

- SIDO margins declined in 2Q2022 with lower sales. SIDO net profit was IDR 150 billion, down by -35% YoY or 49% QoQ with a lower NPM of 20.6% compared to 1Q2022's 33.5%. For 1H2022, SIDO net profit decreased by -11% YoY to IDR 445.6 billion with a lower NPM of 27.6%.
- Operating profit margins also declined from 41.7% in 1Q2022 to 26.2% in 2Q2022. Gross profit dropped -22.7% YoY to IDR 372.6 billion in 2Q2022 with a lower NPM of 50.9% from 54.7% in 1Q2022.
- After the decline in the 2Q2022 result, we revise down our profit forecast for 2022F. We are now expecting SIDO profit to reach IDR 1.65 trillion.

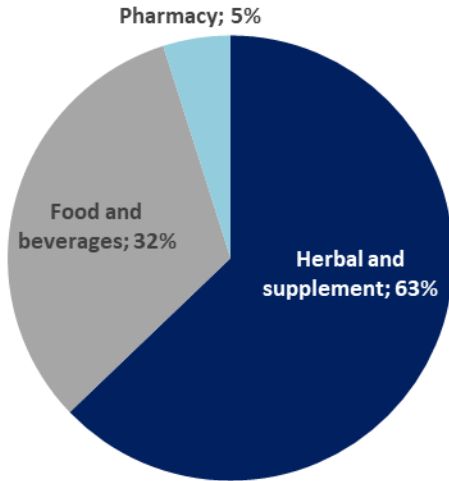
**Valuation: HOLD with TP 895**

- After the 2Q2022 result, we downgrade our recommendation to HOLD. We are targeting SIDO to reach IDR 895 or 17% upside, which is a 20x PE valuation within one year. HOLD.

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	4.166.187	4.582.805
EBITDA (IDR Mn)	743.013	929.979	1.160.983	1.296.946	1.708.037	1.647.436	1.806.958
Net Profit (IDR Mn)	533.799	663.849	807.689	934.016	1.260.898	1.218.610	1.340.471
EPS (IDR)	36	45	54	31	42	41	45
EBITDA Margin (%)	28,9%	33,7%	37,8%	38,9%	42,5%	39,5%	39,4%
ROE (%)	18,4%	22,9%	26,4%	29,0%	36,3%	33,5%	35,0%
ROA (%)	32,8%	42,9%	47,1%	45,5%	56,2%	53,4%	54,7%

Source: Company and Binaartha

Chart: SIDO Sales Mix 2Q2022



Source: Company

Table: Income Statement in IDR. Million YoY & QoQ

Income Statement (IDR Mn)	1Q2022	2Q2022	QoQ	1H2021	1H2022	YoY	2Q2021	YoY
<b>Net Sales</b>	<b>880.493</b>	<b>731.606</b>	<b>-16,9%</b>	<b>1.654.799</b>	<b>1.612.099</b>	<b>-2,6%</b>	<b>861.383</b>	<b>-15,1%</b>
Cost of Goods Sold	-398.670	-358.941	-10,0%	-724.715	-757.611	4,5%	-379.236	-5,4%
<b>Gross Profit</b>	<b>481.823</b>	<b>372.665</b>	<b>-22,7%</b>	<b>930.084</b>	<b>854.488</b>	<b>-8,1%</b>	<b>482.147</b>	<b>-22,7%</b>
Operating Expense	-114.708	-181.166	57,9%	-309.343	-295.874	-4,4%	-193.449	-6,3%
<b>Operating Income</b>	<b>367.115</b>	<b>191.499</b>	<b>-47,8%</b>	<b>620.741</b>	<b>558.614</b>	<b>-10,0%</b>	<b>288.698</b>	<b>-33,7%</b>
Other Income	10.082	4.208	-58,3%	21.612	14.290	-33,9%	10.109	-58,4%
<b>PBT</b>	<b>377.197</b>	<b>195.707</b>	<b>-48,1%</b>	<b>642.353</b>	<b>572.904</b>	<b>-10,8%</b>	<b>298.807</b>	<b>-34,5%</b>
Taxes	-82.158	-45.147	-45,0%	-140.352	-127.305	-9,3%	-65.849	-31,4%
<b>PAT</b>	<b>295.039</b>	<b>150.560</b>	<b>-49,0%</b>	<b>502.001</b>	<b>445.599</b>	<b>-11,2%</b>	<b>232.958</b>	<b>-35,4%</b>
Non-controlling interest	0	0		0	0		0	
<b>Net Profit</b>	<b>295.039</b>	<b>150.560</b>	<b>-49,0%</b>	<b>502.001</b>	<b>445.599</b>	<b>-11,2%</b>	<b>232.958</b>	<b>-35,4%</b>
<b>EPS</b>	<b>10</b>	<b>5</b>	<b>-49,0%</b>	<b>17</b>	<b>15</b>	<b>-11,2%</b>	<b>8</b>	<b>-35,4%</b>
<b>GPM (%)</b>	<b>54,7%</b>	<b>50,9%</b>		<b>56,2%</b>	<b>53,0%</b>		<b>56,0%</b>	
<b>OPM (%)</b>	<b>41,7%</b>	<b>26,2%</b>		<b>37,5%</b>	<b>34,7%</b>		<b>33,5%</b>	
<b>NPM (%)</b>	<b>33,5%</b>	<b>20,6%</b>		<b>30,3%</b>	<b>27,6%</b>		<b>27,0%</b>	

Source: Company

Table: Income Statement in IDR. Million YoY

Income Statement (IDR Mn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
<b>Net Sales</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>4.166.187</b>	<b>4.582.805</b>
Cost of Goods Sold	-1.389.139	-1.338.901	-1.386.870	-1.496.628	-1.734.948	-1.937.277	-2.131.004
<b>Gross Profit</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>2.228.910</b>	<b>2.451.801</b>
Operating Expense	-544.465	-600.060	-656.320	-687.758	-709.340	-708.252	-779.077
<b>Operating Income</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>1.520.658</b>	<b>1.672.724</b>
Other Income	41.653	43.506	49.591	48.523	36.539	41.662	45.828
<b>PBT</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>1.562.320</b>	<b>1.718.552</b>
Taxes	-148.090	-203.988	-266.146	-265.532	-352.333	-343.710	-378.081
<b>PAT</b>	<b>533.799</b>	<b>663.849</b>	<b>807.689</b>	<b>934.016</b>	<b>1.260.898</b>	<b>1.218.610</b>	<b>1.340.471</b>
Non-controlling interest	0	0	0	0	0	0	0
<b>Net Profit</b>	<b>533.799</b>	<b>663.849</b>	<b>807.689</b>	<b>934.016</b>	<b>1.260.898</b>	<b>1.218.610</b>	<b>1.340.471</b>
EPS	36	45	54	31	42	41	45
<b>EBITDA</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>1.647.436</b>	<b>1.806.958</b>
Shares	14.879	14.879	14.879	30.000	30.000	30.000	30.000

Source: Company & 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	1.218.610	1.340.471
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	-159.959	-54.994
<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>1.142.905</b>	<b>1.373.021</b>
Change in Non-current Asset	-396.344	-322.666	-117.695	-73.648	-120.772	-114.903	-135.483
<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>-114.903</b>	<b>-135.483</b>
Employee benefits liabilities	30.979	11.030	-13.249	11.879	-16.894	3.874	4.166
Deferred tax liabilities	8.804	1.778	2.595	-126	3.576	600	1.723
Equity	-395.819	-657.100	-645.596	-776.983	-1.011.453	-1.048.591	-1.152.804
<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>-1.044.117</b>	<b>-1.146.915</b>
Net Changes in Cash	-94.283	-97.019	58.991	167.130	50.265	-16.115	90.624
<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>1.066.104</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>1.066.104</b>	<b>1.156.728</b>

Source: Company & 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	1.066.104	1.156.728
Trade Accounts Receivable	431.502	414.903	537.104	667.647	664.058	541.604	595.765
Inventories	267.915	311.193	299.244	309.478	454.810	624.928	641.593
Others Current Assets	26.632	15.737	15.063	43.002	43.620	49.994	54.994
<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>2.282.630</b>	<b>2.449.079</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	133.318	137.484
<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>1.854.912</b>	<b>1.902.850</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>4.137.542</b>	<b>4.351.929</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	187.478	183.312
Others Current Liabilities	72.516	179.101	250.752	346.101	354.702	249.971	274.968
<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>437.450</b>	<b>458.281</b>
<b>NONCURRENT LIABILITIES</b>							
Employee benefits liabilities	45.022	56.052	42.803	54.682	37.788	41.662	45.828
Deferred tax liabilities	8.804	10.582	13.177	13.051	16.627	17.227	18.950
<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>58.889</b>	<b>64.778</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>496.339</b>	<b>523.059</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>3.641.195</b>	<b>3.828.861</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>4.137.542</b>	<b>4.351.929</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%	4%	10%
OP	14%	29%	24%	12%	37%	-4%	10%
EBITDA	9%	25%	25%	12%	32%	-4%	10%
NP	11%	24%	22%	16%	35%	-3%	10%
EPS	9%	25%	25%	12%	32%	-4%	10%
<b>Profitability</b>							
Gross Profit Margin (%)	46%	52%	55%	55%	57%	54%	54%
Operating Margin(%)	25%	30%	33%	35%	39%	37%	37%
EBITDA margin(%)	29%	34%	38%	39%	42%	40%	39%
NET Profit margin(%)	21%	24%	26%	28%	31%	29%	29%
ROA(%)	33%	43%	47%	46%	56%	53%	55%
ROE(%)	18%	23%	26%	29%	36%	33%	35%
<b>Stability</b>							
Int. Coverage (x)	908	4.708	5.245	1.789	1.463	1.414	1.555
Current Ratio (X)	8	4	4	4	4	5	5
<b>Per Share data (IDR)</b>							
EPS	36	45	54	31	42	41	45
EBITDA/share	50	63	78	43	57	55	60

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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