

PT Sido Muncul Tbk.

1H19 Result

SIDO revenue grew by +10.7% yoy to IDR 1.4 trillion in 1H19. SIDO's Herbal Medicine segment was the top contributor to the revenue with around 66.9% sales. SIDO recorded a net profit growth of 28.2% to IDR 374.1 billion in 1H19. We set SIDO price target at IDR 1,125, which the price target reflects PER'20E 22.45x.

In line 1H19 Revenue. SIDO revenue grew by +10.7% yoy to IDR 1.4 trillion in 1H19 from IDR 1.27 trillion in 1H18 (IDR 696.4 billion in 2Q19 vs IDR 713.7 billion in 1Q19), in line with our estimate, representing 47% of our full year forecast.

Herbal Medicine Segment Contributed the Most. SIDO's Herbal Medicine segment was the top contributor to the revenue with around 66.9% sales, followed by Beverages and Sweets segment at 28.6% and Pharmacies segment at 4.5%. Sales of Herbal Medicine, Beverages and Sweets and Pharmacies were IDR 984 billion (+11.4% YoY), IDR 403.5 billion (+7.5% YoY) and IDR 63.5 billion (+21.7%) respectively in 1H19.

SIDO's Income Up by +28.2% YoY. SIDO recorded a net profit growth of 28.2% to IDR 374.1 billion in 1H19 (IDR 165.2 billion in 2Q19 vs IDR 208.9 billion in 1Q19). GPM, OPM and NPM increased significantly to 53.8%, 33.6% and 26.5% due to sales mixed, stable operating expense as well as higher sales volume and ASP.

Promising Future. Traditional herbal medicine industry in Indonesia grew by 10% in 2018. We expect SIDO to benefit from growing demand of natural herbal and ingredients (back to nature lifestyle). Herbal medicine industry in Indonesia is also supported by rich biodiversity which provides local sourced raw material.

VALUATION & RECOMMENDATION

We set **SIDO price target at IDR 1,125**, which the price target reflects PER'20E 22.45x. Comparing the closing price of SIDO on Tuesday (30/07) at the level of IDR 1,005, where there is still an upside potential of 11.9%, **we recommend Buy for SIDO**.

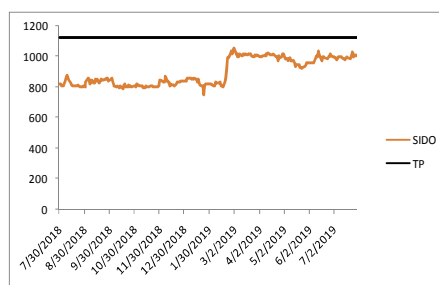
31 July 2019

Buy (+11.9%)

Price (30/07) IDR 1,005
 Target Price **IDR 1,125**
 Ticker SIDO
 Industry Consumer Goods

Helen

helen.vincentia@megasekuritas.id



Company Description

PT Sido Muncul Tbk (SIDO) is largest herbal company in Indonesia.

Stock Data

52-week Range (IDR) 740 | 1,070
 Mkt Cap (IDR tn) 15.0
 JCI Weight 0.2%
 Shares O/S (mn) 15,000
 YTD Change 19.1%

Share Holders:

Hidayat Family 81%
 Public 8.2%
 Treasury 0.2%

Exhibit 01– Financial Summary

Key Metrics	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019E
Revenue (bn IDR)	2,372	2,198	2,219	2,562	2,574	2,763	2,999
COGS (bn IDR)	1,362	1,358	1,335	1,494	1,412	1,339	1,499
Gross Profit (bn IDR)	1,011	840	883	1,068	1,162	1,424	1,499
Operating Profit (bn IDR)	516	436	478	560	623	816	830
Net Income (bn IDR)	406	415	437	481	534	664	687
EPS (IDR)	27	28	29	33	36	45	46
Revenue Growth	-0.81%	-7.35%	0.94%	15.47%	0.47%	7.36%	8.52%
EPS Growth	2.52%	5.36%	11.44%	10.46%	24.23%	3.47%	8.56%
ROA	14%	15%	16%	16%	17%	20%	19%
ROE	15%	16%	16.8%	17.4%	18.4%	22.9%	21.6%
PE Ratio	41.67	40.64	38.57	34.62	31.34	25.22	24.38
PBV	6.43	6.43	6.40	6.07	5.78	5.77	5.27

Source : Company, MCS Research Estimates

Your Trusted Professional

Exhibit 02– Financial Summary

In Billions of IDR except Per Share	1H18	1H19	YoY	1Q19	2Q19	QoQ	FY19E	%
Revenue	1,274.3	1,410.1	10.66%	713.68	696.40	-2.4%	2,998.65	47%
- Cost of Revenue	638.5	651.9	2.11%	335.61	316.31	-5.8%	1,499.32	43%
Gross Profit	635.8	758.2	19.24%	378.06	380.10	0.5%	1,499.32	51%
Operating Income	362.9	473.4	30.45%	260.56	212.81	-18.3%	830.04	57%
Net Income	291.8	374.1	28.22%	208.87	165.25	-20.9%	686.89	54%
EPS	19.6	25.1	28.21%	14.03	11.10	-20.9%	46.15	54%
GPM	49.9%	53.8%		53.0%	54.6%		50.0%	
OPM	28.5%	33.6%		36.5%	30.6%		27.7%	
NPM	22.9%	26.5%		29.3%	23.7%		22.9%	
Sales	1H18	1H19	YoY					
Herbal Medicine	846.7	943.1	11.4%					
Beverages and Sweets	375.4	403.5	7.5%					
Pharmacies	52.2	63.5	21.7%					
	1,274.3	1,410.1	10.7%					

Source : Company, Bloomberg, MCS Research

Research Division

Danny Eugene	Strategist, Construction, Cement,	danny.eugene@megasekuritas.id	+62 21 7917 5599	62431
Helen	Consumer Goods, Retail	helen.vincentia@megasekuritas.id	+62 21 7917 5599	62035
Adrian M. Priyatna	Property, Hospital	adrian@megasekuritas.id	+62 21 7917 5599	62425
Fadlillah Qudsi	Technical Analyst	fadlillah.qudsi@megasekuritas.id	+62 21 7917 5599	62035

Retail Equity Sales Division

Hendry Kuswari	Head of Sales, Trading & Dealing	hendry@megasekuritas.id	+62 21 7917 5599	62038
Dewi Suryani	Retail Equity Sales	dewi.suryani@megasekuritas.id	+62 21 7917 5599	62441
Brema Setyawan	Retail Equity Sales	brema.setyawan@megasekuritas.id	+62 21 7917 5599	62126
Ety Sulistyowati	Retail Equity Sales	ety.sulistyowati@megasekuritas.id	+62 21 7917 5599	62408
Fadel Muhammad Iqbal	Retail Equity Sales	fadel@megasekuritas.id	+62 21 7917 5599	62164
Andri Sumarno	Retail Equity Sales	andri@megasekuritas.id	+62 21 7917 5599	62045
Harini Citra	Retail Equity Sales	harini@megasekuritas.id	+62 21 7917 5599	62161
Syaifathir Muhamad	Retail Equity Sales	fathir@megasekuritas.id	+62 21 7917 5599	62179

Corporate Equity Sales Division

Rachmadian Iskandar Z	Corporate Equity Sales	rachmadian@megasekuritas.id	+62 21 7917 5599	62402
Ratna Wijayanti	Corporate Equity Sales	ratna.wijayanti@megasekuritas.id	+62 21 7917 5599	62055
Reza Mahendra	Corporate Equity Sales	reza.mahendra@megasekuritas.id	+62 21 7917 5599	62409

Fixed Income Sales & Trading

Tel. +62 7917 5559-62 Fax. +62 21 7917 5965

Investment Banking

Tel. +62 21 7917 5599 Fax. +62 21 7919 3900

Kantor Pusat

Menara Bank Mega Lt. 2
Jl. Kapt P. Tendean, Kav 12-14 A
Jakarta Selatan 12790

Pondok Indah

Plaza 5 Pondok Indah Blok D No. 15 Lt. 2
Jl. Margaguna Raya Pondok Indah
Jakarta Selatan

Kelapa Gading

Ruko Gading Bukit Indah Lt.2
Jl. Bukit Gading Raya Blok A No. 26, Kelapa Gading
Jakarta Utara - 14240

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