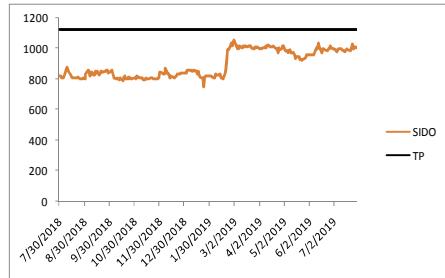


**Earnings Flash**
**PT Sido Muncul Tbk.**
**1H19 Result**
**31 July 2019**
**Buy (+11.9%)**

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

Helen

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**In line 1H19 Revenue.** 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.

**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.

**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%

**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**.

**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%	
<b>Sales</b>	<b>1H18</b>	<b>1H19</b>	<b>YoY</b>					
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

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