

# PT Sido Muncul Tbk.

## 1H20 Result

SIDO revenue grew by +3.52% YoY to IDR 1.46 trillion in 1H20, driven by growth on the domestic sales with demand increased on healthy beverage products during pandemics. Sales of Herbal Medicine, F&B and Pharmacies were IDR 923 billion (-2.1% YoY), IDR 469 billion (+16.3% YoY) and IDR 67 billion (+6.0%) respectively in 1H20. In the bottom line, SIDO recorded a net profit growth of +10.6% YoY to IDR 413.8 billion. We set SIDO fair value at IDR 1,375, which reflects PER'20E 23.3x.

**In line 1H20 Revenue.** SIDO revenue grew by +3.52% YoY to IDR 1.46 trillion in 1H20, driven by growth on the domestic sales with demand increased on healthy beverage products such as Vit C 1000 powdered drink and gingery beverages in 2Q20. Export sales was significantly affected by the pandemic and reduced export contribution to around 2% of total sales since major export destination such as Philippines, Malaysia and Nigeria have imposed lockdown.

**Herbal Medicine Segment Contributed the Most.** SIDO's Herbal Medicine segment was the top contributor to the revenue with around 63.2% sales, followed by Beverages and Sweets segment at 32.1% and Pharmacies segment at 4.6%. Sales of Herbal Medicine, Beverages and Sweets and Pharmacies were IDR 923 billion (-2.1% YoY; due to weak Tolak Angin sales performance in Philippines), IDR 469 billion (+16.3% YoY) and IDR 67 billion (+6.0%) respectively in 1H20.

**SIDO's Income Up by +10.6% YoY.** SIDO recorded a net profit growth of +10.6% YoY to IDR 413.8 billion in 1H20 with OPM and NPM increased to 34.7% and 28.3% due to strong performance in F&B segment as well as cost efficiency strategy.

**Promising Future.** We expect SIDO to benefit from growing awareness and demand of herbal products. Aside of that, SIDO launched 7 new products and variants such as Esemag, Tolak Linu Cool, JSH—Charcoal Extract 100 mg and others. In total, SIDO already launched 14 news products and variants as of 1H20.

## VALUATION & RECOMMENDATION

We set **SIDO fair value at IDR 1,375**, which reflects PER'20E 23.3x. Comparing the closing price of SIDO on Tuesday (21/07) at the level of IDR 1,240, where there is still an upside potential of 10.9%, **we recommend Buy for SIDO**.

## Exhibit 01— Financial Summary

Key Metrics	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020E
Revenue (bn IDR)	2,198	2,219	2,562	2,574	2,763	3,067	3,382
COGS (bn IDR)	1,358	1,335	1,494	1,412	1,339	1,387	1,539
Gross Profit (bn IDR)	840	883	1,068	1,162	1,424	1,681	1,843
Operating Profit (bn IDR)	436	478	560	623	816	1,024	1,099
Net Income (bn IDR)	415	437	481	534	664	808	879
EPS (IDR)	28	29	33	36	45	54	59
Revenue Growth	-7.35%	0.94%	15.47%	0.47%	7.36%	11.01%	10.27%
EPS Growth	2.52%	5.36%	11.44%	10.46%	24.23%	21.75%	8.79%
ROA	15%	16%	16%	17%	20%	23%	23%
ROE	16%	16.8%	17.4%	18.4%	22.9%	26.4%	25.7%
PE Ratio	49.67	47.15	42.31	38.30	30.83	25.32	23.28
PBV	7.86	7.83	7.42	7.06	7.05	6.68	5.99

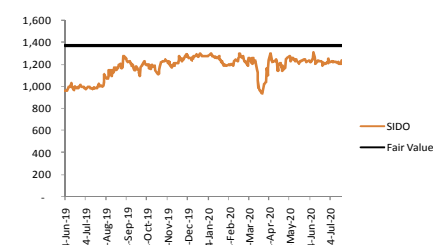
Source : Company, Bloomberg, MCS Research Estimates

23 July 2020

**Buy (+10.9%)**

Price (21/07) IDR 1,240  
 Fair Value **IDR 1,375**  
 Ticker SIDO  
 Industry Consumer Goods

Helen  
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## Company Description

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

## Stock Data

52-week Range (IDR) 905 | 1,420  
 Mkt Cap (IDR tn) 18.6  
 JCI Weight 0.3%  
 Shares O/S (mn) 15,000  
 YTD Change -0.39%

## Share Holders:

PT Hotel Candi Baru 81.6%  
 Public 18.4%

## Exhibit 02– Financial Summary

In Billions of IDR except Per Share	1H19	1H20	YoY	1Q20	2Q20	%	FY20E	%
Revenue	1,410.1	1,459.7	3.52%	730.72	728.99	-0.2%	3,067.43	48%
- Cost of Revenue	651.9	678.4	4.06%	323.19	355.21	9.9%	1,386.87	49%
Gross Profit	758.2	781.3	3.05%	407.53	373.79	-8.3%	1,680.56	46%
Operating Income	473.4	507.2	7.14%	281.00	226.17	-19.5%	1,024.24	50%
Net Income	374.1	413.8	10.60%	231.53	182.26	-21.3%	807.69	51%
EPS	25.1	27.8	10.64%	15.56	12.25	-21.3%	54.30	51%
GPM	53.8%	53.5%		55.8%	51.3%		54.8%	
OPM	33.6%	34.7%		38.5%	31.0%		33.4%	
NPM	26.5%	28.3%		31.7%	25.0%		26.3%	
<b>Sales</b>	<b>1H19</b>	<b>1H20</b>	<b>YoY</b>					
Herbal Medicine & Supplement	943	923	-2.1%					
Food & Beverages	403	469	16.3%					
Pharmacy	64	67	6.0%					
	1,410.1	1,459.7	3.5%					

Source : Company, Bloomberg, MCS Research

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