

PT Sido Muncul Tbk.

1Q20 Result

04 June 2020

Buy (+12.2%)

SIDO revenue grew by +2.39% YoY to IDR 730.7 billion in 1Q20. SIDO's Herbal Medicine segment was the top contributor to the revenue with around 68.5% sales. In the bottom line, SIDO recorded a net profit growth of +10.85% YoY to IDR 231.5 billion. We set SIDO fair value at IDR 1,375, which reflects PER'20E 23.3x.

In line 1Q20 Revenue. SIDO revenue grew by +2.39% YoY to IDR 730.7 billion in 1Q20 from IDR 713.7 billion in 1Q19, representing 24% of our full year forecast. Export sales was significantly affected by the pandemic, declined by more than half YoY 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 68.5% sales, followed by Beverages and Sweets segment at 27.1% and Pharmacies segment at 4.5%. Sales of Herbal Medicine, Beverages and Sweets and Pharmacies were IDR 488 billion (+2.5% YoY), IDR 198 billion (+2.1% YoY) and IDR 33 billion (+2.3%) respectively in 1Q20.

SIDO's Income Up by +10.85% YoY. SIDO recorded a net profit growth of +10.85% YoY to IDR 231.5 billion in 1Q20. GPM, OPM and NPM increased to 55.8%, 38.5% and 31.7% due to operational efficiency on production and lower effective tax rate from income tax rate reduction.

Promising Future. We expect SIDO to benefit from growing awareness and demand of herbal products. To support its grow, SIDO will also maximize Eastern Indonesia potential to increase market share with more product availability in the market. Aside of that, SIDO will launch 2-3 new products or variants such as Sido Muncul Natural—Soft Gel Capsule with 7 variants: Tolak Angin, Tolak Linu, VCO and Vitamins in February '20.

VALUATION & RECOMMENDATION

We set **SIDO fair value at IDR 1,375**, which reflects PER'20E 23.3x. Comparing the closing price of SIDO on Wednesday (03/06) at the level of IDR 1,225, where there is still an upside potential of 12.2%, **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

Your Trusted Professional

Price (03/06)	IDR 1,225
Fair Value	IDR 1,375
Ticker	SIDO
Industry	Consumer Goods

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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)	18.5
JCI Weight	0.32%
Shares O/S (mn)	15,000
YTD Change	-3.14%

Share Holders:

PT Hotel Candi Baru	81.6%
Public	18.4%

Exhibit 02 – Financial Summary

In Billions of IDR except Per Share	1Q19	1Q20	YoY	4Q19	1Q20	%	FY20E	%
Revenue	713.7	730.7	2.39%	938.83	730.72	-22.2%	3,067.43	24%
- Cost of Revenue	335.6	323.2	-3.70%	416.65	323.19	-22.4%	1,386.87	23%
Gross Profit	378.1	407.5	7.79%	522.18	407.53	-22.0%	1,680.56	24%
Operating Income	260.6	281.0	7.84%	293.70	281.00	-4.3%	1,024.24	27%
Net Income	208.9	231.5	10.85%	229.24	231.53	1.0%	807.69	29%
EPS	14.0	15.6	10.91%	15.40	15.56	1.0%	54.30	29%
GPM	53.0%	55.8%		55.6%	55.8%		54.8%	
OPM	36.5%	38.5%		31.3%	38.5%		33.4%	
NPM	29.3%	31.7%		24.4%	31.7%		26.3%	
Sales	1Q19	1Q20	YoY					
Herbal Medicine	488	500	2.5%					
Beverages and Sweets	194	198	2.1%					
Pharmacies	32	33	2.3%					
	713.7	730.7	2.4%					

Source : Company, Bloomberg, MCS Research

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