

PT Sido Muncul Tbk.

1Q20 Result

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

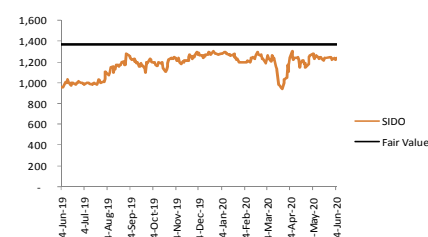
04 June 2020

Buy (+12.2%)

Price (03/06) IDR 1,225
 Fair Value **IDR 1,375**
 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) 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

Research Division

Danny Eugene	Mining, Finance, Infrastructure	danny.eugene@megasekuritas.id	+62 21 7917 5599	62431
Helen	Consumer Discretionary, Consumer Staples, Health Care	helen.vincentia@megasekuritas.id	+62 21 7917 5599	62425
Edo Ardiansyah	Property, Trade, Basic Industry	edo.ardiansyah@megasekuritas.id	+62 21 7917 5599	62425
Fadlillah Qudsi	Technical Analyst	fadlillah.qudsi@megasekuritas.id	+62 21 7917 5599	62035

Retail Equity Sales Division

Carsum Kusmady	Head of Sales, Trading & Dealing	carsum.kusmady@megasekuritas.id	+62 21 7917 5599	62038
Andri Sumarno	Retail Equity Sales	andri@megasekuritas.id	+62 21 7917 5599	62045
Andrie Zainal Zen	Retail Equity Sales	andrie.zainal@megasekuritas.id	+62 21 7917 5599	62048
Brema Setyawan	Retail Equity Sales	brema.setyawan@megasekuritas.id	+62 21 7917 5599	62126
Dewi Suryani	Retail Equity Sales	dewi.suryani@megasekuritas.id	+62 21 7917 5599	62441
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
Syaifathir Muhamad	Retail Equity Sales	fathir@megasekuritas.id	+62 21 7917 5599	62179

Corporate Equity Division

Ratna Wijayanti	Corporate Equity Sales	ratna.wijayanti@megasekuritas.id	+62 21 7917 5599	62055
Widianita	Marketing Equity Corporate	widianita@megasekuritas.id	+62 21 7917 5599	62439

OLT Brokerage Dept

Yefri Indra	Head of OLT Brokerage	olt@megasekuritas.id	+62 21 7917 5599	62168
-------------	-----------------------	----------------------	------------------	-------

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

PT. Mega Capital Sekuritas

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

DISCLAIMER

This Document is for information only and for the use of the recipient. It is not to be reproduced or copied or made available to others. Under no circumstances is it to be considered as an offer to sell or solicitation to buy any security. Any recommendation contained in this report may not be suitable for all investors and strictly a personal view and should not be used as a sole judgment for investment. Moreover, although the information contained herein has been obtained from sources believed to be reliable, its accuracy, completeness and reliability cannot be guaranteed. All rights reserved by PT Mega Capital Sekuritas.