

PT Sido Muncul Tbk.

9M19 Result

SIDO revenue grew by +9.48% yoy to IDR 2.1 trillion in 9M19. SIDO's Herbal Medicine segment was the top contributor to the revenue with around 67.1% sales. In the bottom line, SIDO recorded a net profit growth of 20.48% to IDR 578.4 billion. We set SIDO price target at IDR 1,350, which the price target reflects PER'20E 26.95x.

In line 9M19 Revenue. SIDO revenue grew by +9.48% yoy to IDR 2.1 trillion in 9M19 from IDR 1.94 trillion in 9M18 (IDR 718.5 billion in 3Q19 vs IDR 696.4 billion in 2Q19), representing 71% 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 67.1% sales, followed by Beverages and Sweets segment at 28.6% and Pharmacies segment at 4.3%. Sales of Herbal Medicine, Beverages and Sweets and Pharmacies were IDR 1.4 trillion (+11.8% YoY), IDR 608 billion (+3.2% YoY) and IDR 92.3 billion (+19.8%) respectively in 9M19.

SIDO's Income Up by +20.5% YoY. SIDO recorded a net profit growth of 20.48% to IDR 578.4 billion in 9M19 (IDR 204.3 billion in 3Q19 vs IDR 165.2 billion in 2Q19). GPM, OPM and NPM increased significantly to 54.4%, 34.4% and 27.2% 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 1,350**, which the price target reflects PER'20E 26.95x. Comparing the closing price of SIDO on Tuesday (29/10) at the level of IDR 1,225, where there is still an upside potential of 10.2%, **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	50.00	48.77	46.29	41.54	37.60	30.27	29.25
PBV	7.71	7.71	7.69	7.28	6.94	6.92	6.32

Source : Company, MCS Research Estimates

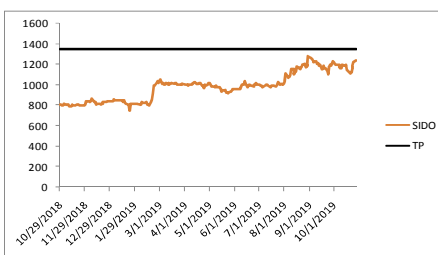
29 October 2019

Buy (+10.2%)

Price (29/10) IDR 1,225
Target Price **IDR 1,350**
 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) 750 | 1,300
 Mkt Cap (IDR tn) 18.4
 JCI Weight 0.2%
 Shares O/S (mn) 15,000
 YTD Change 46.4%

Share Holders:

Hidayat Family 81%
 Public 8.2%
 Treasury 0.2%

Exhibit 02– Financial Summary

In Billions of IDR except Per Share	9M18	9M19	YoY	2Q19	3Q19	QoQ	FY19E	%
Revenue	1,944.2	2,128.6	9.48%	696.40	718.53	3.2%	2,998.65	71%
- Cost of Revenue	957.2	970.2	1.36%	316.31	318.30	0.6%	1,499.32	65%
Gross Profit	987.0	1,158.4	17.36%	380.10	400.23	5.3%	1,499.32	77%
Operating Income	585.2	730.5	24.83%	212.81	257.18	20.8%	830.04	88%
Net Income	480.1	578.4	20.48%	165.25	204.33	23.6%	686.89	84%
EPS	32.3	38.9	20.47%	11.10	13.73	23.7%	46.15	84%
GPM	50.8%	54.4%		54.6%	55.7%		50.0%	
OPM	30.1%	34.3%		30.6%	35.8%		27.7%	
NPM	24.7%	27.2%		23.7%	28.4%		22.9%	
Sales	9M18	9M19	YoY					
Herbal Medicine	1,277.8	1,428.3	11.8%					
Beverages and Sweets	589.4	608.0	3.2%					
Pharmacies	77.1	92.3	19.8%					
	1,944.2	2,128.6	9.5%					

Source : Company, Bloomberg, MCS Research

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