

PT Sido Muncul Tbk.

FY18 Result

SIDO revenue grew by +7.36% yoy to IDR 2.76 trillion in FY18 from IDR 2.57 trillion in FY17. Herbal Medicine segment was the top contributor to the revenue with around 66.7% sales. SIDO recorded a net profit growth of 24.36% to IDR 663.8 billion at the end of FY18. We set SIDO price target at IDR 1,100, which the price target reflects PER'19E 23.8x.

In line FY18 Revenue. SIDO revenue grew by +7.36% yoy to IDR 2.76 trillion in FY18 from IDR 2.57 trillion in FY17 (IDR 819.1 billion in 4Q18 vs IDR 669.9 billion in 3Q18), in the midst of tightening competition especially in the herbal products and medicines.

Herbal Medicine Segment Contributed the Most. SIDO's Herbal Medicine segment was the top contributor to the revenue with around 66.7% sales, followed by Beverages and Sweets segment at 29.7% and Pharmacies segment at 3.6%. Sales of Herbal Medicine, Beverages and Sweets and Pharmacies were IDR 1.84 trillion, IDR 819.5 billion and IDR 100.2 billion respectively in FY18.

SIDO's Income Up by +24.36% YoY in FY18. SIDO recorded a net profit growth of 24.36% to IDR 663.8 billion at the end of FY18 (IDR 183.7 billion in 4Q18 vs IDR 188.3 billion in 3Q18). GPM and NPM increased significantly due to efficiency from new extraction facility, termination of royalty payment, as well as higher sales volume and ASP.

Promising Future. National herbal industry in 2017 grew by 10% compared to 2016. We expect SIDO to benefit from growing demand of natural herbal and ingredients (back to nature lifestyle). The industry is also supported by rich biodiversity of Indonesia which provides local sourced raw material.

VALUATION & RECOMMENDATION

We set **SIDO price target at IDR 1,100**, which the price target reflects PER'19E 23.8x. Comparing the closing price of SIDO on Thursday (14/03) at the level of IDR 1,005, where there is still an upside potential of 10%, **we recommend Buy for SIDO**.

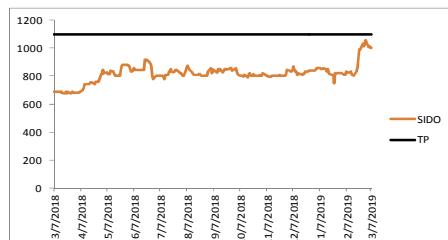
15 March 2019

Buy (+10%)

Price (14/03)	IDR 1,005
Target Price	IDR 1,100
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)	650 1,070
Mkt Cap (IDR tn)	15.8
JCI Weight	0.2%
Shares O/S (mn)	15,000
YTD Change	19.6%

Share Holders:

Hidayat Family	81%
Public	8.2%
Treasury	0.2%

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	40.74	39.74	37.72	33.85	30.64	24.66	23.84
PBV	6.28	6.29	6.26	5.93	5.65	5.64	5.15

Source : Company, MCS Research Estimates

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Exhibit 02 – Financial Summary

In Billions of IDR except Per Share	FY17	FY18	YoY	3Q18	4Q18	QoQ
Revenue	2,573.8	2,763.3	7.36%	669.94	819.07	22.3%
- Cost of Revenue	1,398.9	1,338.9	-4.29%	318.73	381.71	19.8%
Gross Profit	1,174.9	1,424.4	21.23%	351.21	437.36	24.5%
Operating Income	627.8	816.3	30.02%	222.38	231.03	3.9%
Net Income	533.8	663.8	24.36%	188.34	183.74	-2.4%
EPS	35.9	44.6	24.36%	12.65	12.34	-2.5%
 GPM	 45.6%	 51.5%				
OPM	24.4%	29.5%				
NPM	20.7%	24.0%				
 Sales	 FY17	 FY18	 YoY			
Herbal Medicine	1,690.4	1,843.6	9.1%			
Beverages and Sweets	795.0	819.5	3.1%			
Pharmacies	88.5	100.2	13.2%			
	2,573.8	2,763.3	7.4%			

Source : Company, Bloomberg, MCS Research

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