

# 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**.

### 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

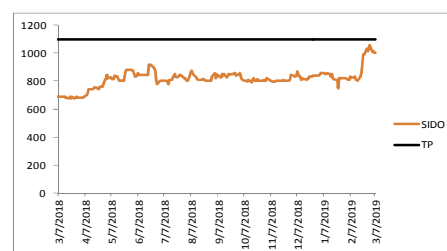
15 March 2019

**Buy (+10%)**

Price (14/03) IDR 1,005  
 Target Price **IDR 1,100**  
 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) 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 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%				
<b>Sales</b>	<b>FY17</b>	<b>FY18</b>	<b>YoY</b>			
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

## Research Division

Danny Eugene	Strategist, Construction, Cement,	danny.eugene@megasekuritas.id	+62 21 7917 5599	62431
Helen	Consumer Goods, Retail	helen.vincentia@megasekuritas.id	+62 21 7917 5599	62035
Adrian M. Priyatna	Property, Hospital	adrian@megasekuritas.id	+62 21 7917 5599	62425
Qolbie Ardie	Economist	qolbie@megasekuritas.id	+62 21 7917 5599	62143
Fadlillah Qudsi	Technical Analyst	fadlillah.qudsi@megasekuritas.id	+62 21 7917 5599	62035

## Retail Equity Sales Division

Hendry Kuswari	Head of Sales, Trading & Dealing	hendry@megasekuritas.id	+62 21 7917 5599	62038
Dewi Suryani	Retail Equity Sales	dewi.suryani@megasekuritas.id	+62 21 7917 5599	62441
Brema Setyawan	Retail Equity Sales	brema.setyawan@megasekuritas.id	+62 21 7917 5599	62126
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
Andri Sumarno	Retail Equity Sales	andri@megasekuritas.id	+62 21 7917 5599	62045
Harini Citra	Retail Equity Sales	harini@megasekuritas.id	+62 21 7917 5599	62161
Syaifathir Muhamad	Retail Equity Sales	fathir@megasekuritas.id	+62 21 7917 5599	62179

## Corporate Equity Sales Division

Rachmadian Iskandar Z	Corporate Equity Sales	rachmadian@megasekuritas.id	+62 21 7917 5599	62402
Ratna Wijayanti	Corporate Equity Sales	ratna.wijayanti@megasekuritas.id	+62 21 7917 5599	62055
Reza Mahendra	Corporate Equity Sales	reza.mahendra@megasekuritas.id	+62 21 7917 5599	62409

### 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

### Kantor Pusat

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

### Pondok Indah

Plaza 5 Pondok Indah Blok D No. 15 Lt. 2  
Jl. Margaguna Raya Pondok Indah  
Jakarta Selatan

### Kelapa Gading

Ruko Gading Bukit Indah Lt.2  
Jl. Bukit Gading Raya Blok A No. 26, Kelapa Gading  
Jakarta Utara - 14240

### 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.