

PT Sido Muncul Tbk.

FY19 Result

SIDO revenue grew by +11.01% yoy to IDR 3.1 trillion in FY19. SIDO's Herbal Medicine segment was the top contributor to the revenue with around 67.3% sales. In the bottom line, SIDO recorded a net profit growth of 21.7% to IDR 807.7 billion. We set SIDO fair value at IDR 1,375, which reflects PER'20E 23.3x.

In line FY19 Revenue. SIDO revenue grew by +11.01% yoy to IDR 3.07 trillion in FY19 from IDR 2.76 trillion in FY18 (IDR 938.8 billion in 4Q19 vs IDR 718.53 billion in 3Q19), representing 102% of our full year forecast. Export contribution was 5% of net sales, increased from less than 2% in 2018 with major export contributor such as Philippines, followed by Malaysia and Nigeria.

Herbal Medicine Segment Contributed the Most. SIDO's Herbal Medicine segment was the top contributor to the revenue with around 67.3% sales, followed by Beverages and Sweets segment at 28.9% and Pharmacies segment at 3.8%. Sales of Herbal Medicine, Beverages and Sweets and Pharmacies were IDR 2.1 trillion (+12% YoY), IDR 886 billion (+8.1% YoY) and IDR 117 billion (+17%) respectively in 9M19.

SIDO's Income Up by +21.7% YoY. SIDO recorded a net profit growth of 21.67% to IDR 807.7 billion in FY19 (IDR 229.2 billion in 4Q19 vs IDR 204.3 billion in 3Q19). GPM, OPM and NPM increased significantly to 54.8%, 33.4% and 26.3% due to margin improvement from lower raw material price, operational efficiency and higher sales volume and ASP.

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.

VALUATION & RECOMMENDATION

We set **SIDO fair value at IDR 1,375**, which reflects PER'20E 23.3x. Comparing the closing price of SIDO on Tuesday (27/02) at the level of IDR 1,375, where there is still an upside potential of 11.8%, **we recommend Buy for SIDO.**

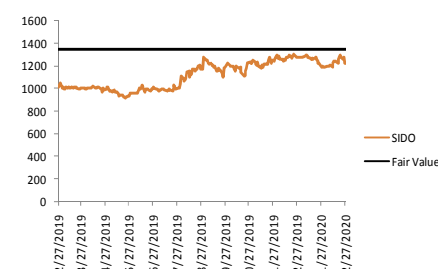
28 February 2020

Buy (+11.8%)

Price (27/02) IDR 1,230
 Fair Value **IDR 1,375**
 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) 900 | 1,355
 Mkt Cap (IDR tn) 18.6
 JCI Weight 0.29%
 Shares O/S (mn) 15,000
 YTD Change -2.75%

Share Holders:

PT Hotel Candi Baru 81.6%
 Public 18.4%

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

Exhibit 02– Financial Summary

In Billions of IDR except Per Share	FY18	FY19	YoY	3Q19	4Q19	%
Revenue	2,763.3	3,067.4	11.01%	718.53	938.83	30.7%
- Cost of Revenue	1,338.9	1,386.9	3.58%	318.30	416.65	30.9%
Gross Profit	1,424.4	1,680.6	17.98%	400.23	522.18	30.5%
Operating Income	816.3	1,024.2	25.48%	257.18	293.70	14.2%
Net Income	663.8	807.7	21.67%	204.33	229.24	12.2%
EPS	44.6	54.3	21.66%	13.73	15.40	12.2%
GPM	51.5%	54.8%		55.7%	55.6%	
OPM	29.5%	33.4%		35.8%	31.3%	
NPM	24.0%	26.3%		28.4%	24.4%	
Sales	FY18	FY19	YoY			
Herbal Medicine	1,844	2,064	12.0%			
Beverages and Sweets	820	886	8.1%			
Pharmacies	100	117	17.0%			
	2,763.3	3,067.4	11.0%			

Source : Company, Bloomberg, MCS Research

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