



SIDOMUNCUL

BUY

Target Price : IDR1,100

Stock Data

Current Price	: 950
52wk Range H-L	: 1,000 – 700
Share Outstanding	: 30,23 Bn
Free Float	: 18.93%
Mkt Capitalization (IDR tn)	: 28,87 tn

Major Shareholders

PT Hotel Candi Baru	: 60.00%
Concordat Investment PL	: 20.98%
Schroder Investment Management	: 2.16%
Norges Bank	: 1.20%
Public	: 16.86%



Research Analyst

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PT Sido Muncul Tbk (SIDO IJ)

Consumer Non-Cyclical Sector

Strong Performance From All Business Segments

FY21 Earnings Beat Expectations

- SIDO's net sales grew by +20.55% YoY to IDR4.02 tn in FY21 (vs IDR3.34 tn in FY20), or 111%/103% of our target and consensus for FY21. Total revenue was supported by sales of herbal medicines and supplements with a contribution of 67% followed by 21.27% YoY growth. Subsequently, both F&B and Pharmacy segment grew by 18% and 26% YoY.
- Gross profit increased +24.32% YoY to IDR2.29 tn in FY21 (vs IDR1.84 tn in FY20). The transformation of the production process from single line machines to multi-line machines, especially for Vitamin C1000 and candy products, successfully promote efficiency and higher GPM by 1.72 pts to 56.85% for FY21.
- Operating profit rose +36.98% YoY to IDR1.58 tn in FY21 (vs IDR1.15 tn in FY20) on the back of lower general expenses and higher other income, with OPM growing to 39.21%.
- Net profit grew +35% YoY to IDR1.26 tn in FY21 (vs IDR 934.02 bn in FY20), or 111%/107% of our target and consensus for FY21, accompanied by 31.36% NPM.
- The strong FY21 performance was mainly due to growth in sales volume, given the expansion of General Trade (GT) outlets in Eastern Indonesia, followed by rising demand amid the pandemic situation.

Strategy to Maintain the Position

- Herbal medicine is expected to grow faster with modern jamu represent 53.4% of market share.
- The company targets a +15% YoY growth for both topline and bottom line in FY22E, and allocates IDR200 bn capex, which is used for additional internal medicine (COD) product facilities, thus increasing the capacity by 30% to support product demand for the Herbal & Supplement segment which is filled with a superior portfolio company (Tolak Angin, Vitamin C1000, KukuBima). In order to achieve this, the company will further maximize its distribution network and increase B2B sales.
- In FY22E, SIDO will also expand into untapped market countries, especially in China, Vietnam, Myanmar, and several countries in Southern Africa. Overall, the contribution of export sales is still relatively low at 4% of total revenue. The company projects that the company's export performance will contribute 5% - 7% of total revenue in FY22E, supported by sales of herbal and multivitamin products as well as essential oils.
- We estimate that company's FY22 performance will remain strong, supported by the potential increase in demand for the company's herbal products, especially Tolak Angin in the midst of the rising numbers of daily Covid cases. Meanwhile, stable raw material prices accompanied by an increase in ASP can strengthen margins in FY22. Furthermore, SIDO will be upscaling domestic distribution and new product development.

Maintain BUY on SIDO with TP: IDR1,100

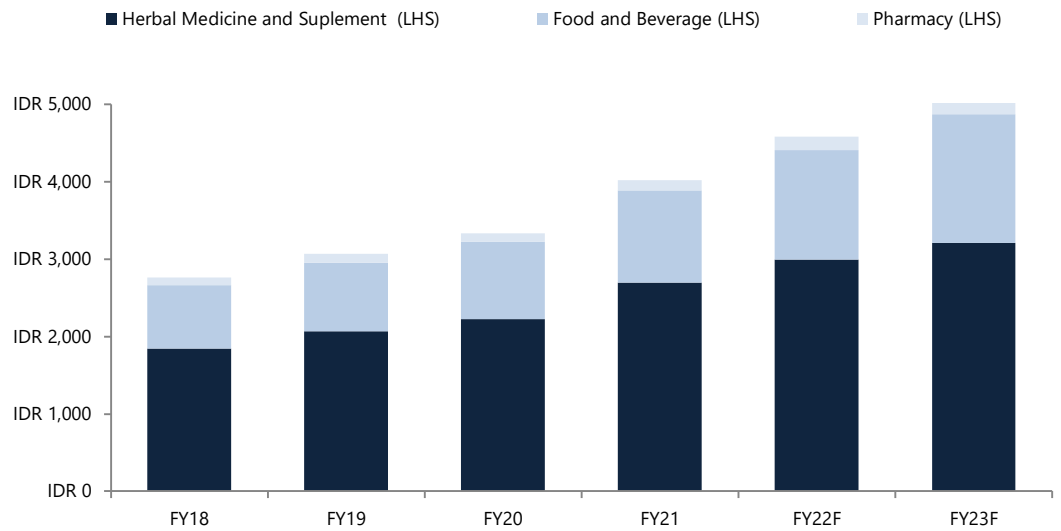
We transfer our coverage on consumer sector, especially SIDO from Victoria Venny to Rifqi Ramadhan. We recommend **BUY** with **TP: IDR1,100** which implies **19.88x/8.73x PE/PBV** for FY22E. SIDO currently stood at 0STD PE level (average 3-years), PE at 22.96x and PBV at 6.46x. There is potential increase along with increasing public interest in consuming herbal products to maintain health.

Key Financial Highlight

In billion IDR	2019	2020	2021	2022F	2023F
Revenues	3,067.43	3,335.41	4,020.98	4,576.97	5,090.88
EBITDA	1,111.24	1,247.90	1,653.83	1,886.46	2,134.70
Net Income	807.69	934.02	1,260.90	1,440.99	1,614.79
ROA	22.88	24.26	30.99	36.60	38.99
ROE	26.35	28.99	36.32	43.91	48.21
PER (x)	35.47	30.67	22.72	19.88	17.74
PBV (x)	9.35	8.89	8.25	8.73	8.55

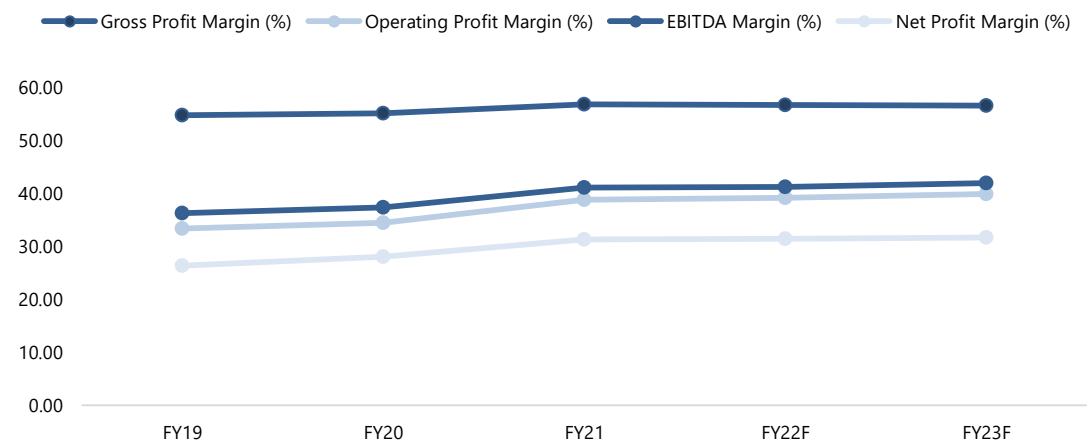
Sources : Bloomberg, MNCS

Exhibit 01. SIDO's Revenue per Segment (IDR Billion)



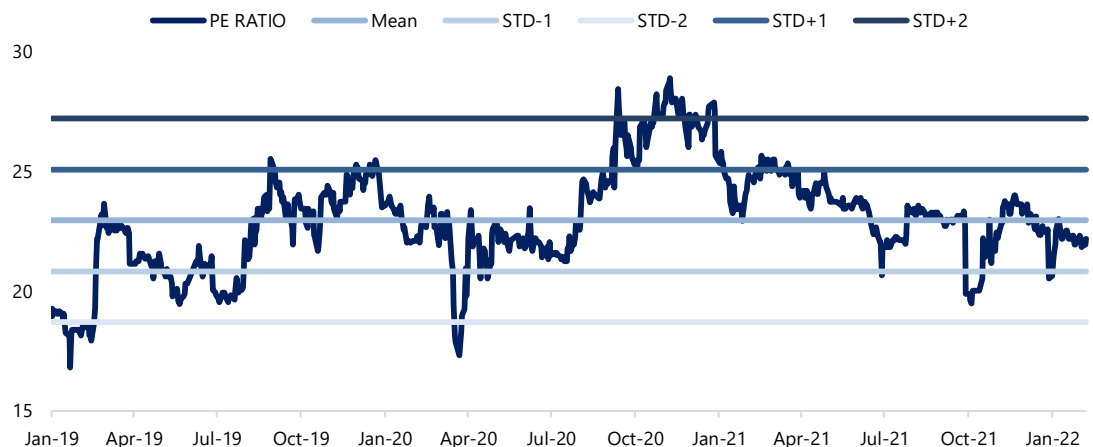
Sources : Bloomberg, MNCS

Exhibit 02. SIDO's Margin Ratio (%)



Source : Bloomberg, MNCS

Exhibit 03. SIDO is currently trading at 0STD (3-year average) at 22.96x PE



Source : Bloomberg, MNCS

Exhibit 04. Financial Projection

Income Statement						Balance Sheet					
IDR Billion	FY19	FY20	FY21	FY22E	FY23E	IDR Billion	FY19	FY20	FY21	FY22E	FY23E
Revenues	3,067.43	3,335.41	4,020.98	4,576.97	5,090.88	Current Assets	1,716.24	2,052.08	2,244.71	2,044.89	2,117.07
COGS	1,386.87	1,496.63	1,734.95	1,981.37	2,213.04	Cash and Cash Equivalents	864.82	1,031.95	1,082.22	649.74	552.76
Gross Profit	1,680.56	1,838.78	2,286.03	2,595.59	2,877.85	Trade Receivable	529.41	663.76	664.06	910.83	1,013.10
						Inventories	299.24	309.48	454.81	419.97	479.64
						Others current Assets	22.76	46.89	43.62	64.35	71.57
Operating Expense	656.32	656.32	656.32	656.32	656.32	Non-Current Assets	1,813.32	1,797.44	1,824.26	1,891.86	2,024.06
Operating Profit	1,024.24	1,151.03	1,559.89	1,792.52	2,032.79	Fix Asset - net	1,585.72	1,576.08	1,599.56	1,588.10	1,686.19
						Other Non-Current Assets	227.60	221.36	224.71	303.76	337.86
Interest Expense	0.15	0.52	-	-	-	TOTAL ASSETS	3,529.56	3,849.52	4,068.97	3,936.75	4,141.13
Interest Income	49.75	49.05	37.40	49.05	30.88	Current Liabilities	408.87	560.04	543.37	567.72	694.94
Other	-	-	-	-	-	Account Payable	383.13	517.29	514.74	513.13	634.22
Profit Before Tax	1,073.84	1,199.55	1,613.23	1,841.56	2,063.67	Short Term Debt	-	2.97	6.29	-	-
						Other current liabilities	25.74	39.78	22.35	54.59	60.72
Tax Expense	266.15	265.53	0.33	400.57	448.88	Non-Current Liabilities	55.98	67.73	54.42	87.16	96.95
Minority Interest	-	-	-	-	-	Long-term Liabilities – Net	-	4.22	2.39	-	-
Net Income	807.69	934.02	1,260.90	1,440.99	1,614.79	Other Non-Current Liabilities	55.98	63.52	52.03	87.16	96.95
						TOTAL EQUITY	3,064.71	3,221.74	3,471.19	3,281.87	3,349.24
EPS (full amount)	26.93	31.14	42.04	48.04	53.83	TOTAL LIABILITIES & EQUITY	3,529.56	3,849.52	4,068.97	3,936.75	4,141.13

Cash Flow						Ratios					
IDR Billion	FY19	FY20	FY21	FY22E	FY23E	IDR Billion	FY19	FY20	FY21	FY22E	FY23E
Net Income	807.69	934.02	1,260.90	1,440.99	1,614.79	Revenue Growth (%)	11.01%	8.74%	20.55%	13.83%	11.23%
Depreciation	86.99	86.99	86.99	86.99	86.99	Operating Profit Growth (%)	23.39%	12.38%	36.51%	14.91%	13.40%
Change in Working Capital	(80.76)	(80.76)	(80.76)	(80.76)	(80.76)	Net Profit Growth (%)	20.63%	15.64%	35.00%	14.28%	12.06%
Others	11.67	11.67	11.67	11.67	11.67	Current Ratio (%)	419.75	366.41	413.11	360.19	304.64
CFO	825.60	951.92	1,278.80	1,458.90	1,632.69	Quick Ratio (%)	341.00	302.78	321.38	274.88	225.32
Capital Expenditure	(119)	(87)	(117)	(106)	(200)	Receivable Days	62.99	72.64	60.28	72.64	72.64
Others	9	6	(3)	(82)	(34)	Inventory Days	78.76	75.48	95.68	77.37	79.11
CFI	(110)	(81)	(121)	(188)	(234)	Payable Days	45.59	56.61	46.72	40.92	45.47
Dividend Paid	(640)	(774)	(1,018)	(1,381)	(1,547)	Debt to Equity (x)	0.15	0.19	0.17	0.20	0.24
Net Change in Debt	-	7	1	(7)	-	Gross Profit Margin (%)	54.79%	55.13%	56.85%	56.71%	56.53%
Equity Fund Raised	-	1	(58)	-	-	Operating Profit Margin (%)	33.39	34.51	38.79	39.16	39.93
Others	(11)	8	(11)	24	10	EBITDA Margin (%)	36.23	37.41	41.13	41.22	41.93
CFF	(651)	(758)	(1,087)	(1,364)	(1,538)	Net Profit Margin (%)	26.33%	28.00%	31.36%	31.48%	31.72%
<i>adjustment</i>						ROA (%)	22.88	24.26	30.99	36.60	38.99
Change in Cash	59	167	50	(382)	(97)	ROE (%)	26.35	28.99	36.32	43.91	48.21
Beginning Cash	806	865	1,032	1,032	650						
Ending Cash	865	1,032	1,082	650	553						

Sources : Bloomberg, MNCS

MNC Research Industry Ratings Guidance

OVERWEIGHT: Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months

NEUTRAL: Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months

UNDERWEIGHT: Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

BUY : Share price may exceed 10% over the next 12 months

HOLD : Share price may fall within the range of +/- 10% of the next 12 months

SELL : Share price may fall by more than 10% over the next 12 months

Not Rated : Stock is not within regular research coverage

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