

Sido Muncul Tbk (SIDO IJ)

Kinerja Solid dengan Rencana Ekspansi Kuat

SIDO menutup 2Q21 dengan kinerja yang sangat baik. Kami memperkirakan *top line* SIDO akan tumbuh lebih kuat di kuartal mendatang didukung peningkatan permintaan di segmen herbal, pertumbuhan ekspor yang kuat, dan rencana ekspansi untuk meningkatkan tingkat penetrasi di *second* dan *third tier*.

Kinerja penjualan kuat

- SIDO mencatatkan laba bersih sebesar IDR233bn di 2Q21 (+27,8% YoY, -13,4% QoQ) dan IDR502bn secara kumulatif di 1H21 (+21,3% YoY), mencapai 46% dari estimasi kami dan konsensus.
- Marjin SIDO juga meningkat secara keseluruhan dengan marjin kotor, operasi dan bersih masing-masing mencapai 56,0%, 33,7%, dan 27,0%.
- Beban operasional naik 29% YoY. Namun masih terkendali karena berada pada level yang sama (20% dari total penjualan) dibandingkan tahun lalu.
- Beban iklan mencapai 11% dari penjualan di 2Q21, yang kami anggap wajar selama periode ekspansi pasar dan musim perayaan.
- Secara keseluruhan, pendapatan 2Q21 dilaporkan sebesar IDR861 miliar (+18,2% YoY, +8,6% QoQ), lonjakan yang didukung oleh suplemen herbal (+31,4% YoY), dipimpin Tolak Angin (TA) dengan volume penjualan yang meningkat.
- Pada saat yang sama, segmen non-herbal seperti segmen minuman tercatat sebesar IDR268 miliar (-1% YoY) dan segmen farmasi sebesar IDR36,9 miliar (+7% YoY).

Mengejar pertumbuhan di luar kota-kota *first tier*

- Per 1H21, ekspor berkontribusi sekitar 3% dari total penjualan. Hal ini disebabkan oleh pertumbuhan permintaan dari Nigeria untuk minuman energi. Karena itu, manajemen memutuskan untuk menambah distributor dan gudang baru.
- Ke depannya, SIDO berencana mengeksport minyak esensial seperti *patchouli*, *ginger* & *citronella* ke Eropa sebagai tujuan ekspor pertama mereka.
- Untuk meningkatkan tingkat penetrasi, SIDO telah menambah jumlah outlet, terutama di Indonesia Timur. Saat ini, outlet domestiknya telah mencapai 125 ribu, melampaui target ekspansi awal FY21 di 120 ribu.
- Kami memandang ini sebagai strategi positif karena memungkinkan SIDO untuk meningkatkan tingkat penetrasi di kota-kota *second* dan *third tier*.
- Catatan positif lainnya, produk baru yang diperkenalkan dalam dua tahun terakhir telah berkontribusi 3% dari total penjualan. SIDO baru-baru ini meluncurkan Sido Muncul CoQ10, Jamu Heritage, dan Vitamin C1000mg+Zinc untuk memperluas portofolionya

Mempertahankan BUY SIDO

- Kami mempertahankan rekomendasi BUY dengan TP tetap di IDR930, mencerminkan FY21F P/E 22,3x, didukung prospek yang relatif lebih positif pada tahun 2021.
- Selain itu, kami melihat peluncuran produk dan rencana ekspansi yang kuat dapat membantu SIDO untuk menangkap peluang pertumbuhan.
- Perusahaan juga mempertahankan marjin yang kompetitif dan kinerja keuangan yang diuntungkan oleh kesadaran kesehatan yang didorong oleh pandemi.

PT Sido Muncul Tbk | Summary (IDR Bn)

| | 2020A | 2021F | 2022F | 2023F |
|----------------|-------|-------|-------|-------|
| Sales | 3,335 | 3,657 | 4,162 | 4,760 |
| Growth | 8.7% | 9.6% | 13.8% | 14.4% |
| Net Profit | 934 | 1,085 | 1,262 | 1,475 |
| Growth | 15.6% | 16.1% | 16.3% | 16.9% |
| EPS (IDR) | 31 | 36 | 42 | 49 |
| P/E | 25.9x | 25.7x | 22.1x | 18.9x |
| P/BV | 7.5x | 8.3x | 7.8x | 7.4x |
| EV/EBITDA | 18.4x | 18.5x | 15.7x | 13.4x |
| ROE | 29.0% | 32.2% | 35.4% | 38.9% |
| DER | 0.0x | 0.0x | 0.0x | 0.0x |
| Dividend Yield | 3.2% | 3.8% | 3.8% | 4.5% |

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

BUY

| | |
|-----------------------|-------|
| Price Target (IDR) | 930 |
| Consensus Price (IDR) | 938 |
| TP to Consensus Price | -0.9% |
| Potential Upside | 16.3% |

Shares data

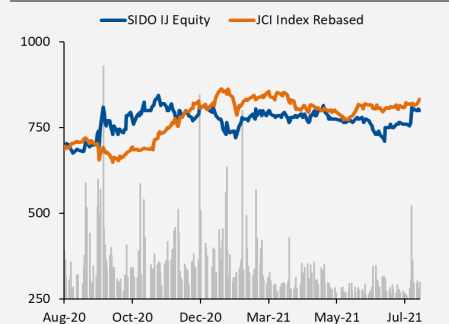
| | |
|------------------------|----------|
| Last Price (IDR) | 800 |
| Price Date as of | 5-Aug-21 |
| 52 wk Range (Hi/Lo) | 845/675 |
| Free Float (%) | 18.9 |
| Outstanding sh.(mn) | 30,000 |
| Market Cap (IDR bn) | 24,000 |
| Market Cap (USD mn) | 1,673 |
| Avg. Trd Vol - 3M (mn) | 8.20 |
| Avg. Trd Val - 3M (bn) | 6.29 |
| Foreign Ownership | 3.3% |

Healthcare

Pharmaceutical

| | |
|-----------|---------|
| Bloomberg | SIDO IJ |
| Reuters | SIDO.JK |

Share Price Performance



| | YTD | 1M | 3M | 12M |
|-----------|-------|------|-------|-------|
| Abs. Ret. | 0.6% | 6.7% | 2.6% | 16.3% |
| Rel. Ret. | -1.0% | 3.3% | -1.3% | -4.8% |

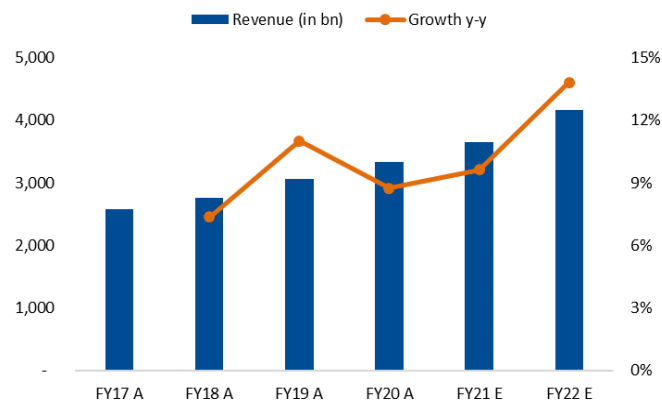
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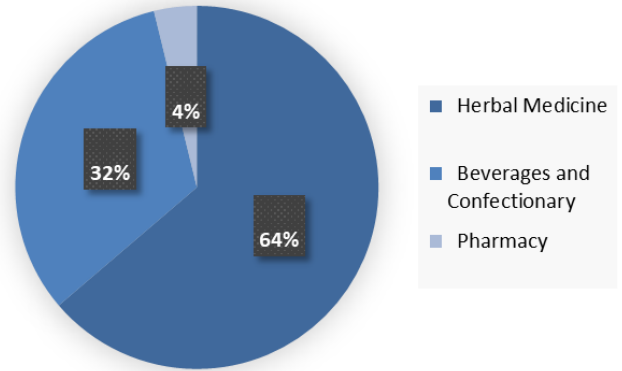
Performance Highlights

SIDO's FY17A—FY22E Revenues



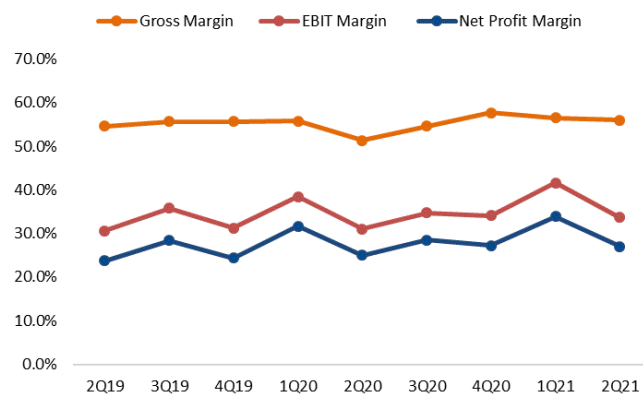
Source: Company Data, NHKSI Research

SIDO's Revenue Breakdown



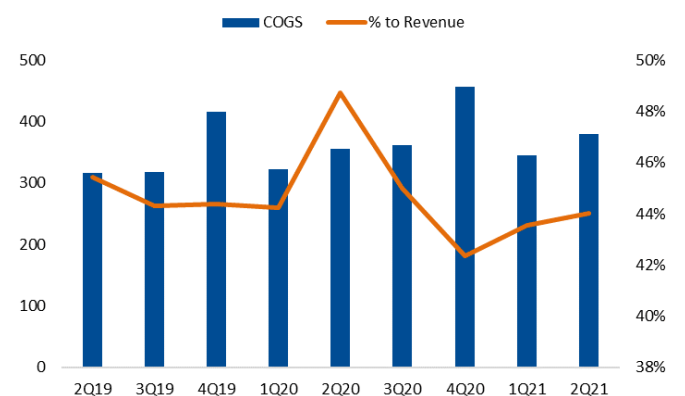
Source: Company Data, NHKSI Research

SIDO's Margin Ratios



Source: Company Data, NHKSI Research

SIDO's COGS



Source: Company Data, NHKSI Research

Company Background



Berawal sebagai industri rumahan di Yogyakarta, saat ini Sido Muncul menjadi perusahaan industri jamu pertama yang tercatat di Bursa Efek Indonesia (BEI). Pada tahun 1951, Sido Muncul pertama kali mendirikan pabrik jamu di Semarang dengan produk utamanya Jamu Tolak Angin. Seiring berjalannya waktu, Sido Muncul membangun pabrik lain yang diresmikan pada tahun 2000, dan juga mendapat dua sertifikat, Cara Membuat Obat Tradisional yang Lebih Baik (CPOTB) yang setara dengan farmasi. Kedua sertifikat tersebut menjadikan Sido Muncul satu-satunya pabrik jamu yang menjadi satu-satunya apotek yang berstandar.

Sido Muncul memiliki dua anak perusahaan, PT Semarang Herbal Indo Plat dan PT Muncul Mekar. Pada tahun 2014, SIDO mengakuisisi PT Berlico Mulia Farma yang mulai beroperasi pada tahun 1976. Akuisisi ini merupakan langkah nyata Sido Muncul dalam merealisasikan rencana jangka panjangnya untuk ekspansi ke industri farmasi. Pada tahun 2018, Sido Muncul mendirikan anak perusahaan di Nigeria bernama Sido Muncul Nigeria Limited.

Consumer Companies Peers Analysis

| Company | Market Cap (USD mn) | Asset (USD mn) | Sales LTM (USD mn) | Net Profit LTM (USD mn) | Net Profit Growth LTM | Net Margin | ROE LTM | P/E LTM | P/BV |
|----------------------------|---------------------|----------------|--------------------|-------------------------|-----------------------|------------|---------|---------|-------|
| Indonesia | | | | | | | | | |
| Sido Muncul | 4,232 | 1,620 | 1,657 | 197 | 7.85% | 11.9% | 16.6% | 21.3x | 3.4x |
| Kalbe Farma | 987 | 1,261 | 681 | 1 | N/A | 0.1% | 0.1% | 2133.6x | 2.0x |
| Kimia Farma Persero | 1,673 | 276 | 245 | 71 | 20.64% | 29.0% | 32.8% | 23.3x | 7.5x |
| India | | | | | | | | | |
| Wockhard Ltd | 768 | 1,062 | 364 | 92 | N/A | 25.4% | 22.7% | N/A | 1.7x |
| Laurus Labs Ltd | 4,863 | 786 | 636 | 133 | 285.31% | 20.8% | 45.0% | 36.6x | 13.9x |
| South Korea | | | | | | | | | |
| Hugel Inc | 2,540 | 878 | 202 | 47 | 48.35% | 23.4% | 7.4% | 53.3x | 3.8x |
| Daewoong Co Ltd | 1,979 | 1,688 | 1,259 | 83 | 104.31% | 6.6% | 13.4% | 17.2x | 2.4x |
| Sam Chun Dang Pharm Co Ltd | 1,124 | 291 | 142 | (6) | N/A | -3.9% | -3.8% | N/A | 6.8x |
| Bukwang Pharmaceutical Co | 1,318 | 368 | 146 | (8) | 14.31% | -5.6% | -3.7% | N/A | 5.8x |
| Taiwan | | | | | | | | | |
| Obi Pharma Inc | 761 | 190 | 5 | (47) | 10.17% | -947.8% | -31.1% | N/A | 5.2x |
| Center Laboratories Inc | 1,166 | 992 | 20 | 197 | 4035.86% | 1004.8% | 33.8% | 5.6x | 1.6x |

Unit: USD mn, %, X

Source: Bloomberg, NHKSI research

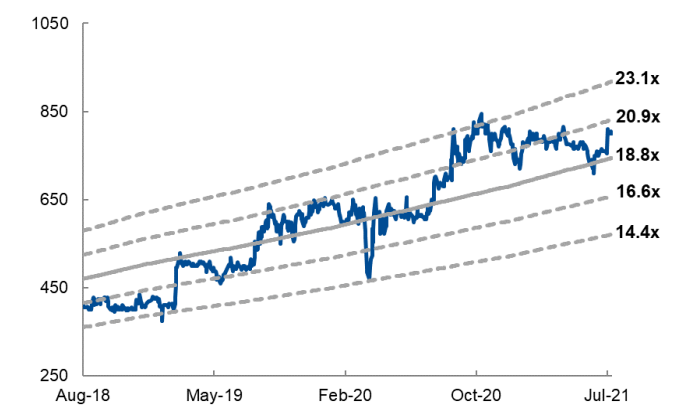
Valuation Highlight in Charts

Forward P/E band | Last 3 years



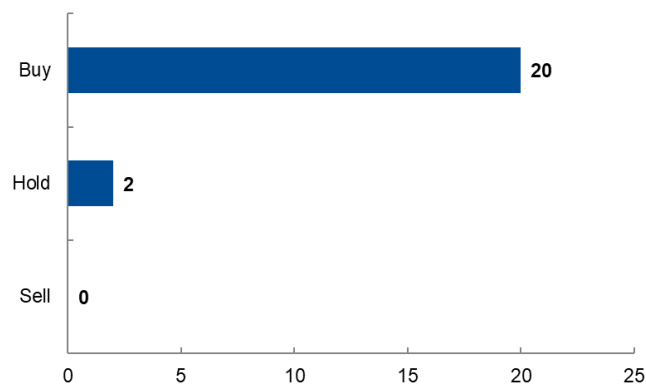
Source: NHKSI research

Dynamic Forward P/E band | Last 3 years



Source: NHKSI research

Recommendation by Analyst



Source: Bloomberg

Closing and Target Price Update



Source: NHKSI research

Rating and Target Price Update

Target Price Revision

| Date | Rating | Target Price | Last Price | Consensus | Potential Upside | vs Consensus |
|------------|--------|----------------|------------|-----------|------------------|--------------|
| 11/02/2020 | Buy | 930 (Dec 2021) | 795 | 813 | +17.0% | +14.4% |

Source: NHKSI research, Bloomberg

Summary of Financials

| INCOME STATEMENT | | | | |
|--------------------------|--------------|--------------|--------------|--------------|
| (IDR bn) | 2020/12A | 2021/12E | 2022/12E | 2023/12E |
| Net Sales | 3,335 | 3,657 | 4,162 | 4,760 |
| <i>Growth</i> | 8.7% | 9.6% | 13.8% | 14.4% |
| COGS | (1,497) | (1,594) | (1,787) | (2,005) |
| Gross Profit | 1,839 | 2,063 | 2,375 | 2,756 |
| <i>Gross Margin</i> | 55.1% | 56.4% | 57.1% | 57.9% |
| Operating Expenses | (687) | (724) | (816) | (933) |
| EBIT | 1,152 | 1,339 | 1,559 | 1,823 |
| <i>EBIT Margin</i> | 34.5% | 36.6% | 37.5% | 38.3% |
| Depreciation | 97 | 88 | 97 | 96 |
| EBITDA | 1,249 | 1,427 | 1,656 | 1,919 |
| <i>EBITDA Margin</i> | 37.4% | 39.0% | 39.8% | 40.3% |
| Interest Expenses | - | - | - | - |
| EBT | 1,200 | 1,380 | 1,605 | 1,876 |
| Income Tax | (266) | (295) | (344) | (401) |
| Minority Interest | - | - | - | - |
| Net Profit | 934 | 1,085 | 1,262 | 1,475 |
| <i>Growth</i> | 15.6% | 16.1% | 16.3% | 16.9% |
| <i>Net Profit Margin</i> | 28.0% | 29.7% | 30.3% | 31.0% |

| PROFITABILITY & STABILITY | | | | |
|---------------------------|----------|----------|----------|----------|
| | 2020/12A | 2021/12E | 2022/12E | 2023/12E |
| ROE | 29.0% | 32.2% | 35.4% | 38.9% |
| ROA | 24.3% | 28.4% | 28.1% | 30.3% |
| Inventory Turnover | 4.9x | 5.1x | 5.2x | 5.2x |
| Receivable Turnover | 5.6x | 7.6x | 8.1x | 8.1x |
| Payables Turnover | 8.5x | 9.9x | 9.9x | 9.9x |
| Dividend Yield | 3.2% | 3.8% | 3.8% | 4.5% |
| Payout Ratio | 82.9% | 97.6% | 98.7% | 98.7% |
| DER | 0.0x | 0.0x | 0.0x | 0.0x |
| Net Gearing | 0.0x | 0.0x | 0.0x | 0.0x |
| Equity Ratio | 83.7% | 88.3% | 79.2% | 77.9% |
| Debt Ratio | 0.2% | 0.0% | 0.0% | 0.0% |
| Financial Leverage | 100.6% | 104.1% | 94.0% | 110.6% |
| Current Ratio | 3.7x | 5.5x | 3.1x | 3.0x |
| Quick Ratio | 4.9x | 6.7x | 3.5x | 3.3x |
| Par Value (IDR) | 10 | 10 | 10 | 10 |
| Total Shares (mn) | 30,000 | 30,000 | 30,000 | 30,000 |
| Share Price (IDR) | 805 | 930 | 930 | 930 |
| Market Cap (IDR tn) | 24.2 | 27.9 | 27.9 | 27.9 |

| BALANCE SHEET | | | | |
|----------------------------------|--------------|--------------|--------------|--------------|
| (IDR bn) | 2020/12A | 2021/12E | 2022/12E | 2023/12E |
| Cash | 1,032 | 1,379 | 1,799 | 2,034 |
| Receivables | 664 | 300 | 514 | 588 |
| Inventories | 309 | 319 | 343 | 384 |
| Total Current Assets | 2,052 | 2,035 | 2,697 | 3,046 |
| Net Fixed Assets | 1,576 | 1,571 | 1,589 | 1,617 |
| Other Non Current Assets | 221 | 216 | 211 | 207 |
| Total Non Current Asset | 1,797 | 1,787 | 1,800 | 1,824 |
| Total Assets | 3,850 | 3,822 | 4,498 | 4,870 |
| Payables | 204 | 118 | 181 | 203 |
| ST Bank Loan | 3 | - | - | - |
| Total Current Liabilities | 353 | 254 | 678 | 800 |
| LT Debt | 4 | - | - | - |
| Total Liabilities | 628 | 448 | 934 | 1,078 |
| Capital Stock & APIC | 2,207 | 2,207 | 2,207 | 2,207 |
| Retained Earnings | 1,073 | 1,225 | 1,415 | 1,643 |
| Shareholders' Equity | 3,222 | 3,374 | 3,563 | 3,792 |

| VALUATION INDEX | | | | |
|------------------------|----------|----------|----------|----------|
| | 2020/12A | 2021/12E | 2022/12E | 2023/12E |
| Price /Earnings | 25.9x | 25.7x | 22.1x | 18.9x |
| Price /Book Value | 7.5x | 8.3x | 7.8x | 7.4x |
| PE/EPS Growth | 1.7x | 1.6x | 1.4x | 1.1x |
| EV/EBITDA | 18.4x | 18.5x | 15.7x | 13.4x |
| EV/EBIT | 20.0x | 19.7x | 16.7x | 14.1x |
| EV (IDR bn) | 23,007 | 26,403 | 25,983 | 25,748 |
| Sales CAGR (3-Yr) | | 9.0% | 9.8% | 10.7% |
| Net Income CAGR (3-Yr) | | 20.5% | 17.8% | 16.0% |
| Basic EPS (IDR) | 31 | 36 | 42 | 49 |
| BVPS (IDR) | 107 | 112 | 119 | 126 |
| DPS (IDR) | 26 | 35 | 36 | 42 |

| CASH FLOW STATEMENT | | | | |
|----------------------------|------------|------------|------------|------------|
| (IDR bn) | 2020/12A | 2021/12E | 2022/12E | 2023/12E |
| Operating Cash Flow | 1,036 | 1,381 | 1,602 | 1,601 |
| Investing Cash Flow | (109) | (90) | (112) | (120) |
| Financing Cash Flow | (640) | (941) | (1,071) | (1,246) |
| Net Changes in Cash | 286 | 350 | 420 | 235 |

| OWNERSHIP | |
|---------------------------|------|
| Shareholders | % |
| Hotel Candi Baru | 60.0 |
| Concordant Investments PL | 21.0 |
| Schroder Investment | 2.8 |
| Norges Bank | 1.2 |
| By Geography | % |
| Unknown | 93.2 |
| Indonesia | 3.2 |
| Norway | 1.4 |
| United | 0.4 |

Source: Company Data, NHKSI Research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to 15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

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