

Sido Muncul Tbk (SIDO IJ)

Sales Growth Amid Herbal Consumption Trend

SIDO books sales growth of 20.6%, and net profit grew 35.0% YoY. The Herbal and Supplements still supported SIDO's performance throughout 2021 as the health awareness continues to increase. In the future, the company will continue to expand both in terms of new product launches, outlet reach, as well as export destination targets.

Tolak Angin Products Support Sales

- Throughout 2021, SIDO booked sales of IDR 4.02 trillion or up 20.6% YoY.
- Sales growth was on the back of Tolak Angin products from the Herbal and Supplements as well as the Health Beverage products from the Food and Beverages segment.
- The trend to consume Herbal and Supplements will continue in 2022, supported by Tolak Angin, Vitamin C1000, Minuman Jahe, Tolak Linu, and Supplements.
- SIDO's net profit jumped 35.0% YoY to IDR 1.26 trillion. Meanwhile, profitability margin booked higher than the previous year with GPM, OPM, and NPM at 56.9%, 39.3%, and 31.4% (vs 2021: 55.1%, 34.5%, 28.0%).

Focused on Expansion

- Outlet reach for 2021 was 135,000, higher than the 2021 target of 120,000, also an increase from 113,000 in the previous year.
- The company will focus on expansion outside of Java, such as Sumatera, Kalimantan and Eastern Indonesia with a target of 150,000 outlets.
- Throughout 2021, SIDO has launched 11 new products or variants, an increase of 175%, contributing 4% towards sales.
- In the future, the company will launch new Ready to Drink (RTD) health beverages and a range of herbal supplements.
- Export sales were booked higher at 86% YoY, boosted by the recovery of exports to Nigeria and Malaysia, and the contribution of essential oils to France.
- Exports alone contributed 4%, and SIDO aims for exports contribution to grow 5% - 7% to the sales.
- The company will also expand to new countries, with the main targets being Southeast Asia and ECOWAS.
- Meanwhile, the company will focus on developing higher quality essential oils by targeting potential markets such as European Union and the United States.

Recommend Buy with TP Rp1,060

- We recommend Buy for SIDO with a target price of IDR 1.060/share. Our TP implies P/E 2022F of 22.1x with a potential upside of 12.2x. The herbal and supplement trend is expected to still be the main contributors in 2022, as health awareness continue to rise. Meanwhile, the main risks are: raw material costs and lower demand for new products.

PT Sido Muncul Tbk | Summary (IDR Bn)

	2021A	2022F	2023F	2024F
Sales	4,021	4,503	5,111	5,827
Growth	20.6%	12.0%	13.5%	14.0%
Net Profit	1,261	1,437	1,635	1,864
Growth	35.0%	14.0%	13.8%	14.0%
EPS (IDR)	38	48	55	62
P/E	27.9x	22.1x	19.4x	17.1x
P/BV	9.2x	8.5x	8.0x	7.7x
EV/EBITDA	18.3x	16.0x	13.8x	12.0x
ROE	36.3%	38.6%	41.3%	44.9%
ROA	31.0%	32.7%	34.4%	37.1%
Dividend Yield	3.7%	3.7%	4.4%	5.3%

Source: Company Data, Bloomberg, NHKSI Research
Please consider the rating criteria & important disclaimer

Company Report | Feb 14, 2022

OVERWEIGHT

Price Target (IDR)	1,060
Consensus Price (IDR)	1,092
TP to Consensus Price	-2.9%
Potential Upside	12.2%

Shares data

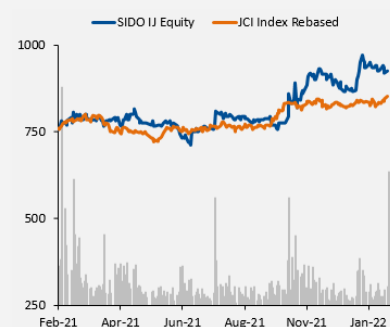
Last Price (IDR)	945
Price Date as of	February 11, 2022
52 wk Range (Hi/Lo)	1,000/700
Free Float (%)	18.9
Outstanding sh.(mn)	30,000
Market Cap (IDR bn)	28,566
Market Cap (USD mn)	1,997
Avg. Trd Vol - 3M (mn)	9.21
Avg. Trd Val - 3M (bn)	8.49
Foreign Ownership	4.3%

Healthcare

Pharmaceutical

Bloomberg	SIDO IJ
Reuters	SIDO.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	8.6%	-1.0%	3.3%	21.2%
Rel. Ret.	6.4%	-3.6%	1.4%	11.6%

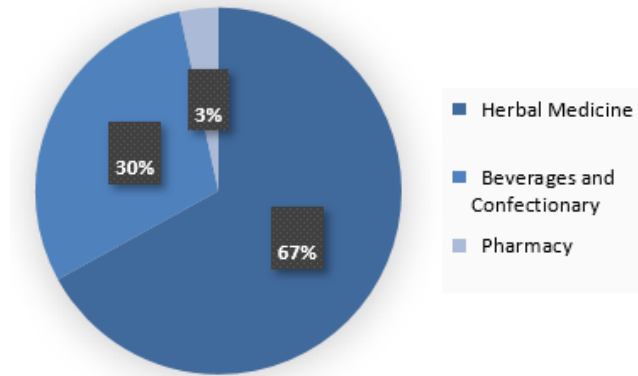
Cindy Alicia Ramadhania

(021) 5088 9129

cindy.alicia@nhsec.co.id

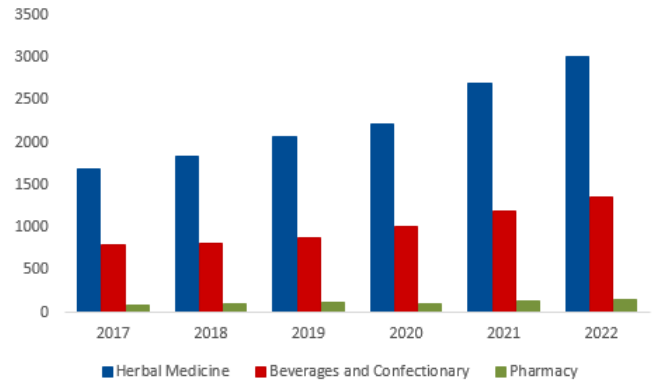
Performance Highlights

SIDO's Revenue Breakdown



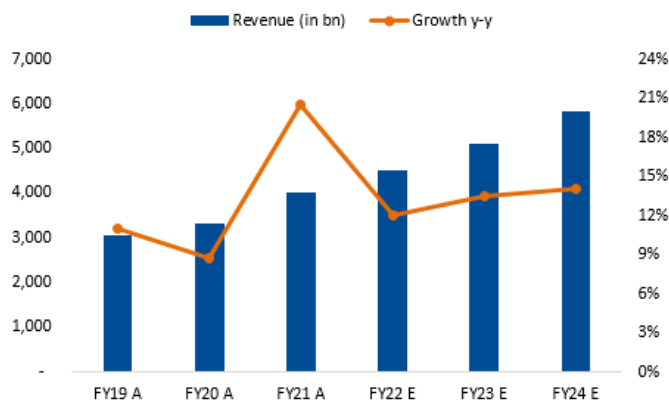
Source: Company Data, NHKSI Research

SIDO's Revenue by Segments (in Bn)



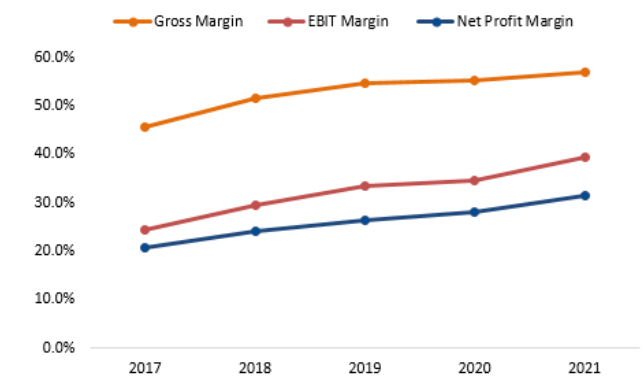
Source: Company Data, NHKSI Research

SIDO's Revenue Growth



Source: Company Data, NHKSI Research

SIDO's Margin Ratio



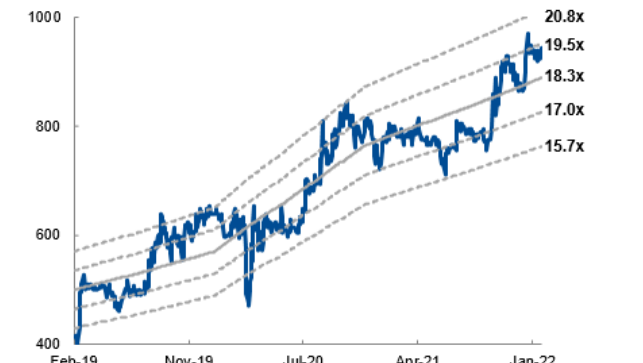
Source: Company Data, NHKSI Research

Forward P/E Band (Last 3 Years)



Source: Company Data, NHKSI Research

Dynamic Forward P/E Band (Last 3 Years)



Source: Company Data, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Net Sales	4,021	4,503	5,111	5,827
<i>Growth</i>	20.6%	12.0%	13.5%	14.0%
COGS	(1,735)	(1,920)	(2,168)	(2,461)
Gross Profit	2,286	2,584	2,943	3,366
<i>Gross Margin</i>	56.9%	57.4%	57.6%	57.8%
Operating Expenses	(705)	(781)	(888)	(1,013)
EBIT	1,581	1,803	2,055	2,353
<i>EBIT Margin</i>	39.3%	40.0%	40.2%	40.4%
Depreciation	94	99	126	148
EBITDA	1,675	1,901	2,181	2,501
<i>EBITDA Margin</i>	41.7%	42.2%	42.7%	42.9%
Interest Expenses	-	-	-	-
EBT	1,613	1,839	2,087	2,369
Income Tax	(352)	(402)	(452)	(505)
Minority Interest	-	-	-	-
Net Profit	1,261	1,437	1,635	1,864
<i>Growth</i>	35.0%	14.0%	13.8%	14.0%
<i>Net Profit Margin</i>	31.4%	31.9%	32.0%	32.0%

PROFITABILITY & STABILITY

	2021/12A	2022/12E	2023/12E	2024/12E
ROE	36.3%	38.6%	41.3%	44.9%
ROA	31.0%	32.7%	34.4%	37.1%
Inventory Turnover	4.5x	4.7x	4.7x	4.6x
Receivable Turnover	6.1x	6.6x	6.6x	6.4x
Payables Turnover	8.8x	9.5x	8.7x	8.7x
Dividend Yield	3.7%	3.7%	4.4%	5.3%
Payout Ratio	102.6%	0.0%	0.0%	0.0%
DER	0.0x	0.0x	0.0x	0.0x
Net Gearing	0.0x	0.0x	0.0x	0.0x
Equity Ratio	85.3%	84.6%	83.3%	82.7%
Debt Ratio	0.2%	0.0%	0.0%	0.0%
Financial Leverage	101.2%	98.5%	101.8%	103.7%
Current Ratio	4.1x	4.1x	3.9x	3.9x
Quick Ratio	3.3x	3.4x	3.3x	3.1x
Par Value (IDR)	10	10	10	10
Total Shares (mn)	30,000	30,000	30,000	30,000
Share Price (IDR)	1,060	1,060	1,060	1,060
Market Cap (IDR tn)	31.8	31.8	31.8	31.8

BALANCE SHEET

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Cash	1,082	1,415	1,589	1,687
Receivables	664	673	770	824
Inventories	455	412	461	531
Total Current Assets	2,245	2,545	2,865	3,087
Net Fixed Assets	1,600	1,633	1,668	1,715
Other Non Current Assets	225	225	224	224
Total Non Current Asset	1,824	1,857	1,892	1,939
Total Assets	4,069	4,402	4,757	5,026
Payables	189	202	250	283
ST Bank Loan	6	-	-	-
Total Current Liabilities	543	619	736	816
LT Debt	2	-	-	-
Total Liabilities	598	677	794	871
Capital Stock & APIC	2,149	2,149	2,149	2,149
Retained Earnings	1,323	1,578	1,816	2,007
Shareholders' Equity	3,471	3,725	3,963	4,155

VALUATION INDEX

	2021/12A	2022/12E	2023/12E	2024/12E
Price /Earnings	27.9x	22.1x	19.4x	17.1x
Price /Book Value	9.2x	8.5x	8.0x	7.7x
PE/EPS Growth	0.8x	1.6x	1.4x	1.2x
EV/EBITDA	18.3x	16.0x	13.8x	12.0x
EV/EBIT	19.4x	16.9x	14.7x	12.8x
EV (IDR bn)	30,724	30,383	30,172	30,111
Sales CAGR (3-Yr)	9.0%	13.3%	13.7%	15.3%
Net Income CAGR (3-Yr)	20.5%	23.8%	21.2%	20.5%
Basic EPS (IDR)	38	48	55	62
BVPS (IDR)	116	124	132	138
DPS (IDR)	39	39	47	56

CASH FLOW STATEMENT

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Operating Cash Flow	1,199	1,645	1,738	1,886
Investing Cash Flow	(124)	(121)	(131)	(148)
Financing Cash Flow	(1,025)	(1,192)	(1,396)	(1,675)
Net Changes in Cash	50	333	211	62

OWNERSHIP

	%
Shareholders	
Hotel Candi Baru	60.0
Concordant Investments PL	21.0
Schroder Investment	2.2
Norges Bank	1.2
By Geography	
Indonesia	95.7
Norway	1.4
United States	0.9
Luxembourg	0.8

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%

DISCLAIMER

This document is strictly confidential and is being supplied to you solely for your information. The recipients of this report must make their own independent decisions regarding any securities or financial instruments mentioned herein. This document may not be quoted, reproduced, exhibited, redistributed, transmitted, edited, translated, or published, in whole or in part, for any purpose without notice. Any failure to comply with this restriction may constitute a violation of civil or criminal laws.

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein. All rights reserved by PT NH Korindo Sekuritas Indonesia.