

Sido Muncul Tbk (SIDO IJ)

Positive Performance from All Segments

SIDO ended 1Q22 by booking a positive performance in which revenue and net profit each grew 11.0% YoY and 9.7% YoY. This performance was supported by growth in all segments whose revenue grew in 1Q22. Meanwhile, SIDO's GPM declined in the Food and Beverages due to increasing raw material prices.

Pharmacy Recorded Highest Growth

- In 1Q22, SIDO booked a revenue of IDR880.5 billion or up 11.0% YoY (vs 1Q21: IDR793.4 billion). All segments grew in 1Q22, with Pharmacy recording the highest growth of 41.6% to IDR42.8 billion.
- Herbal and Supplement Segment with 60.1% contribution grew 4.6% to IDR529.0 billion in 1Q22, and Food and Beverages segment jumped 19.9% to IDR308.7 billion in 1Q22.
- The good performance in revenue was also reflected in SIDO's net profit of 1Q22 which was at IDR295.0 billion or up 9.7% compared to 1Q21 at IDR269.0 billion.
- From the GPM per segment side in 1Q22, Food and Beverages segment booked a GPM decline to 33.4% QoQ (vs 1Q21: 36.7%) due to increasing raw material prices.
- Meanwhile, GPM for Herbal and Supplements and Pharmacy segments grew to 68.4% and 39.8% respectively in 1Q22.

Price Adjustment on F&B Products

- We see the demand for herbal products, supplements, and multivitamins will continue amidst the awareness of healthy lifestyles. Meanwhile, SIDO launched new Ready to Drink products, Teh Tolak Angin and Galian Singset.
- Modern Trade SIDO's sales performance experienced double digit growth which was also accompanied by a 380% YoY jump in online sales.
- SIDO made price adjustments for Food and Beverage products, and we believe the impact of this price adjustment will be seen in 2Q22.
- The company also continues to expand its outlets by reaching 142 thousand wholesalers and retailers, including those in East Java, Maluku, Sulawesi, Papua and Kalimantan.
- International sales grew 125% in 1Q22 driven by strong sales performance in Nigeria as well as expansion to ECOWAS. For this segment, SIDO opened new outlets in the Philippines and Malaysia.

BUY Recommendation with TP of IDR1,100

- We provide a Buy recommendation for SIDO with a target price of IDR 1,100/share. This TP implies a P/E of 19.7x or +1 STD with a potential increase of 22.2%. The main risk faced by the company is the increase in raw material prices, which is in line with the increase in commodity prices as a result of the Russia-Ukraine geopolitical tension.

PT Sido Muncul Tbk | Summary (IDR Bn)

	2021A	2022F	2023F	2024F
Sales	4,021	4,511	5,120	5,837
Growth	20.6%	12.2%	13.5%	14.0%
Net Profit	1,261	1,441	1,639	1,869
Growth	35.0%	14.3%	13.8%	14.0%
EPS (IDR)	38	48	55	62
P/E	22.8x	22.9x	20.1x	17.7x
P/BV	7.5x	7.8x	7.6x	7.6x
EV/EBITDA	14.8x	16.4x	14.3x	12.4x
ROE	36.3%	34.0%	37.9%	42.8%
ROA	31.0%	29.3%	32.0%	35.7%
Dividend Yield	3.9%	3.6%	4.2%	5.1%

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

BUY

Price Target (IDR)	1,100
Consensus Price (IDR)	1,147
TP to Consensus Price	-4.1%
Potential Upside	22.2%

Shares data

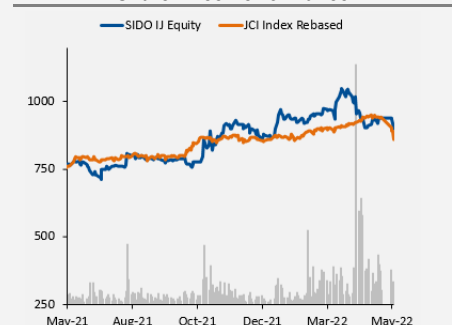
Last Price (IDR)	900
Price Date as of	May 12, 2022
52 wk Range (Hi/Lo)	1,070/700
Free Float (%)	22.9
Outstanding sh.(mn)	30,277
Market Cap (IDR bn)	27,205
Market Cap (USD mn)	1,864
Avg. Trd Vol - 3M (mn)	32.30
Avg. Trd Val - 3M (bn)	31.00
Foreign Ownership (%)	8.8

Healthcare

Pharmaceutical

Bloomberg	SIDO IJ
Reuters	SIDO.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	3.4%	-0.6%	-4.8%	16.1%
Rel. Ret.	4.4%	8.0%	-1.6%	5.0%

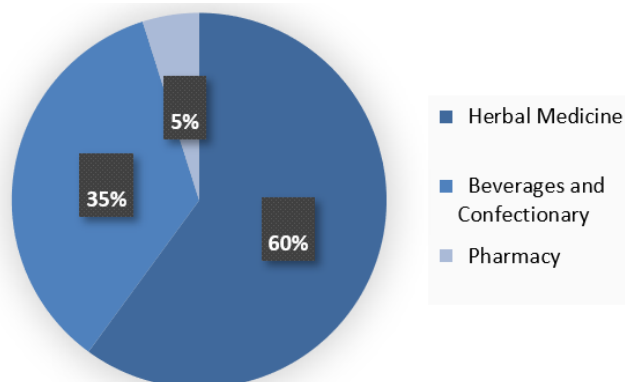
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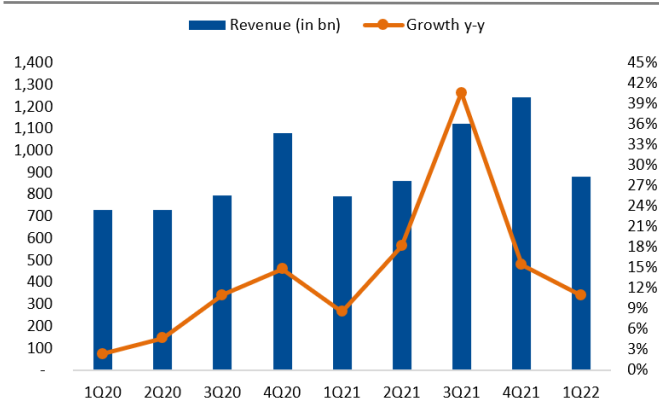
Performance Highlights

SIDO's Revenue Breakdown (1Q22)



Source: Company Data, NHKSI Research

SIDO's Revenue Growth



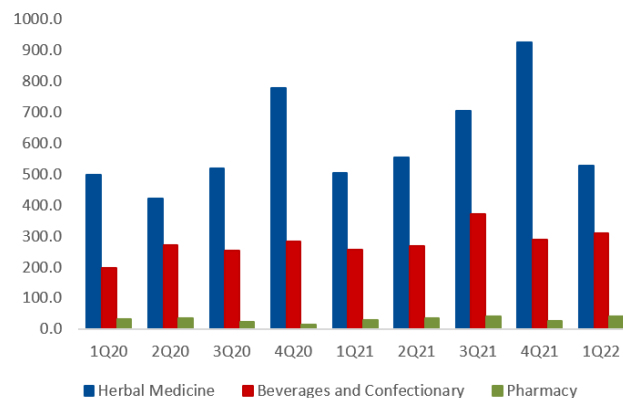
Source: Company Data, NHKSI Research

Forward P/E Band (Last 3 Years)



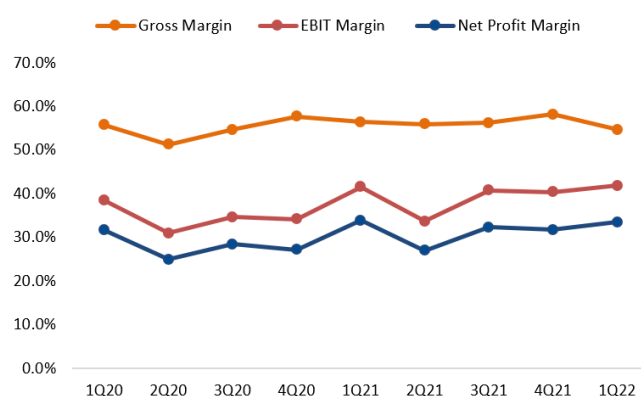
Source: Company Data, NHKSI Research

SIDO's Revenue by Segments (IDR Bn)



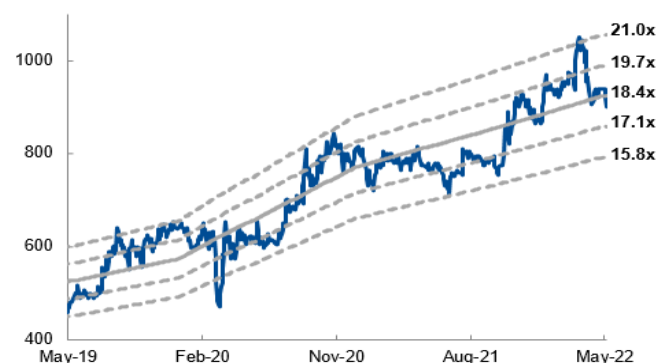
Source: Company Data, NHKSI Research

SIDO's Margin Ratio



Source: Company Data, NHKSI Research

Dynamic Forward P/E Band (Last 3 Years)



Source: Company Data, NHKSI Research

Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E		2021/12A	2022/12E	2023/12E	2024/12E
Net Sales	4,021	4,511	5,120	5,837	ROE	36.3%	34.0%	37.9%	42.8%
Growth	20.6%	12.2%	13.5%	14.0%	ROA	31.0%	29.3%	32.0%	35.7%
COGS	(1,735)	(1,949)	(2,172)	(2,465)	Inventory Turnover	4.5x	4.7x	4.7x	4.6x
Gross Profit	2,286	2,562	2,948	3,372	Receivable Turnover	6.1x	6.6x	6.6x	6.4x
Gross Margin	56.9%	56.8%	57.6%	57.8%	Payables Turnover	8.8x	9.5x	8.7x	8.7x
Operating Expenses	(705)	(758)	(891)	(1,017)	Dividend Yield	3.9%	3.6%	4.2%	5.1%
EBIT	1,581	1,804	2,057	2,355	Payout Ratio	89.5%	0.0%	0.0%	0.0%
EBIT Margin	39.3%	40.0%	40.2%	40.3%	DER	0.0x	0.0x	0.0x	0.0x
Depreciation	94	95	122	144	Net Gearing	0.0x	0.0x	0.0x	0.0x
EBITDA	1,675	1,900	2,179	2,499	Equity Ratio	85.3%	86.1%	84.5%	83.3%
EBITDA Margin	41.7%	42.1%	42.6%	42.8%	Debt Ratio	0.2%	0.0%	0.0%	0.0%
Interest Expenses	-	-	-	-	Financial Leverage	101.2%	86.6%	118.4%	103.2%
EBT	1,613	1,835	2,083	2,364	Current Ratio	4.1x	4.9x	4.4x	4.3x
Income Tax	(352)	(394)	(444)	(496)	Quick Ratio	3.3x	4.2x	3.8x	3.4x
Minority Interest	-	-	-	-	Par Value (IDR)	10	10	10	10
Net Profit	1,261	1,441	1,639	1,869	Total Shares (mn)	30,000	30,000	30,000	30,000
Growth	35.0%	14.3%	13.8%	14.0%	Share Price (IDR)	865	1,100	1,100	1,100
Net Profit Margin	31.4%	31.9%	32.0%	32.0%	Market Cap (IDR tn)	26.0	33.0	33.0	33.0

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E		2021/12A	2022/12E	2023/12E	2024/12E
Cash	1,082	1,877	1,951	1,913	Price /Earnings	22.8x	22.9x	20.1x	17.7x
Receivables	664	680	772	808	Price /Book Value	7.5x	7.8x	7.6x	7.6x
Inventories	455	455	462	532	PE/EPS Growth	0.7x	1.6x	1.5x	1.3x
Total Current Assets	2,245	3,058	3,229	3,298	EV/EBITDA	14.8x	16.4x	14.3x	12.4x
Net Fixed Assets	1,600	1,637	1,668	1,716	EV/EBIT	15.7x	17.2x	15.1x	13.2x
Other Non Current Assets	225	224	223	224	EV (IDR bn)	24,874	31,123	31,049	30,987
Total Non Current Asset	1,824	1,861	1,892	1,940	Sales CAGR (3-Yr)	9.0%	13.3%	13.7%	15.4%
Total Assets	4,069	4,919	5,121	5,237	Net Income CAGR (3-Yr)	20.5%	23.8%	21.3%	20.6%
Payables	189	205	251	283	Basic EPS (IDR)	38	48	55	62
ST Bank Loan	6	-	-	-	BVPS (IDR)	116	141	144	145
Total Current Liabilities	543	626	738	817	DPS (IDR)	34	39	47	56
LT Debt	2	-	-	-					
Total Liabilities	598	683	795	873					
Capital Stock & APIC	2,149	2,152	2,152	2,152					
Retained Earnings	1,323	2,084	2,173	2,212					
Shareholders' Equity	3,471	4,236	4,326	4,365					

CASH FLOW STATEMENT					OWNERSHIP				
(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E					
Operating Cash Flow	1,199	1,466	1,775	1,886	Shareholders				%
Investing Cash Flow	(124)	(158)	(132)	(149)	Hotel Candi Baru				60.0
Financing Cash Flow	(1,025)	3	(1,396)	(1,675)	Concordant Investments PL				17.0
Net Changes in Cash	50	1,311	247	62	Schroder Investment				2.2
					Norges Bank				1.0
					By Geography				%
					Indonesia				91.2
					Norway				1.2
					Luxembourg				1.2
					United States				1.0

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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