

Sido Muncul Tbk (SIDO IJ)

Performance Recovery Seen in 4Q22

In 4Q22, SIDO managed to record a revenue of IDR 1.2 trillion (+25.0% QoQ; +0.6% YoY) driven by higher sales in the Herbal & Supplement segment (+5.6% YoY) as demand for Tolak Angin increased. Sales in the Pharmaceutical segment also recorded growth in 4Q22, while the F&B segment experienced a decline, with Vitamin C beverage products leading the decline. Additionally, the 4Q22 net profit was recorded at IDR384.3 billion (+39.8% QoQ; -2.8% YoY).

Demand for Tolak Angin Drives 4Q22 Revenue

- In 4Q22, SIDO managed to record a revenue of IDR1.2 trillion (+25.0% QoQ; +0.6 YoY), driven by higher sales in the Herbal & Supplement segment (+5.6% YoY) as demand for Tolak Angin increased.
- The Pharmaceutical segment sales also recorded growth in 4Q22 (+0.8% YoY), while the F&B segment contracted by 15.3% YoY, with Vitamin C beverage products leading the decline. However, energy drinks still recorded higher single-digit growth, driven by higher domestic consumption as well as export sales.
- Cost of Goods Sold in 4Q22 decreased by 7.3% YoY amidst declining raw material prices, resulting in 4Q22 gross profit recorded at IDR769.1 billion (+42.7% QoQ; +6.2% YoY). This result was also seen in the company's higher GPM of 61.4% (vs. 3Q22: 53.8% and 4Q21: 58.2%).
- Due to higher advertising and promotion costs, the operating profit in 4Q22 was reported at IDR487.2 billion (+40.3% QoQ; -2.2% YoY). Meanwhile, the 4Q22 net profit was recorded at 384.3 billion (+39.8% QoQ; -2.8% YoY). As such, OPM and NPM were lower than 4Q21 at 38.2% and 30.7%, respectively (vs. 4Q21 OPM: 40.4% and NPM: 31.8%), yet still higher than 3Q22 at 34.7% in OPM and 27.4% in NPM.
- As for FY22 cumulative, SIDO recorded revenue of IDR3.9 trillion (-3.9% YoY), followed by a gross profit of IDR2.2 trillion (-5.4% YoY), operating profit of IDR1.4 trillion (-11.6% YoY), and net profit of IDR1.1 trillion (-12.4% YoY).

Continue Expansion to Other Countries

- SIDO has successfully reached 156K General Trade (GT) outlets in 2022 (exceeding its target of 150K), with the most significant expansion coming from Eastern Indonesia. MT channel contribution in 2022 also recorded 15% higher than total consolidated sales, fueled by the strong purchasing power of the upper middle class amidst high inflationary conditions. Online sales recorded >170% YoY growth, and both B2C (Tokopedia and Shopee) and B2B (EMOS) sales increased well.
- SIDO launched seven new products in 2022, with Ready to Drink (RTD) health products as the main products in its portfolio. The new products have contributed 2% of total sales, with around 45% of NPd sales mainly from RTD products, such as Alang Sari Cool and Vitamin C drinks, as the leading contributors.
- This year, SIDO will continue its overseas market penetration, which was delayed last year. China and Vietnam are targeted to be the countries where the company will start its expansion in the first semester. Meanwhile, expansion to ECOWAS will begin in the second quarter. For existing countries, SIDO will improve its distribution network, expand operations, increase brand awareness and add more SKUs according to local tastes.
- For the Essential Oil business, not only developing its new products, SIDO plans to expand its customer base to the United States and other Asian countries.

BUY Recommendation with a TP of IDR950

- We recommend Buy for SIDO with a target price of IDR 950/share. This TP implies a P/E of 23.2x or +1 STD with an upside potential of 18.8%. We expect 2023F revenue and net profit to be higher YoY, at IDR 4.2 trillion and IDR 1.2 trillion, respectively. Additionally, the risks to this recommendation are: the declining product demand and high inflation.

PT Sido Muncul Tbk | Summary (IDR Bn)

	2022A	2023F	2024F	2025F
Sales	3,866	4,206	4,635	5,233
Growth	-3.9%	8.8%	10.2%	12.9%
Net Profit	1,105	1,225	1,376	1,523
Growth	-12.4%	10.9%	12.3%	10.7%
EPS (IDR)	37	41	46	51
P/E	20.5x	23.3x	20.7x	18.7x
P/BV	6.5x	7.6x	7.1x	6.6x
EV/EBITDA	14.7x	16.7x	14.8x	13.4x
ROE	31.5%	32.8%	34.4%	35.5%
ROA	27.1%	27.9%	29.3%	30.1%
Dividend Yield	4.8%	3.5%	3.9%	4.3%

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

BUY

Price Target (IDR)	950
Consensus Price (IDR)	858
TP to Consensus Price	10.7%
Potential Upside	18.8%

Shares data

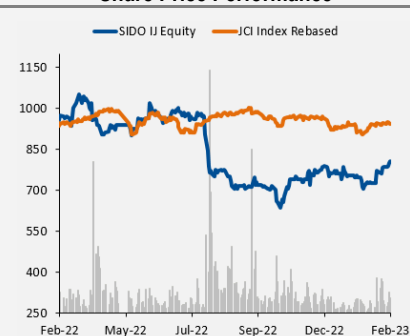
Last Price (IDR)	800
Price Date as of	February 10, 2023
52 wk Range (Hi/Lo)	1,070/630
Free Float (%)	22.4
Outstanding sh.(mn)	30,000
Market Cap (IDR bn)	24,000
Market Cap (USD mn)	1,579
Avg. Trd Vol - 3M (mn)	17.5
Avg. Trd Val - 3M (bn)	13.3
Foreign Ownership (%)	9.4

Healthcare

Pharmaceutical

Bloomberg	SIDO IJ
Reuters	SIDO.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	6.6%	9.5%	10.3%	-13.9%
Rel. Ret.	6.2%	5.6%	11.5%	-14.7%

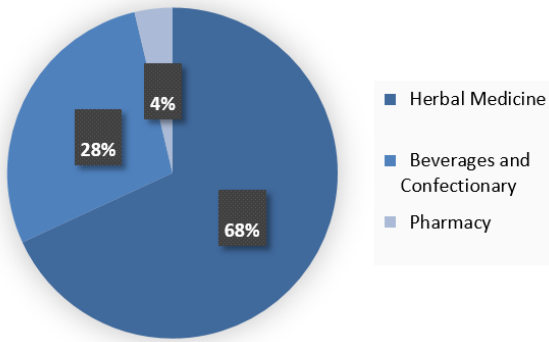
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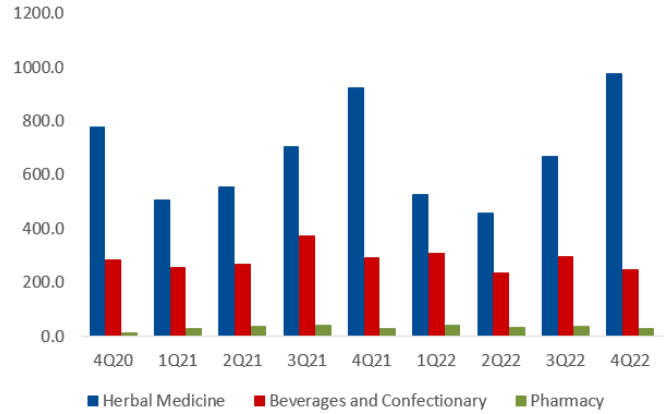
Performance Highlights

SIDO's Revenue Breakdown (FY22)



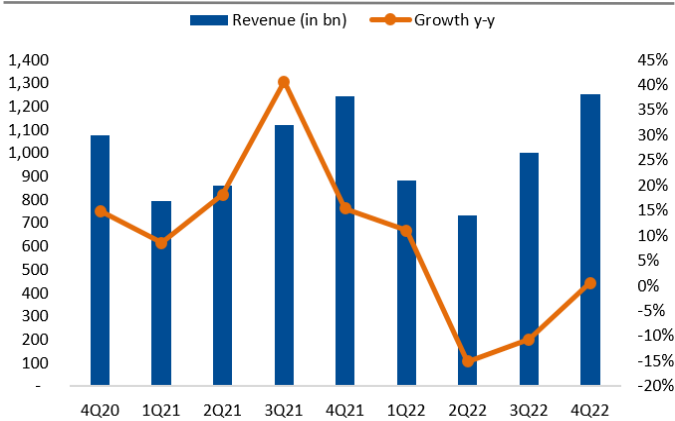
Source: Company Data, NHKSI Research

SIDO's Revenue by Segments (IDR Bn)



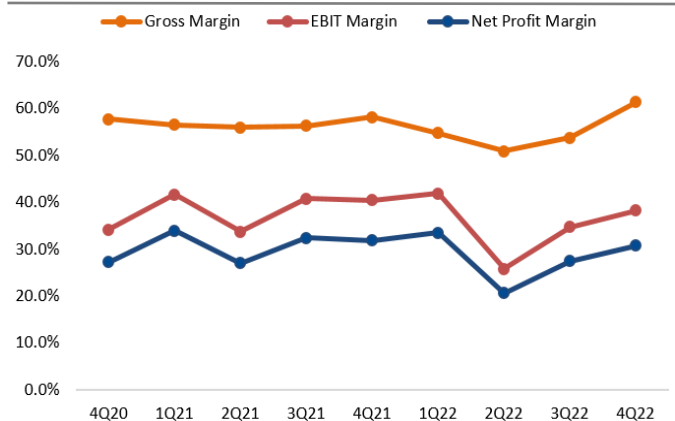
Source: Company Data, NHKSI Research

SIDO's Revenue Growth



Source: Company Data, NHKSI Research

SIDO's Margin Ratio



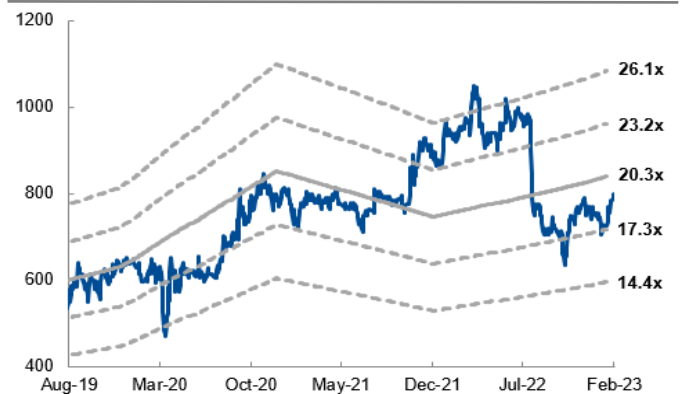
Source: Company Data, NHKSI Research

Forward P/E Band



Source: Company Data, NHKSI Research

Dynamic Forward P/E Band



Source: Company Data, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Net Sales	3,866	4,206	4,635	5,233
Growth	-3.9%	8.8%	10.2%	12.9%
COGS	(1,703)	(1,856)	(2,030)	(2,304)
Gross Profit	2,163	2,350	2,605	2,929
Gross Margin	55.9%	55.9%	56.2%	56.0%
Operating Expenses	(779)	(817)	(882)	(1,022)
EBIT	1,384	1,533	1,723	1,907
EBIT Margin	35.8%	36.5%	37.2%	36.4%
Depreciation	95	96	103	107
EBITDA	1,479	1,629	1,826	2,014
EBITDA Margin	38.3%	38.7%	39.4%	38.5%
Interest Expenses	-	-	-	-
EBT	1,420	1,572	1,764	1,955
Income Tax	(315)	(347)	(389)	(432)
Minority Interest	-	-	-	-
Net Profit	1,105	1,225	1,376	1,523
Growth	-12.4%	10.9%	12.3%	10.7%
Net Profit Margin	28.6%	29.1%	29.7%	29.1%

PROFITABILITY & STABILITY

	2022/12A	2023/12E	2024/12E	2025/12E
ROE	31.5%	32.8%	34.4%	35.5%
ROA	27.1%	27.9%	29.3%	30.1%
Inventory Turnover	3.4x	4.3x	4.9x	4.3x
Receivable Turnover	5.7x	5.7x	5.7x	5.7x
Payables Turnover	8.6x	8.4x	8.5x	8.8x
Dividend Yield	4.8%	3.5%	3.9%	4.3%
Payout Ratio	0.0%	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	85.9%	84.9%	85.2%	84.8%
Debt Ratio	0.1%	0.1%	0.1%	0.0%
Financial Leverage	104.7%	94.2%	100.3%	99.8%
Current Ratio	4.1x	4.1x	4.3x	4.2x
Quick Ratio	3.1x	3.4x	3.6x	3.5x
Par Value (IDR)	10	10	10	10
Total Shares (mn)	30,000	30,000	30,000	30,001
Share Price (IDR)	755	950	950	950
Market Cap (IDR tn)	22.7	28.5	28.5	28.5

BALANCE SHEET

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Cash	923	1,309	1,514	1,598
Receivables	687	735	810	914
Inventories	543	428	413	530
Total Current Assets	2,194	2,514	2,779	3,085
Net Fixed Assets	1,616	1,640	1,674	1,723
Other Non Current Assets	271	239	245	252
Total Non Current Asset	1,887	1,879	1,919	1,974
Total Assets	4,081	4,393	4,698	5,059
Payables	209	220	238	261
ST Bank Loan	2	2	2	2
Total Current Liabilities	541	612	649	727
LT Debt	-	-	-	-
Total Liabilities	576	662	694	770
Capital Stock & APIC	2,152	2,152	2,152	2,152
Retained Earnings	1,354	1,580	1,853	2,137
Shareholders' Equity	3,505	3,732	4,004	4,289

VALUATION INDEX

	2022/12A	2023/12E	2024/12E	2025/12E
Price /Earnings	20.5x	23.3x	20.7x	18.7x
Price /Book Value	6.5x	7.6x	7.1x	6.6x
PE/EPS Growth	-1.7x	2.1x	1.7x	1.7x
EV/EBITDA	14.7x	16.7x	14.8x	13.4x
EV/EBIT	15.7x	17.7x	15.7x	14.1x
EV (IDR bn)	21,729	27,194	26,988	26,906
Sales CAGR (3-Yr)	13.3%	8.0%	8.0%	4.9%
Net Income CAGR (3-Yr)	23.8%	11.0%	9.5%	2.9%
Basic EPS (IDR)	37	41	46	51
BVPS (IDR)	117	124	133	143
DPS (IDR)	36	33	37	41

OWNERSHIP

Shareholders	%
PT HOTEL CANDI BARU	60.5
CONCORDANT INVESTMENTS LP	17.1
Blackrock Inc	1.9
Norges Bank	0.6
By Geography	%
Unknown	90.6
Indonesia	2.8
Luxembourg	1.7
United States	1.5

CASH FLOW STATEMENT

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Operating Cash Flow	1,107	1,458	1,456	1,486
Investing Cash Flow	(180)	(78)	(148)	(165)
Financing Cash Flow	(1,088)	(994)	(1,103)	(1,238)
Net Changes in Cash	(159)	386	205	84

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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