

# Sido Muncul Tbk (SIDO IJ)

## Coasting to Its Seasonal High In 2H24

2Q24 Revenue sunk 20% QoQ to IDR 843 bn due to seasonally lower sales in the second quarter mainly in its Herbal and Supplement segment (-22% QoQ) and Food and Beverage (-19% QoQ). Despite contribution being miniscule at 3%, only the pharmaceutical segment exhibited steady growth at 18% QoQ to IDR 36 bn. However, On an annual basis, 2Q24 indicated strong recovery momentum of 12.9% YoY vs. the stable top-line growth of 2Q23 (+2% YoY). 2Q24 had the biggest growth with 21.2% YoY followed by Pharmaceuticals (12.3% YoY) and Herbal and Supplements (8.1% YoY).

### 2Q24 Seasonally Weakened On Quarter Basis, Yet Improved Annually.

- On a quarterly basis, 2Q24 Revenue sunk 20% QoQ to IDR 843 bn due to seasonally lower sales in the second quarter mainly in its Herbal and Supplement segment (-22% QoQ) and Food and Beverage (-19% QoQ). Despite contribution being miniscule at 3%, only the pharmaceutical segment exhibited steady growth at 18% QoQ to IDR 36 bn.
- The Company's 2Q24 Herbal and Supplement segment is the main contributor with 60%. Meanwhile, 2Q24 Food and Beverage holds 38% of the sales.
- On an annual basis, 2Q24 indicated strong recovery momentum of 12.9% YoY vs. the stable top-line growth of 2Q23 (+2% YoY). 2Q24 had the biggest growth with 21.2% YoY followed by Pharmaceuticals (12.3% YoY) and Herbal and Supplements (8.1% YoY).

### Impressive Performance Across All Segments

- With an improved Operating Margin of 32% in 2Q24 vs 26% in 2Q23, 2Q24 Operating Profit jumped 38.6% YoY to IDR 268 bn as general and administrative costs lowered by 15.2% YoY to IDR 53 bn and Other Expenses dropped 81.5% YoY to IDR 5 bn.
- Aside, 2Q24 Herbal and Supplement segment cost-to-revenue deflated to 18% (vs 20% in 2Q23), and Food and Beverage segment cost-to-revenue also slipped to 23% (vs 24% in 2Q23).
- While 2Q24 Raw material costs jumped 27.6% YoY to IDR 302.71 bn, its 2Q24 COGS remains stable with a mealy 3.5% YoY growth at IDR 365 bn.
- 2Q24 Net Profit Margin also improved to 26% from 20% in 2Q23. Due to a low base effect from the sharp 49.6% drop in 2Q23 to IDR 148 bn, 2Q24 Net Profit rocketed 47.5% YoY to IDR 218 bn.

### 1H24 Posts Thriving Numbers

- 1H24 Revenue increased 15% YoY to IDR 1.90 tn. As managing to keep COGS at a low 2% YoY increase, 1H24 Gross Profit leaped 26% YoY to IDR 1.10 tn with a 58.2% GPM. This leap is a stark contrast to the poor Gross Profit Growth from previous first semester
- 1H24 Net Profit also shared a similar trajectory with a 36% YoY rebound to IDR 608.5 bn, while previous years were weaker with 1% YoY in 1H23 and -11% in 1H22.

### 1H24 Foreign Market To Be A Strong Propeller For Growth Ahead

- 1H24 Exports contributed 8% to total sales with a 73% YoY growth. The top three main contributors are Malaysia (4%), Nigeria (1-2%), and the Philippines (1-2%)
- In 2H24, SIDO is targeting to enter the regional ASEAN neighbor country Vietnam—considering Malaysia and the Philippines market has shown steady market penetration and growth.

### Maintain OVERWEIGHT Recommendation with an upgraded TP at IDR 750

- We maintain an Overweight recommendation for SIDO by raising the target price to IDR750/share, which implies the average 3-Year Dynamic Forward P/E of 20.9x with an upside potential of 11.1%. The risk of our recommendation is a sluggish demand in the foreign markets in 2H24 that lower contribution; low payoff thus higher sales and marketing expenses-to-revenue; and weaker-than-anticipated demand in the rainy season.

### PT Sido Muncul Tbk | Summary (IDR Bn)

	2023A	2024F	2025F	2026F
Sales	3,566	3,773	3,954	4,111
Growth	-7.8%	5.8%	4.8%	4.0%
Net Profit	951	1,076	1,092	1,129
Growth	-13.9%	13.2%	1.4%	3.4%
EPS (IDR)	32	36	36	38
P/E	16.6x	20.9x	20.6x	19.9x
P/BV	4.7x	6.3x	6.1x	5.9x
EV/EBITDA	11.2x	14.7x	14.3x	13.7x
ROE	28.1%	30.1%	29.5%	29.7%
ROA	24.4%	26.0%	25.6%	25.8%
Dividend Yield	6.8%	4.0%	4.3%	4.6%

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

## OVERWEIGHT

Price Target (IDR)	750
Consensus Price (IDR)	623
TP to Consensus Price	12.4%
Potential Upside	11.1%

### Shares data

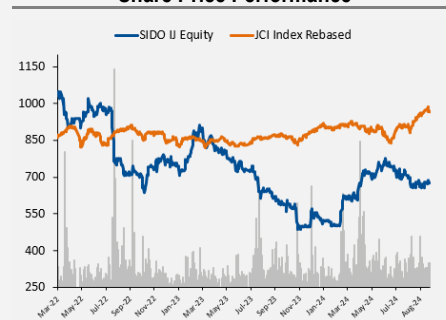
Last Price (IDR)	675
Price Date as of	September 24, 2024
52 wk Range (Hi/Lo)	780/478
Free Float (%)	22.4
Outstanding sh.(mn)	30,000
Market Cap (IDR bn)	20,250
Market Cap (USD mn)	1,333
Avg. Trd Vol - 3M (mn)	29.11
Avg. Trd Val - 3M (bn)	20.54
Foreign Ownership (%)	0.0

### Healthcare

#### Pharmaceutical

Bloomberg	SIDO IJ
Reuters	SIDO.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	32.4%	0.0%	-6.3%	13.4%
Rel. Ret.	32.9%	-2.1%	10.1%	7.2%

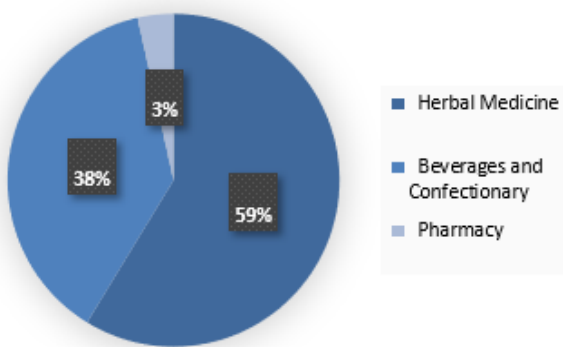
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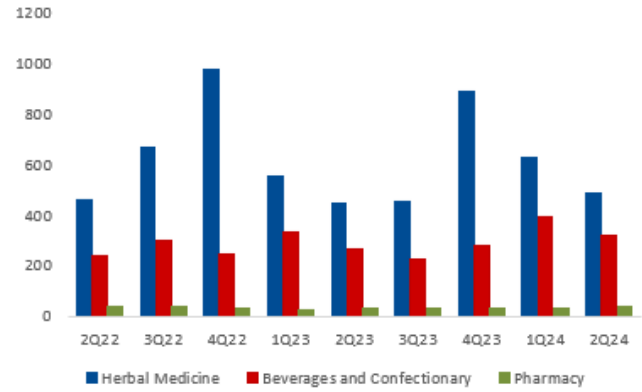
# Performance Highlights

## SIDO's Revenue Breakdown (1H24)



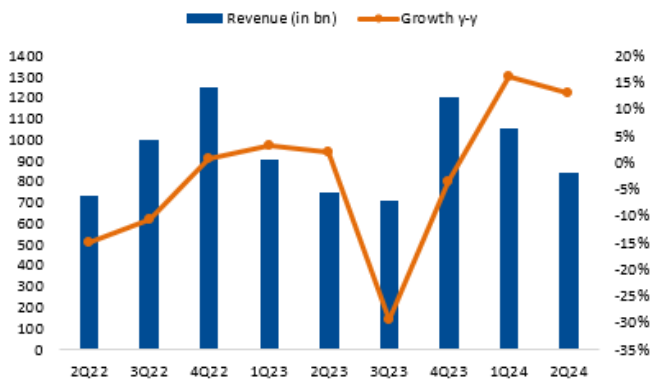
Source: Company Data, NHKSI Research

## SIDO's 2Q22-2Q24 Revenue by Segments (IDR Bn)



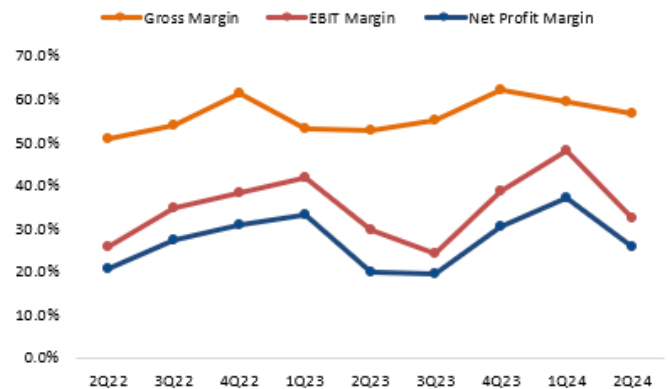
Source: Company Data, NHKSI Research

## SIDO's 2Q22-2Q24 Revenue Growth



Source: Company Data, NHKSI Research

## SIDO's 2Q22-2Q24 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					PROFITABILITY & STABILITY				
(IDR bn)	2023/12A	2024/12E	2025/12E	2026/12E		2023/12A	2024/12E	2025/12E	2026/12E
<b>Net Sales</b>	<b>3,566</b>	<b>3,773</b>	<b>3,954</b>	<b>4,111</b>	ROE	28.1%	30.2%	29.6%	29.9%
<i>Growth</i>	-7.8%	5.8%	4.8%	4.0%	ROA	24.4%	26.0%	25.7%	25.9%
COGS	(1,547)	(1,659)	(1,748)	(1,810)	Inventory Turnover	3.3x	3.1x	3.7x	3.6x
<b>Gross Profit</b>	<b>2,019</b>	<b>2,115</b>	<b>2,206</b>	<b>2,301</b>	Receivable Turnover	4.8x	4.6x	4.6x	4.6x
<i>Gross Margin</i>	56.6%	56.0%	55.8%	56.0%	Payables Turnover	7.8x	7.8x	8.6x	8.6x
Operating Expenses	(785)	(751)	(818)	(858)	Dividend Yield	6.8%	4.0%	4.3%	4.6%
<b>EBIT</b>	<b>1,234</b>	<b>1,364</b>	<b>1,388</b>	<b>1,443</b>	Payout Ratio	0.0%	0.0%	0.0%	0.0%
<i>EBIT Margin</i>	34.6%	36.1%	35.1%	35.1%	DER	0.0x	0.0x	0.0x	0.0x
Depreciation	104	87	100	103	Net Gearing	0.0x	0.0x	0.0x	0.0x
<b>EBITDA</b>	<b>1,337</b>	<b>1,451</b>	<b>1,488</b>	<b>1,546</b>	Equity Ratio	87.0%	86.2%	86.6%	86.6%
<i>EBITDA Margin</i>	37.5%	38.4%	37.6%	37.6%	Debt Ratio	0.2%	0.1%	0.1%	0.1%
Interest Expenses	-	-	-	-	Financial Leverage	103.8%	90.6%	102.7%	100.4%
<b>EBT</b>	<b>1,220</b>	<b>1,381</b>	<b>1,401</b>	<b>1,448</b>	Current Ratio	4.5x	4.4x	4.6x	4.7x
Income Tax	(269)	(304)	(310)	(319)	Quick Ratio	3.6x	3.4x	3.7x	3.8x
Minority Interest	-	-	-	-	Par Value (IDR)	10	10	10	10
<b>Net Profit</b>	<b>951</b>	<b>1,076</b>	<b>1,092</b>	<b>1,129</b>	Total Shares (mn)	30,000	30,000	30,000	30,000
<i>Growth</i>	-13.9%	13.2%	1.4%	3.4%	Share Price (IDR)	525	750	750	750
<i>Net Profit Margin</i>	26.7%	28.5%	27.6%	27.5%	Market Cap (IDR tn)	15.8	22.5	22.5	22.5
BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2023/12A	2024/12E	2025/12E	2026/12E		2023/12A	2024/12E	2025/12E	2026/12E
Cash	830	929	1,072	1,128	Price /Earnings	16.6x	20.9x	20.6x	19.9x
Receivables	789	817	857	890	Price /Book Value	4.7x	6.3x	6.1x	6.0x
Inventories	408	527	469	509	PE/EPS Growth	-1.2x	1.6x	14.7x	5.8x
<b>Total Current Assets</b>	<b>2,067</b>	<b>2,314</b>	<b>2,437</b>	<b>2,568</b>	EV/EBITDA	11.2x	14.9x	14.4x	13.8x
Net Fixed Assets	1,567	1,570	1,558	1,539	EV/EBIT	12.1x	15.8x	15.4x	14.8x
Other Non Current Assets	257	250	260	256	EV (IDR bn)	14,929	21,577	21,434	21,378
<b>Total Non Current Asset</b>	<b>1,824</b>	<b>1,820</b>	<b>1,818</b>	<b>1,795</b>	Sales CAGR (3-Yr)	8.0%	2.3%	-2.1%	0.8%
<b>Total Assets</b>	<b>3,891</b>	<b>4,134</b>	<b>4,255</b>	<b>4,362</b>	Net Income CAGR (3-Yr)	11.0%	0.6%	-5.1%	-0.4%
Payables	187	213	204	211	Basic EPS (IDR)	32	36	36	38
ST Bank Loan	6	2	2	2	BVPS (IDR)	113	119	123	126
<b>Total Current Liabilities</b>	<b>462</b>	<b>526</b>	<b>527</b>	<b>541</b>	DPS (IDR)	36	30	32	35
LT Debt	3	3	3	3	OWNERSHIP				
<b>Total Liabilities</b>	<b>505</b>	<b>571</b>	<b>569</b>	<b>584</b>	<b>Shareholders</b>				%
Capital Stock & APIC	2,152	2,152	2,152	2,152	PT HOTEL CANDI BARU				77.6
Retained Earnings	1,255	1,411	1,534	1,626	Irwan Hidayat				0.0
<b>Shareholders' Equity</b>	<b>3,386</b>	<b>3,563</b>	<b>3,686</b>	<b>3,778</b>	Public				22.4
					Others				-
CASH FLOW STATEMENT					By Geography				
(IDR bn)	2023/12A	2024/12E	2025/12E	2026/12E					%
Operating Cash Flow	1,055	1,083	1,212	1,172	Indonesia				96.3
Investing Cash Flow	(47)	(81)	(101)	(79)	United States				2.0
Financing Cash Flow	(1,074)	(903)	(969)	(1,037)	United States				0.6
<b>Net Changes in Cash</b>	<b>(66)</b>	<b>99</b>	<b>143</b>	<b>56</b>	Others				1.2

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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