

## PT Industri Jamu dan Farmasi Sido Muncul Tbk (SIDO)

Pharmacy

## Capitalizing strong market position in herbal products

11 May 2022

Recommendations : BUY

Laba bersih SIDO meningkat 9,7% YoY pada 1Q22 menjadi Rp295,0 miliar Fokus ekspansi pasar ekspor, rilis produk baru dan penjualan channel digital Rekomendasi "BUY" dengan target harga Rp1.155 per saham

## Stock

Price on 10/02/2022 (Rp)	935
12M target price (Rp)	1,155
Capital gain potential	24%

## Pertumbuhan laba bersih melambat dan margin terkontraksi

Laba bersih SIDO tumbuh 9,7% YoY pada 1Q22 menjadi Rp295,04 miliar (-25,4% QoQ). Peningkatan laba ditopang oleh pendapatan yang bertumbuh 11,0% YoY pada 1Q22 menjadi Rp880,5 miliar (-29,3% QoQ). Tetapi, GPM terkontraksi dari 56,5% pada 1Q21 menjadi 54,7% pada 1Q22 ditengah kenaikan beban pokok yang lebih tinggi 15,4% YoY ditengah kenaikan material. Kemudian, beban operasional berhasil turun 2,0% YoY pada 1Q22 diakibatkan penurunan beban penjualan terutama dari penurunan beban iklan. Akan tetapi, margin operasional tetap relative stabil dari 40,0% pada 1Q21 menjadi 40,2% pada 1Q22. Kemudian, pendapatan keuangan turun 11,8% YoY pada 1Q22 seiring penurunan suku bunga. Di sisi lain, neraca sangat kuat dengan mempertahankan posisi *net cash* pada 1Q22.

## Stock Data

Outstanding shares	30,000,000,000
Market cap (Rp)	28,262,525,500,000
Weight vs IHSG (%)	0.20

## Shareholders (%)

Hotel Candi Baru	60.5%
Concordant Investments Pte. Ltd	21.1%
Public	18.4%

Outstanding Shares (unit)	30,000,000,000
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## Segmen F&amp;B terkontraksi ditengah kenaikan harga bahan pokok

Pendapatan SIDO pada 1Q22 ditopang oleh segmen F&B yang tumbuh 19,9% YoY terutama dari pasar ekspor, yang diikuti oleh herbal yang meningkat tipis 4,6% YoY. Segmen F&B berkontribusi 35,1% pada 1Q22, meningkat dibandingkan dengan 32,5% pada 1Q21. Akan tetapi, margin segmen F&B berkurang dari 36,7% pada 1Q21 menjadi 33,4% pada 1Q22 karena adanya volatilitas harga material. Sedangkan, margin segmen Herbal meningkat dari 67,9% pada 1Q21 menjadi 68,4% pada 1Q22. Adapun, segmen Farmasi tumbuh 41,6% YoY pada 1Q22 tetapi hanya berkontribusi 4,9% terhadap pendapatan SIDO pada 1Q22. Margin segmen Farmasi tumbuh dari 32,1% pada 1Q21 menjadi 39,8% pada 1Q22.

## Price Performance

52-week high/low	Rp1,070/Rp700
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## Capital gain/(loss) (in %)

1 month	3 month	6 month	1 Year	YTD
3.31	-1.06	2.19	21.57	8.09

## Summary of Financial Performance

In IDR bn	2021A	2022E	2023F
Revenue	4,021	4,582	5,138
Operating Income	1,581	1,812	2,075
OPM (%)	39.33%	39.55%	40.38%
EBITDA	1,675	1,877	2,124
EV to EBITDA (x)*	14.47	14.40	12.71
Net Income	1,261	1,421	1,625
NPM (%)	31.36%	31.01%	31.63%
EPS (Rp)	42	47	54
EPS Growth (%)	35.0%	12.7%	14.4%
Price Earnings (x)*	20.08	19.74	17.26
Price to Book (x)*	7.29	7.92	7.57
Price to Sales (x)*	6.30	6.12	5.46
Return on Equity (%)	36.32%	40.11%	43.87%
Return on Assets (%)	30.99%	34.14%	37.30%

## Kenaikan harga untuk produk F&amp;B dapat memitigasi resiko inflasi

Kami memperkirakan pertumbuhan pendapatan dan laba bersih SIDO dapat bertumbuh sekitar 14% YoY pada 2022, yang utamanya masih ditopang oleh rencana kenaikan harga terutama untuk segmen F&B pada 2Q22, kenaikan penjualan dari pasar ekspor juga peluncuran produk baru seperti Teh Tolak Angin dan Galian Singset. Dengan adanya rencana kenaikan harga, kami memperkirakan margin produk F&B dapat bertahan pada diatas 35% pada 2022 ditengah kenaikan harga bahan mentah. Kemudian, SIDO juga akan meningkatkan distribusi via online, penetrasi ke pasar ekspor baru terutama negara ASEAN, Timur Tengah dan Afrika. Akan tetapi, kami menilai resiko akan datang dari kenaikan inflasi bahab mentah terutama terhadap produk F&B. Sedangkan, untuk margin produk Herbal akan cenderung stabil pada 2022. Sementara itu, inflasi yang lebih tinggi dari proyeksi dapat berdampak negative terhadap daya beli masyarakat.

## Rekomendasi BUY ditengah posisi pasar yang kuat untuk produk herbal

Kami merekomendasikan "BUY" dengan target harga Rp1.155 per saham, yang merefleksikan valuasi PE 2022E yakni 19,74x. Adapun, rekomendasi kami telah memfaktorisasi 1) valuasi yang cukup rendah dibandingkan emiten farmasi lain; 2) pertumbuhan top dan bottom line yang relative stabil ditengah peningkatan daya beli, kebutuhan akan obat-obatan dan nutrisi dan perbaikan di pasar ekspor; 3) cost control yang cukup baik; 4) kondisi likuiditas yang baik dan neraca solid dengan net cash; 5) diversifikasi dan inovasi produk; dan 6) brand yang kuat. Namun, kami mencatat beberapa resiko atas rekomendasi kami yakni 1) daya beli yang lebih lemah akibat inflasi yang tinggi; 2) penambahan biaya bahan baku yang lebih besar dibandingkan estimasi karena konflik geopolitik.

\*) based on market price (10/05/2022) at Rp935

Sources : Company, Bloomberg and KB Valbury Sekuritas

## Analyst(s)

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Alfiansyah

## PT Industri Jamu dan Farmasi Sido Muncul Tbk (SIDO)

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## FINANCIAL OVERVIEW

Income Statement (Rp bn)	1Q2021	1Q2021	YoY Change	4Q2021	1Q2021	QoQ Change
<b>Net Sales</b>	<b>793</b>	<b>880</b>	<b>11.0%</b>	<b>1,245</b>	<b>880</b>	<b>(29.3%)</b>
Cost of Revenue	(345)	(399)	15.4%	(520)	(399)	(23.4%)
<b>Gross Profit</b>	<b>448</b>	<b>482</b>	<b>7.6%</b>	<b>724</b>	<b>482</b>	<b>(33.5%)</b>
<b>Gross Margin (%)</b>	<b>56.5%</b>	<b>54.7%</b>		<b>58.2%</b>	<b>54.7%</b>	
Operating Expenses	(130)	(128)	(2.0%)	(226)	(128)	(43.5%)
<b>Operating Profit</b>	<b>318</b>	<b>354</b>	<b>11.5%</b>	<b>498</b>	<b>354</b>	<b>(28.9%)</b>
<b>Operating Margin (%)</b>	<b>40.0%</b>	<b>40.2%</b>		<b>40.0%</b>	<b>40.2%</b>	
Non-Operating Income (Losses)	(26)	(23)	(11.0%)	6	23	248.7%
<b>Pretax Income</b>	<b>344</b>	<b>377</b>	<b>9.8%</b>	<b>505</b>	<b>377</b>	<b>(25.3%)</b>
Income Tax (Expense)/ Benefit	(75)	(82)	10.3%	(109)	(82)	(24.9%)
<b>Profit for This Year</b>	<b>269</b>	<b>295</b>	<b>9.7%</b>	<b>395</b>	<b>295</b>	<b>(25.4%)</b>
<b>Net Profit (Losses)</b>	<b>269</b>	<b>295</b>	<b>9.7%</b>	<b>395</b>	<b>295</b>	<b>(25.4%)</b>
<b>Profit Margin (%)</b>	<b>33.9%</b>	<b>33.5%</b>		<b>31.8%</b>	<b>33.5%</b>	

Sources : Company and KB Valbury Sekuritas

## FINANCIAL TABLES

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
<b>Revenue</b>	<b>3,335</b>	<b>4,021</b>	<b>4,582</b>	<b>5,138</b>	<b>5,740</b>
Revenue growth yoy	8.7%	20.6%	13.9%	12.1%	11.7%
- Cost of Goods Sold	(1,497)	(1,735)	(1,994)	(2,225)	(2,475)
<b>Gross Income</b>	<b>1,839</b>	<b>2,286</b>	<b>2,588</b>	<b>2,913</b>	<b>3,266</b>
- Operating Expenses	(696)	(726)	(776)	(838)	(934)
<b>Operating Income</b>	<b>1,152</b>	<b>1,581</b>	<b>1,812</b>	<b>2,075</b>	<b>2,332</b>
Op income growth yoy	12.5%	37.2%	14.6%	14.5%	12.4%
- Non Operating Gains (Losses)	(47)	(32)	(36)	(42)	(49)
<b>EBITDA</b>	<b>1,249</b>	<b>1,675</b>	<b>1,877</b>	<b>2,124</b>	<b>2,380</b>
<b>Pretax Income</b>	<b>1,200</b>	<b>1,613</b>	<b>1,849</b>	<b>2,117</b>	<b>2,381</b>
- Income Tax Expense	(266)	(352)	(428)	(492)	(557)
<b>Profit for This Year</b>	<b>934</b>	<b>1,261</b>	<b>1,421</b>	<b>1,625</b>	<b>1,823</b>
<b>Net Income</b>	<b>934</b>	<b>1,261</b>	<b>1,421</b>	<b>1,625</b>	<b>1,823</b>
Net income growth yoy	15.6%	35.0%	12.7%	14.4%	12.2%
<b>EPS (IDR)</b>	<b>31</b>	<b>42</b>	<b>47</b>	<b>54</b>	<b>61</b>
<b>Dividends Per Share (IDR)</b>	<b>31</b>	<b>34</b>	<b>39</b>	<b>44</b>	<b>50</b>

Sources: Company, Bloomberg and KB Valbury Sekuritas

## PT Industri Jamu dan Farmasi Sido Muncul Tbk (SIDO)

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## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
<b>Total Current Assets</b>	<b>2,052</b>	<b>2,245</b>	<b>2,321</b>	<b>2,411</b>	<b>2,474</b>
+ Cash & Near Cash Items	1,032	1,082	1,022	1,052	1,101
+ Accounts & Notes Receivable	664	664	742	776	784
+ Inventories	309	455	508	532	537
+ Other Current Assets	47	44	49	51	52
<b>Total Long-Term Assets</b>	<b>1,797</b>	<b>1,824</b>	<b>1,842</b>	<b>1,945</b>	<b>2,116</b>
+ Property, Plant & Equip, Net	1,576	1,600	1,602	1,689	1,797
Property, Plant & Equip	2,255	2,371	2,415	2,629	2,877
Accumulated Depreciation	679	771	813	939	1,080
+ Other Long Term Assets	221	225	240	256	319
<b>Total Assets</b>	<b>3,850</b>	<b>4,069</b>	<b>4,162</b>	<b>4,357</b>	<b>4,590</b>
<b>Total Current Liabilities</b>	<b>560</b>	<b>543</b>	<b>560</b>	<b>580</b>	<b>597</b>
+ Payables & Accruals	517	515	530	547	563
+ Short Term Borrowings	3	6	7	7	8
+ Other Short Term Liabilities	40	22	23	25	26
<b>Total Long Term Liabilities</b>	<b>68</b>	<b>54</b>	<b>60</b>	<b>72</b>	<b>106</b>
+ Long Term Borrowings	4	2	3	3	3
+ Other Long Term Borrowings	64	52	57	69	103
<b>Total Liabilities</b>	<b>628</b>	<b>598</b>	<b>620</b>	<b>652</b>	<b>703</b>
+ Share Capital & APIC	2,207	2,149	2,149	2,149	2,149
- Treasury Stock	59	1	1	1	1
+ Retained Earnings & Other Eq.	1,073	1,323	1,394	1,557	1,739
<b>Total Shareholders Equity</b>	<b>3,222</b>	<b>3,471</b>	<b>3,542</b>	<b>3,705</b>	<b>3,887</b>
<b>Total Equity</b>	<b>3,222</b>	<b>3,471</b>	<b>3,542</b>	<b>3,705</b>	<b>3,887</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,850</b>	<b>4,069</b>	<b>4,162</b>	<b>4,357</b>	<b>4,590</b>
<b>Book Value Per Share (IDR)</b>	<b>107</b>	<b>116</b>	<b>118</b>	<b>124</b>	<b>130</b>

Sources: Company, Bloomberg and KB Valbury Sekuritas

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Net Income	934	1,261	1,421	1,625	1,823
+ Depreciation & Amortization	97	94	112	126	141
+ Other Non-Cash Adjustments	5	(156)	(186)	(209)	(233)
<b>Cash From Operating Activities</b>	<b>1,036</b>	<b>1,199</b>	<b>1,347</b>	<b>1,543</b>	<b>1,731</b>
+ Disposal of Fixed Assets	1	1	1	1	2
+ Capital Expenditures	(93)	(111)	(296)	(332)	(371)
+ Other Investing Activities	(3)	(14)	(15)	(16)	(63)
<b>Cash From Investing Activities</b>	<b>(95)</b>	<b>(124)</b>	<b>(310)</b>	<b>(347)</b>	<b>(432)</b>
+ Dividends Paid	(774)	(1,018)	(1,101)	(1,173)	(1,262)
+ Change in Short Term Bor.	0	0	1	1	1
+ Change in long Term Bor.	(2)	(6)	0	0	0
+ Change in capital stock	1	7	0	0	0
+ Other Financing Activities	1	(7)	3	6	11
<b>Cash From Financing Activities</b>	<b>(774)</b>	<b>(1,025)</b>	<b>(1,097)</b>	<b>(1,166)</b>	<b>(1,250)</b>
<b>Net Changes in Cash</b>	<b>167</b>	<b>50</b>	<b>(60)</b>	<b>30</b>	<b>49</b>

Sources: Company, Bloomberg and KB Valbury Sekuritas

# PT Industri Jamu dan Farmasi Sido Muncul Tbk (SIDO)

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## RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
<b>Valuation Ratios</b>					
Price Earnings*	23.96	20.08	19.74	17.26	15.38
EV to EBIT*	18.53	15.33	15.32	13.51	12.04
EV to EBITDA*	17.09	14.47	14.40	12.71	11.32
Price to Sales*	6.71	6.30	6.12	5.46	4.89
Price to Book*	6.95	7.29	7.92	7.57	7.22
Dividend Yield*	4.2%	4.1%	4.1%	4.8%	5.4%
<b>Profitability Ratios</b>					
Gross Margin	55.13%	56.85%	56.49%	56.69%	56.89%
EBITDA Margin	37.45%	41.67%	40.97%	41.35%	41.47%
Operating Margin	34.55%	39.33%	39.55%	40.38%	40.63%
Profit Margin	28.00%	31.36%	31.01%	31.63%	31.76%
Return on Assets	24.26%	30.99%	34.14%	37.30%	39.72%
Return on Equity	28.99%	36.32%	40.11%	43.87%	46.91%
<b>Leverage &amp; Coverage Ratios</b>					
Current Ratio	3.66	4.13	4.14	4.16	4.14
Quick Ratio	3.11	3.29	3.24	3.24	3.24
<b>Others</b>					
Asset Turnover	0.87	0.99	1.10	1.18	1.25
Accounts Receivable Turnover	5.03	6.06	6.18	6.62	7.32
Accounts Payable Turnover	6.45	7.81	8.64	9.40	10.20
Inventory Turnover	10.78	8.84	9.02	9.66	10.68

\*) based on market price (10/05/2022) at Rp935

Sources: Company, Bloomberg and KB Valbury Sekuritas

# PT Industri Jamu dan Farmasi Sido Muncul Tbk (SIDO)

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