

9M24 earnings in-line with ours, and better performance in '25F

29 October 2024



SIDO IJ	BUY
Sector	Healthcare
Price at 25 October 2024 (IDR)	610
Price target (IDR)	760
Upside/Downside (%)	24.6

Stock Information

Industri Jamu dan Farmasi Sido Muncul Tbk (SIDO) is one of pharmaceutical and consumer health companies in Indonesia, which sells herbal drinks and meds, such as Tolak Angin, etc

Market cap (IDR bn)	18,450
Shares outstanding (mn)	30,000
52-week range (IDR)	478-780
3M average daily vol. ('000)	33,126
3M average daily val. (IDR mn)	22,485

Shareholders (%)

PT Hotel Candi Baru	60.46
Concordant Inv Pte. Ltd.	17.14
Public	22.40

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance (%)	(7.5)	(12.1)	4.2

Analyst

Andre Suntono

Andre.suntono@kbvalbury.com

Industri Jamu dan Farmasi Sido Muncul (SIDO) 9M24 earnings grew 32.7% yoy to IDR778 bn, which was in-line with ours (74.3%), but below consensus (65.7%). Although SIDO' revenue and earnings was weak qoq in 3Q24, but both still grew 3.2% yoy and 22.5% yoy, respectively. Note that, in the last 3 years, SIDO' 3Q performance was the lowest amongst others. Thus, we revised up our '24F EBIT and earnings by 7.6% and 11.4% from previous on better cost management than expected. Moreover, the company informed us that the rainy season came a bit late this year and we revised up our '25F revenue, gross profit, EBIT and earnings by 2.6%, 2.5%, 10.7% and 14.9%, respectively from previous as SIDO could perform much better yoy/qoq in 1Q25 amidst festivities; Ramadan' fasting month. All in all, we expect SIDO to grow its revenue and earnings by 13.5% yoy and 14.5% yoy in '25F. We upgraded SIDO with a BUY and TP of IDR760 (17.1x '25F P/E).

9M24 earnings came in-line with ours

SIDO' net profit reached IDR170 bn (+22.5% yoy/-22.5% qoq) in 3Q24. Note that, historically SIDO' 3Q earnings, is the lowest amongst other quarters. As a result, SIDO' 9M24 net profit still grew by 32.7% yoy to IDR778 bn, mainly due to higher sales growth yoy, with better product mix and cost management, which came in-line with ours' (74.3%), but below consensus' (65.7%).

Revenue still grew 11.2% yoy in 9M24

SIDO' revenue reached IDR730 bn (+3.2% yoy/-13.4% qoq) in 3Q24. The qoq decline in SIDO' 3Q24 revenue was mainly due to a 4.5% yoy/11.3% qoq decline in its Herbal segment' revenue as lower Tolak Angin sales amidst weaker consumer purchasing power. Note that, SIDO' Herbal segment was the biggest revenue contributor to SIDO at IDR431.8 bn, or equal to 58.8% contribution to its 3Q24 revenue. At the same time, SIDO' Pharmacy segment also reported a 3.9% yoy/18.7% qoq revenue decline at IDR29.1 bn in 3Q24, despite its revenue contribution was only 4% to SIDO' revenue. While, SIDO' F&B segment revenue reached IDR269.3 bn (+19.6% yoy/-16% qoq) in 3Q24, which contributed around 37% of its 3Q24 revenue. As a result, SIDO' 9M24 revenue still grew 11.2% yoy to IDR2.62 tn, despite softer sales in 3Q24.

Margin still expanded in 9M24

SIDO' gross profit reached IDR584 bn (-1.7% yoy/-19.8% qoq) mainly due to softer sales in 3Q24, with gross margin contracted 260bps yoy/420bps qoq. SIDO' EBIT reached IDR217 bn (+31.3% yoy/-16.7% qoq) due to better cost efficiency yoy and low base in 3Q23. Although SIDO' EBIT margin contracted 120bps qoq in 3Q24, SIDO' EBIT margin still expanded 630bps yoy. All in all, SIDO' gross, EBIT and net margin still expanded by 290bps yoy, 570bps yoy and 480bps yoy, respectively in 9M24 due to better product mix and cost management yoy.

Upward adjustment in '24F and '25F

After SIDO' 9M24 results came in-line with ours, we revised up our SIDO' EBIT and earnings in '24F as we think SIDO could perform better in 4Q24 and '25F with a much better cost management than expected. Thus, we revised up our '24F EBIT and earnings by 7.6% and 11.4%, respectively from previous. At the same time, we also revised up our SIDO' revenue in '25F by 2.6% from previous as the company' informed us that the rainy season came a bit late this year (usually came at end of Sept), which could boost SIDO' sales in 1Q25 amidst festivities such as Ramadan' fasting month in march'25. We also revised up SIDO '25F gross profit and EBIT by 2.5% and 10.7% due to better product mix and cost management. All in all, we expect SIDO' net profit to reach IDR1.33 tn (up 14.9% from previous) in '25F on higher sales, with better product mix and cost management.

Upgraded to BUY with TP of IDR665

Upgraded SIDO to BUY and TP of IDR 760/share, which implies 17.1x '25 P/E or slightly below its 5 years mean P/E. We think SIDO is a good company that could grow 14.5% yoy in its '25F earnings, with a good free cash-flow generation. Risks to our call includes: a) Weak purchasing power, b) higher than expected raw material costs, and c) tighter competition than expected. Currently, SIDO is trading at 13.8x '25F P/E or below its 5 years mean P/E.

Exhibit 1: Key Statistics

Year end Dec	2022A	2023A	2024F	2025F	2026F
Revenue (IDR bn)	3,866	3,566	3,923	4,453	5,070
EBITDA (IDR bn)	1,470	1,347	1,556	1,778	2,028
Net profit (IDR bn)	1,105	951	1,166	1,334	1,524
EPS (IDR)	37	32	39	44	51
EPS growth (%)	(12.4)	(13.9)	22.6	14.5	14.2
ROE (%)	31.5	28.1	32.6	35.3	38.0
ROA (%)	27.1	24.4	28.0	30.0	32.1
PER (x)	16.7	19.4	15.8	13.8	12.1
PBV (x)	5.3	5.4	5.2	4.9	4.6
EV/EBITDA (x)	11.9	13.1	11.5	10.1	8.9
Div Yield (%)	5.9	5.8	5.4	6.1	7.0

Source: Company, KBVS Research

Exhibit 2: SIDO 9M24 results

SIDO 9M24 Results (IDRbn)	9M24	9M23	YoY	3Q24	3Q23	YoY	2Q24	QoQ	% to '24F	% to Cons'
Revenue	2,627	2,361	11.2%	730	708	3.2%	843	-13.4%	67.0%	65.4%
COGS	(1,139)	(1,093)	4.2%	(346)	(317)	9.2%	(365)	-5.0%		
Gross profit	1,487	1,268	17.3%	384	390	-1.7%	478	-19.8%	66.9%	63.7%
Operating expenses	(519)	(530)	-2.2%	(167)	(225)	-25.8%	(218)	-23.5%		
EBIT	969	738	31.3%	217	165	31.3%	260	-16.7%	71.8%	65.3%
Profit before tax	998	755	32.2%	217	177	22.5%	279	-22.3%		
Tax expense	(220)	(168)	30.8%	(47)	(39)	22.6%	(61)	-22.6%		
Minority interest	-	-	-	-	-	-	-	-		
Net profit	778	587	32.7%	170	138	22.5%	218	-22.2%	74.3%	65.7%

Margins	9M24	9M23	YoY	3Q24	3Q23	YoY	2Q24	QoQ
Gross margin	56.6%	53.7%		52.6%	55.2%		56.8%	
EBIT margin	36.9%	31.2%		29.7%	23.4%		30.9%	
Pretax margin	38.0%	32.0%		29.7%	25.0%		33.1%	
Net margin	29.6%	24.8%		23.2%	19.6%		25.9%	

SIDO 9M24 Segment Results (IDRbn)	9M24	9M23	YoY	3Q24	3Q23	YoY	2Q24	QoQ
Herbal medicine & supplement								
Revenue	1,545.4	1,455.5	6.2%	431.8	452.0	-4.5%	486.7	-11.3%
COGS	(479.2)	(479.9)	-0.1%	(151.5)	(149.4)	1.4%	(148.8)	1.8%
Gross profit	1,066.1	975.6	9.3%	280.3	302.6	-7.4%	337.9	-17.0%
Gross margin	69.0%	67.0%		64.9%	66.9%		69.4%	
Food & Beverages								
Revenue	986.0	820.4	20.2%	269.3	225.2	19.6%	320.6	-16.0%
COGS	(601.6)	(556.2)	8.2%	(177.5)	(148.2)	19.7%	(193.7)	-8.4%
Gross profit	384.4	264.2	45.5%	91.8	77.0	19.3%	126.9	-27.6%
Gross margin	39.0%	32.2%		34.1%	34.2%		39.6%	
Pharmacy								
Revenue	95.3	85.4	11.6%	29.1	30.3	-3.9%	35.8	-18.7%
COGS	(58.4)	(57.2)	2.0%	(17.4)	(19.5)	-10.8%	(22.1)	-21.2%
Gross profit	36.9	28.2	31.0%	11.7	10.8	8.7%	13.7	-14.6%
Gross margin	38.7%	33.0%		40.3%	35.6%		38.3%	

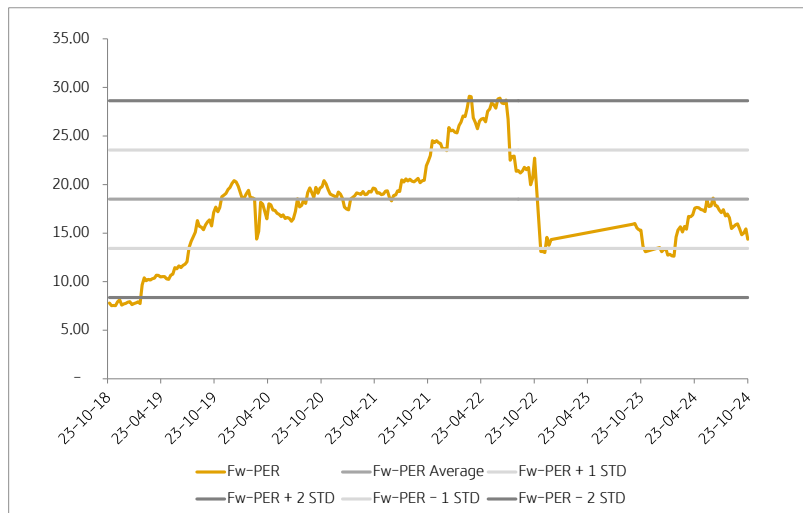
Source: Company, KBVS Research

Exhibit 3: Earnings' adjustments

Adjustments	New		Previous		Difference	
	'24F	'25F	'24F	'25F	'24F	'25F
Revenue	3,923	4,453	3,923	4,341	0.0%	2.6%
Gross profit	2,223	2,527	2,223	2,466	0.0%	2.5%
Operating profit	1,452	1,658	1,350	1,497	7.6%	10.7%
Net profit	1,166	1,334	1,047	1,161	11.4%	14.9%

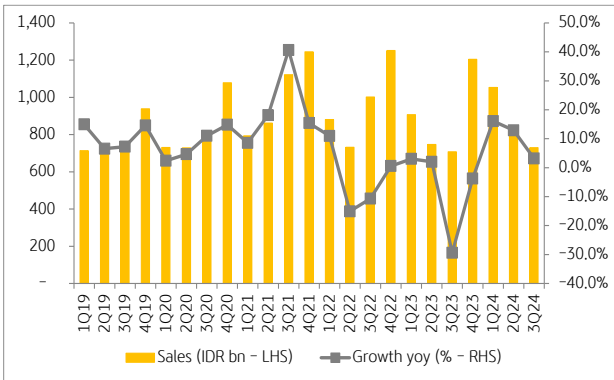
Source: Company, KBVS Research

Exhibit 3: SIDO PE Band



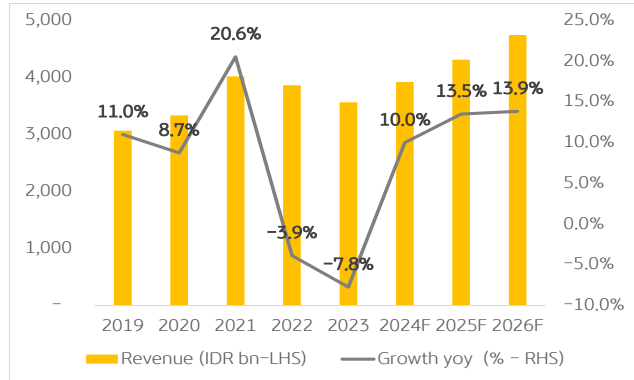
Source: Company, KBVS Research

Exhibit 4: Revenue in each quarter



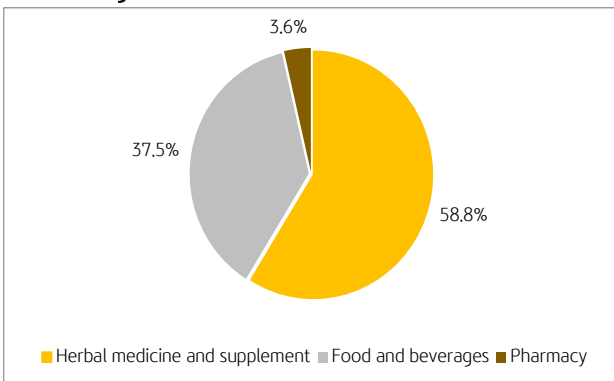
Source: Company, KBVS Research

Exhibit 5: SIDO' revenue and growth yoy



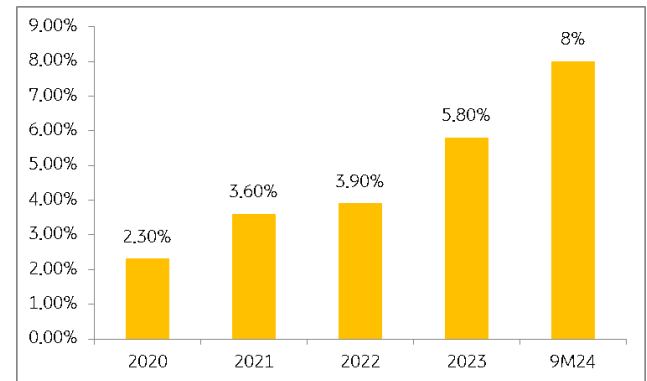
Source: Company, KBVS Research

Exhibit 6: Segment' contribution to SIDO' 9M24 revenue



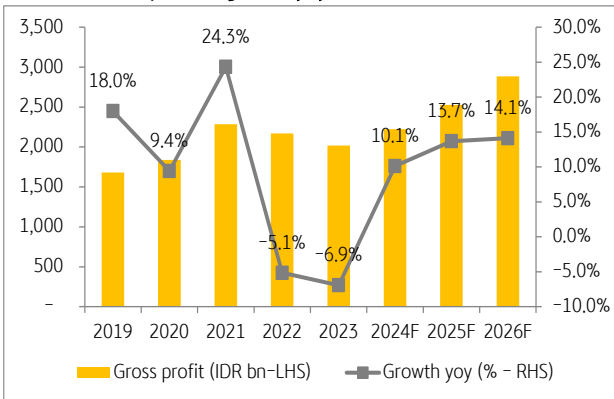
Source: Company, KBVS Research

Exhibit 7: International business contribution to SIDO' revenue



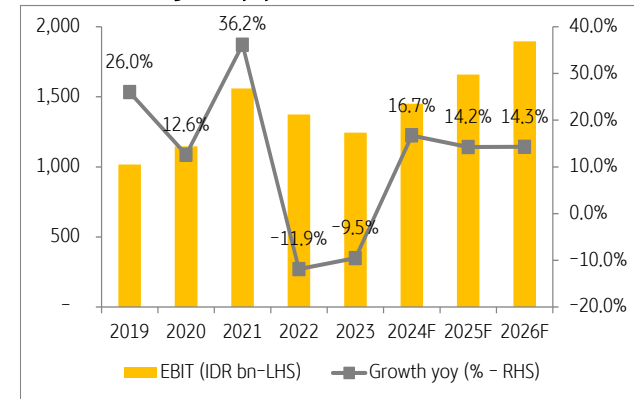
Source: Company, KBVS Research

Exhibit 8: Gross profit & growth yoy



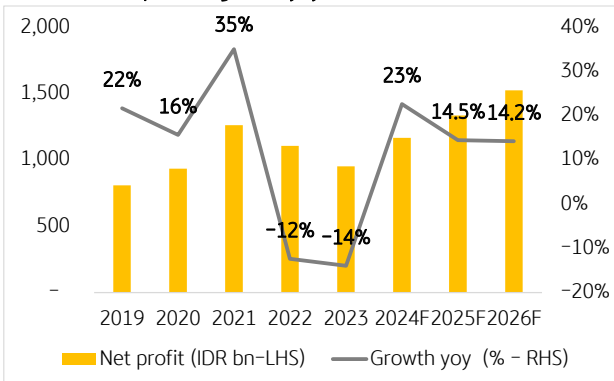
Source: Company, KBVS Research

Exhibit 9: EBIT & growth yoy



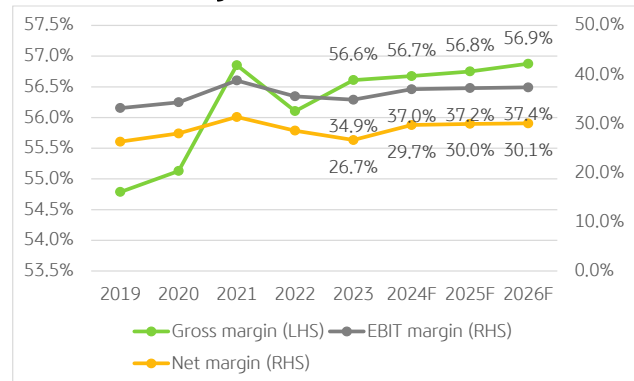
Source: Company, KBVS Research

Exhibit 10: Net profit & growth yoy



Source: Company, KBVS Research

Exhibit 11: SIDO' margins



Source: Company, KBVS Research

Exhibit 12: Profit & loss summary

Year End Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
Revenue	3,866	3,566	3,923	4,453	5,070
COGS	(1,697)	(1,547)	(1,699)	(1,926)	(2,186)
Gross profit	2,169	2,019	2,223	2,527	2,884
Operating expenses	(794)	(775)	(772)	(869)	(988)
EBIT	1,375	1,244	1,452	1,658	1,895
EBITDA	1,470	1,347	1,556	1,778	2,028
Pre-tax income	1,420	1,220	1,491	1,706	1,949
Net profit	1,105	951	1,166	1,334	1,524
EPS	37	32	39	44	51
EPS growth	-12.4%	-13.9%	22.6%	14.5%	14.2%

Source: Company, KBVS Research

Exhibit 13: Balance sheet

Year End Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	923	830	512	473	439
Accounts receivables	687	789	811	921	1,049
Inventories	543	408	522	592	672
Others	42	39	45	51	58
Total current assets	2,194	2,067	1,890	2,037	2,218
Fixed assets - Net	1,611	1,555	1,999	2,113	2,231
Others	276	269	280	291	302
Total non-current assets	1,887	1,824	2,279	2,404	2,534
Total assets	4,081	3,891	4,169	4,441	4,751
ST borrowing	-	-	-	-	-
Accounts payable	209	187	218	247	280
Others	332	275	331	372	420
Total current liabilities	541	462	549	619	691
Others non-current liabilities	35	43	44	44	45
Total non-current liabilities	35	43	44	44	45
Total liabilities	576	505	592	664	746
Shareholders equity	2,152	2,152	2,152	2,152	2,152
Minority interests	-	-	-	-	-
Retained earnings	1,354	1,234	1,425	1,625	1,854
Total Equity	3,505	3,386	3,577	3,777	4,006
Total Liabilities & Equity	4,081	3,891	4,169	4,441	4,751

Source: Company, KBVS Research

Exhibit 14: Cash flow

Year End Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
Net profit	1,105	951	1,166	1,334	1,524
D&A	98	113	122	99	99
Changes in working capital	(113)	(44)	(56)	(116)	(134)
Others	17	36	(151)	-	-
Operating cash flow	1,107	1,055	1,081	1,317	1,489
Capital expenditures	(170)	(38)	(209)	(222)	(228)
Others	(10)	(9)	(200)	-	-
Investing cash flow	(180)	(47)	(409)	(222)	(228)
Net change in Debt	(6)	(6)	-	-	-
Net change in Equity	4	-	-	-	-
Cash dividends paid	(1,086)	(1,068)	(991)	(1,134)	(1,295)
Others	-	-	-	-	-
Financing cash flow	(1,088)	(1,074)	(991)	(1,134)	(1,295)
Net change in cash	(161)	(66)	(318)	(39)	(34)
Cash in beginning of the year	1,082	923	830	512	473
Cash at the end of the year	923	830	512	473	439

Source: Company, KBVS Research

Exhibit 15: Ratio analysis

Year End Dec	2022A	2023A	2024F	2025F	2026F
Growth					
Revenue	-3.9%	-7.8%	10.0%	13.5%	13.9%
Gross profit	-5.1%	-6.9%	10.1%	13.7%	14.1%
Operating profit	-11.6%	-14.5%	22.8%	14.2%	14.3%
EBITDA	-11.1%	-8.3%	15.5%	14.3%	14.1%
Net profit	-12.4%	-13.9%	22.6%	14.5%	14.2%
Profitability					
Gross margin	56.1%	56.6%	56.7%	56.8%	56.9%
Operating margin	36.0%	33.4%	37.3%	37.5%	37.7%
EBITDA margin	38.0%	37.8%	39.7%	39.9%	40.0%
Net margin	28.6%	26.7%	29.7%	30.0%	30.1%
ROA	27.1%	24.4%	28.0%	30.0%	32.1%
ROE	31.5%	28.1%	32.6%	35.3%	38.0%
Solvency (x)					
Current ratio	4.1	4.5	3.4	3.3	3.2
Quick ratio	3.1	3.6	2.5	2.3	2.2
Debt to equity	0.0	0.0	0.0	0.0	0.0
Interest coverage	1,786	1,749	2,437	1,797	2,055
Net gearing	(0.3)	(0.2)	(0.1)	(0.1)	(0.1)

Source: Company, KBVS Research

Disclaimer

This report is prepared by PT KB Valbury Sekuritas, a member of the Indonesia Stock Exchange, or its subsidiaries or its affiliates ("KBVS"). All the material presented in this report is under copyright to KBVS. None of the parts of this material, nor its contents, may be copied, photocopied, or duplicated in any form or by any means or altered in any way, or transmitted to, or distributed to any other party without the prior written consent of KBVS.

The research presented in this report is based on the information obtained by KBVS from sources believed to be reliable, however KBVS do not make representations as to their accuracy, completeness or correctness. KBVS accepts no liability for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from the use of the material presented in this report and further communication given or relied in relation to this document. The material in this report is not to be construed as an offer or a solicitation of an offer to buy or sell any securities or financial products. This report is not to be relied upon in substitution for the exercise of independent judgement. Past performance and no representation or warranty, express or implied, is made regarding future performance. Information, valuations, opinions, forecasts and estimates contained in this report reflects a judgement at its original date of publication by KBVS and are subject to change without notice, its accuracy is not guaranteed or it may be incomplete.

The Research Analyst(s) primarily responsible for the content of this research report, in part or as a whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The Analyst also certifies that no part of his/her compensation was, is or will related to specific recommendation views expressed in this report. It also certifies that the views and recommendations expressed in this report do not and will not take into account client circumstances, objectives, needs and no intentions involved as a use for recommendations for sale or buy any securities or financial instruments.

KB Valbury Sekuritas Head Office

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Kelurahan Karet Tengsin,
Kecamatan Tanah Abang, Jakarta Pusat 10220, Indonesia
T. (021) 25098300
F. (021) 25098400

Branch Office

Jakarta – Sudirman

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Karet Tengsin,
Tanah Abang, Jakarta Pusat 10220
T. (021) 25098300/301

Jakarta – Kelapa Gading

Rukan Plaza Pasifik
Jl. Boulevard Barat Raya Blok A1 No. 10
Jakarta Utara 14240
T. (021) 29451577

Jakarta – Puri Indah

Rukan Grand Aries Niaga Blok E1 No. IV
Jl. Taman Aries, Kembangan
Jakarta Barat 11620
T. (021) 22542390

Jakarta – Pluit

Jl. Pluit Putra Raya No. 2
Jakarta Utara 14450
T. (021) 6692119

Bandung

Jl. Abdul Rivai No. 1A, Kel. Pasirkaliki,
Kec. Cicendo Bandung 40171
T. (022) 3003133

Malang

Jl. Pahlawan Trip No. 7
Malang 65112
T. (0341) 585888

Banjarmasin

Jl. Gatot Subroto No. 33
Banjarmasin 70235
T. (0511) 3265918

Pekanbaru

Jl. Tuanku Tambusai, Komplek CNN
Blok A No. 3 Pekanbaru 28291
T. (0761) 839393

Palembang

Komplek PTC Mall Blok I No. 7
Jl. R. Sukanto
Palembang 30114
T. (0711) 2005050

Surabaya

Pakuwon Center Lt 21
Jl. Embong Malang No.1
Surabaya 60261
T. (051) 21008080

Padang

Jl. Proklamasi No. 60A
Padang Timur 25121
T. (0751) 8688080

Yogyakarta

Jl. Magelang KM 5.5 No. 75
Yogyakarta 55000
T. (0274) 8099090

Semarang

Jl. Gajahmada 23A,
Kecamatan Semarang Tengah,
Kelurahan Kembang Sari 50241
T. (024) 40098080

Makassar

Komplek Ruko Citraland City Losari
Business Park, Blok B2 No. 09
Jl. Citraland Boulevard Makassar 90111
T. (0411) 6000818

Medan

Komplek Golden Trade Center
Jl. Jenderal Gatot Subroto No. 18-19
Medan 20112
T. (061) 50339090

Denpasar

Jl. Teuku Umar No. 177
Komplek Ibis Styles Hotel
Denpasar Bali 80114
T. (0361) 225229

Pontianak

Jl. Prof. M Yamin No. 14
Kotabaru, Pontianak Selatan
Kalimantan Barat 78116
T. (0561) 8069000

Investment Gallery

Jakarta

Citra Garden 6 Ruko Sixth Avenue
Blok J.1 A/18, Cengkareng
Jakarta Barat 11820
T. (021) 52392181

Tangerang

Ruko Aniva Junction Blok D No. 32
Gading Serpong, Tangerang,
Banten 15334
T. (021) 35293147

Semarang

Jl. Jati Raya No. D6,
Srandol Wetan, Banyumanik,
Semarang 50263
T. (024) 8415195

Salatiga

Jl. Diponegoro No. 68
Salatiga 50711
T. (0298) 313007

Solo

Jl. Ronggowarsito No. 34
Surakarta 57118
T. (0271) 3199090

Jambi

Jl. Orang Kayo Hitam No. 48 B
Jambi Timur 36123
T. (0741) 3068533