

## BUY (From HOLD)

Target Price (IDR) 915 (From 760)

Potential Upside (%) 12.3

### Price Comparison

Cons. Target Price (IDR) 965

SSI vs. Cons. (%) 94.9

### Stock Information

Last Price (IDR) 815

Shares Issued (Mn) 30,000

Market Cap. (IDR Bn) 24,450

52-Weeks High/Low (IDR) 1,020/630

3M Avg. Daily Value (IDR Bn) 17.6

Free Float (%) 22.4

### Shareholder Structure:

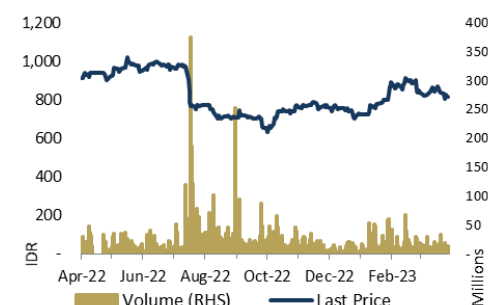
PT Hotel Candi Baru (%) 60.0

Affinity Equity Partners (%) 17.0

### Stock Performance

| (%)        | YTD   | 1M    | 3M   | 12M    |
|------------|-------|-------|------|--------|
| Absolute   | 7.9   | (2.4) | 11.6 | (10.4) |
| JCI Return | (0.3) | 2.8   | 2.8  | (5.6)  |
| Relative   | 8.3   | (5.2) | 8.9  | (4.8)  |

### Stock Price & Volumes, 12M



## Rebound After a Slump

After experiencing its first negative year in five years (mainly due to high base effect), we expect SIDO to bounce back in FY23F, with projected revenue growth of +10.8% YoY and net profit growth of +12.5% YoY. Some of the factors projected to boost SIDO's future performance include (i) better GPM, (ii) business expansion (expansion of distribution channels, online sales, and export destinations), (iii) promotion and product innovation. We reiterate our BUY rating on SIDO with a TP of IDR 915 (22.1x FY23F PE).

**FY23F projection.** SIDO reported a slight decline in revenue in FY22 (-3.9% yoy), its first negative year in five. It should be noted, however, that the slump was mainly caused by high base effect in 2021 (from the spike in demand for Covid-19-related healthcare products). Thus, we believe the slump is only temporary and the company will bounce back in FY23F, with projected revenue and net profit growth of +10.8% YoY and +12.5% YoY. We believe that all of SIDO's business segments will experience positive growth in FY23F, especially its herbal medicine and supplements segment (SIDO's main segment, 68% of revenue), supported by post-Covid-19 mobility recovery. We also expect to see improvements in SIDO's profit margins in FY23F, driven mainly by the drop in raw material prices for its food and beverage segment, including aspartame and citric acid (the drop in raw material prices had led to a +359bps qoq spike in the segment's 4Q22 GPM to 30.6%), while the GPM of herbal medicine and supplements segment is projected to remain stable and once again become SIDO's segment with the highest GPM segment (68%) supported by the stability of the price of raw materials coming from local farmers. However, we might see some qoq decline in SIDO's performance in 1Q23, mainly due to seasonality factor (the fourth quarter is usually the best quarter in terms of sales (contributing ~30% of SIDO's annual sales) due to increased demand for SIDO's herbal medicine products during the rainy season).

**Business expansion.** One of the factors that might help boost SIDO's future performance is the expansion of its distribution channels, both GT (156,000 outlets, +21,000 outlets in FY22) and MT (including Alfamart and Indomart). Not only that, but we also expect to see better online sales numbers from SIDO, both from B2C (e-commerce and sidomunculstore.com) and B2B (including from EMOS), with projected contribution to SIDO's FY23 sales of 3.5% (FY22: 2.5%). Regarding international sales, SIDO plans to expand its export destinations (to China and Vietnam in 1H23) and targets export sales to contribute 6% of its FY23F sales (FY22: 4.5%). Aside from expanding its distribution channels, SIDO will also continue to actively promote its products (A&P/sales ratio: ~10%) and launch new ones this year (the company launched seven new products in FY22). Lastly, SIDO had raised the price of its herbal medicine and supplements products in Dec-22, which should also boost its future revenue.

**BUY, TP IDR 915.** BUY, TP IDR 915. In light of the factors outlined above, we decided to upgrade our rating for SIDO to BUY (from HOLD) with a new TP of IDR 915 (prev: IDR 760), implying 22.1x FY23F PE (3-year PE average). Risk: a decline in people's purchasing power, raw material surge.

### Company Background

Founded in 1940, SIDO currently offers more than 300 products from various segments; herbal medicine and supplement, food and beverage, and pharmaceutical.



Pebe Peresia

+62 21 2854 8339

pebe.peresia@samuel.co.id

Ashalia Fitri

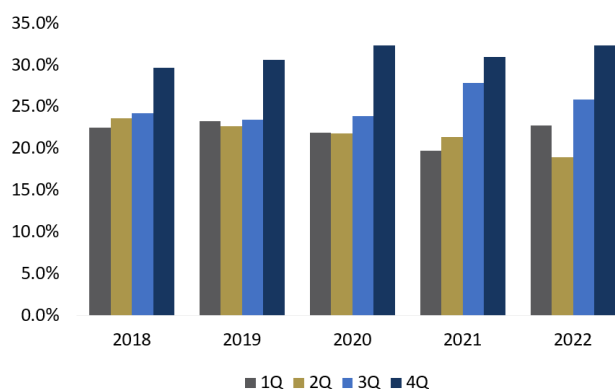
+62 21 2854 8389

ashalia.fitri@samuel.co.id

### Forecasts and Valuations (at IDR 815/share)

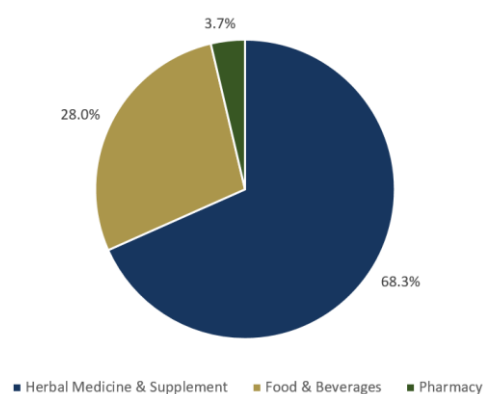
| Y/E Dec             | 20A   | 21A   | 22A   | 23F   | 24F   |
|---------------------|-------|-------|-------|-------|-------|
| Revenue (IDR Bn)    | 3,335 | 4,021 | 3,866 | 4,283 | 4,696 |
| EBITDA (IDR Bn)     | 1,231 | 1,669 | 1,485 | 1,641 | 1,810 |
| EV/EBITDA (x)       | 16.7  | 12.3  | 13.9  | 12.6  | 11.4  |
| Net Profit (IDR Bn) | 934   | 1,261 | 1,105 | 1,243 | 1,370 |
| EPS (IDR)           | 31.1  | 42.0  | 36.8  | 41.4  | 45.7  |
| EPS Growth (%)      | 15.6  | 35.0  | -12.4 | 12.5  | 10.2  |
| P/E Ratio (x)       | 23.1  | 17.1  | 19.6  | 17.4  | 15.8  |
| P/BV Ratio (x)      | 6.7   | 6.2   | 6.2   | 5.8   | 5.5   |

**Figure 1. SIDO Seasonality**



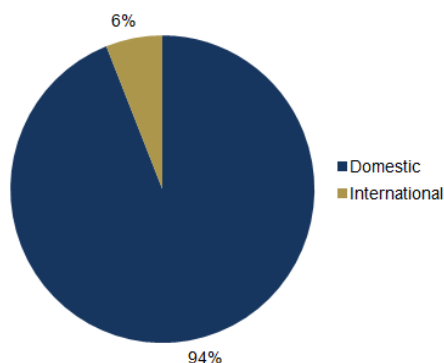
Source: Company

**Figure 2. Revenue Mix FY23F (Business Segments)**



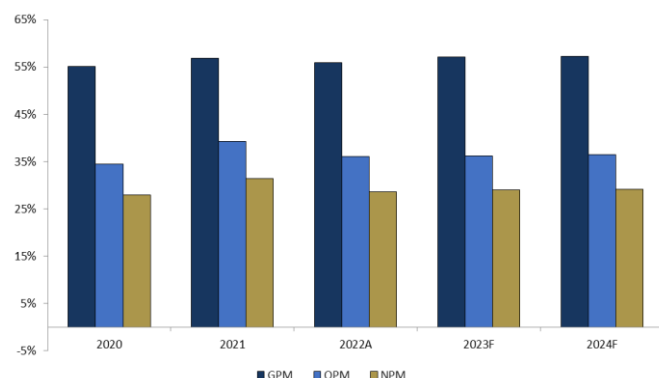
Source: Company, SSI Research

**Figure 3. Revenue Mix FY23F (Geography)**



Source: Company, SSI Research

**Figure 4. Profitability Margin**



Source: Company, SSI Research

## Key Financial Figures

| Profit and Loss          |              |              |              |              |              |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Y/E Dec (IDR Bn)         | 20A          | 21A          | 22A          | 23F          | 24F          |
| <b>Revenues</b>          | <b>3,335</b> | <b>4,021</b> | <b>3,866</b> | <b>4,283</b> | <b>4,696</b> |
| Cost of Goods Sold       | 1,497        | 1,735        | 1,703        | 1,839        | 2,011        |
| <b>Gross Profit</b>      | <b>1,839</b> | <b>2,286</b> | <b>2,163</b> | <b>2,444</b> | <b>2,685</b> |
| Operating Expense        | 688          | 709          | 770          | 896          | 975          |
| <b>Operating Profit</b>  | <b>1,151</b> | <b>1,577</b> | <b>1,393</b> | <b>1,547</b> | <b>1,710</b> |
| <b>EBITDA</b>            | <b>1,231</b> | <b>1,669</b> | <b>1,485</b> | <b>1,641</b> | <b>1,810</b> |
| Finance Income           | 49           | 37           | 28           | 46           | 46           |
| Finance Expenses         | 0.5          | 0.9          | 0.8          | 0.2          | 0.3          |
| <b>Pre-tax Profits</b>   | <b>1,200</b> | <b>1,613</b> | <b>1,420</b> | <b>1,593</b> | <b>1,756</b> |
| Income Tax               | 266          | 352          | 315          | 351          | 386          |
| <b>Profit for Period</b> | <b>934</b>   | <b>1,261</b> | <b>1,105</b> | <b>1,243</b> | <b>1,370</b> |
| Minority Interest        | -            | -            | -            | -            | -            |
| <b>Net Profit</b>        | <b>934</b>   | <b>1,261</b> | <b>1,105</b> | <b>1,243</b> | <b>1,370</b> |

| Balance Sheet                    |              |              |              |              |              |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Y/E Dec (IDR Bn)                 | 20A          | 21A          | 22A          | 23F          | 24F          |
| Cash & equivalents               | 1032         | 1082         | 923          | 928          | 919          |
| Receivables                      | 664          | 664          | 687          | 761          | 834          |
| Others                           | 356          | 498          | 585          | 630          | 687          |
| <b>Total Current Asset</b>       | <b>2,052</b> | <b>2,245</b> | <b>2,194</b> | <b>2,319</b> | <b>2,440</b> |
| Net Fixed Asset                  | 1,568        | 1,588        | 1,611        | 1,711        | 1,817        |
| Other Non-Current Asset          | 229          | 236          | 276          | 290          | 305          |
| <b>Total Assets</b>              | <b>3,850</b> | <b>4,069</b> | <b>4,081</b> | <b>4,320</b> | <b>4,562</b> |
| ST. Bank loan                    | -            | -            | -            | -            | -            |
| Payables                         | 204          | 189          | 209          | 226          | 247          |
| Other current Liabilities        | 356          | 354          | 330          | 345          | 362          |
| <b>Total Current Liabilities</b> | <b>560</b>   | <b>543</b>   | <b>541</b>   | <b>574</b>   | <b>613</b>   |
| LT. Debt                         | -            | -            | -            | -            | -            |
| Other LT Liabilities             | 68           | 54           | 35           | 44           | 55           |
| <b>Total Liabilities</b>         | <b>628</b>   | <b>598</b>   | <b>576</b>   | <b>618</b>   | <b>667</b>   |
| Minority Interest                | -            | -            | -            | -            | -            |
| <b>Total Equity</b>              | <b>3,222</b> | <b>3,471</b> | <b>3,505</b> | <b>3,702</b> | <b>3,894</b> |

| Cash Flow                  |              |                |                |                |                |
|----------------------------|--------------|----------------|----------------|----------------|----------------|
| Y/E Dec (IDR Bn)           | 20A          | 21A            | 22A            | 23F            | 24F            |
| Net Profit                 | 934          | 1,261          | 1,105          | 1,243          | 1,370          |
| D&A                        | 80           | 92             | 92             | 94             | 100            |
| Others                     | 22           | (154)          | (90)           | (86)           | (92)           |
| <b>Operating Cash Flow</b> | <b>1036</b>  | <b>1199</b>    | <b>1107</b>    | <b>1250</b>    | <b>1378</b>    |
| Capital Expenditure        | (106)        | (114)          | (118)          | (191)          | (203)          |
| Others                     | 11           | (10)           | (61)           | (5)            | (4)            |
| <b>Investing Cash Flow</b> | <b>(95)</b>  | <b>(124)</b>   | <b>(180)</b>   | <b>(196)</b>   | <b>(206)</b>   |
| Net - Borrowing            | -            | -              | -              | -              | -              |
| Other Financing            | (775)        | (1,025)        | (1,088)        | (1,049)        | (1,181)        |
| <b>Financing Cash Flow</b> | <b>(775)</b> | <b>(1,025)</b> | <b>(1,088)</b> | <b>(1,049)</b> | <b>(1,181)</b> |
| Net - Cash Flow            | 166          | 50             | -161           | 5              | -9             |
| Cash at beginning          | 865          | 1032           | 1082           | 923            | 928            |
| Cash at ending             | 1032         | 1082           | 923            | 928            | 919            |

| Key Ratios              |      |      |      |      |      |
|-------------------------|------|------|------|------|------|
| Y/E Dec                 | 20A  | 21A  | 22A  | 23F  | 24F  |
| Gross Profit Margin (%) | 55.1 | 56.9 | 55.9 | 57.1 | 57.2 |
| Operating Margin (%)    | 34.5 | 39.2 | 36.0 | 36.1 | 36.4 |
| EBITDA Margin (%)       | 36.9 | 41.5 | 38.4 | 38.3 | 38.5 |
| Pre-Tax Margin (%)      | 36.0 | 40.1 | 36.7 | 37.2 | 37.4 |
| Net Profit Margin (%)   | 28.0 | 31.4 | 28.6 | 29.0 | 29.2 |
| Debt to Equity (%)      | n.a  | n.a  | n.a  | n.a  | n.a  |

| Major Assumption |      |      |      |      |     |
|------------------|------|------|------|------|-----|
|                  | 20A  | 21A  | 22A  | 23F  | 24F |
| Sales Growth (%) | 8.8  | 20.6 | -3.9 | 10.8 | 9.6 |
| Inflation (%)    | 1.7  | 1.9  | 6.4  | 4.9  | 4.9 |
| GDP (%)          | -2.1 | 3.7  | 3.9  | 4.0  | 4.0 |

| Research Team                   |  |                                |                 |
|---------------------------------|--|--------------------------------|-----------------|
| Prasetya Gunadi                 | Head of Equity Research, Strategy, Banking, Digital Banks    | prasetya.gunadi@samuel.co.id   | +6221 2854 8320 |
| Lionel Priyadi                  | Macro Equity Strategist                                      | lionel.priyadi@samuel.co.id    | +6221 2854 8854 |
| Muhamad Alfatih, CSA, CTA, CFTe | Senior Technical Analyst                                     | m.alfatih@samuel.co.id         | +6221 2854 8129 |
| William Mamudi, CFTe, CMT, CCT  | Senior Technical Analyst                                     | william.mamudi@samuel.co.id    | +6221 2854 8382 |
| Yosua Zisokhi                   | Cement , Cigarette, Paper, Plantation,Telco Infra, Chemicals | yosua.zisokhi@samuel.co.id     | +6221 2854 8387 |
| M. Farras Farhan                | Media, Poultry, Oil & Gas, Technology                        | farras.farhan@samuel.co.id     | +6221 2854 8346 |
| Pebe Peresia                    | Automotive, Consumer Staples, Retail                         | pebe.peresia@samuel.co.id      | +6221 2854 8339 |
| Juan Oktavianus Harahap         | Coal, Metal Mining   | juan.oktavianus@samuel.co.id   | +6221 2854 8846 |
| Jonathan Guyadi                 | Banking, Healthcare, Telco                                   | jonathan.guyadi@samuel.co.id   | +6221 2854 8321 |
| Adolf Richardo                  | Editor   | adolf.richardo@samuel.co.id    | +6221 2864 8397 |
| Ashalia Fitri Yuliana           | Research Associate   | ashalia.fitri@samuel.co.id     | +6221 2854 8389 |
| Abraham Timothy                 | Research Associate   | abraham.timothy@samuel.co.id   | +6221 2854 8322 |
| Daniel Aditya Widjaja           | Research Associate   | daniel.aditya@samuel.co.id     | +6221 2854 8322 |
| Laurencia Hiemas                | Research Associate   | laurencia.hiemas@samuel.co.id  | +6221 2854 8392 |
| Brandon Boedhiman               | Research Associate   | brandon.boedhiman@samuel.co.id | +6221 2854 8392 |

| Equity Institutional Team |                                    |                                 |                 |
|---------------------------|------------------------------------|---------------------------------|-----------------|
| Benny Bambang Soebagjo    | Head of Institutional Equity Sales | benny.soebagjo@samuel.co.id     | +6221 2854 8312 |
| Ronny Ardianto            | Institutional Equity Sales         | ronny.ardianto@samuel.co.id     | +6221 2854 8399 |
| Anthony Yunus             | Institutional Equity Sales         | anthony.yunus@samuel.co.id      | +6221 2854 8314 |
| Widya Meidrianto          | Institutional Equity Sales         | widya.meidrianto@samuel.co.id   | +6221 2854 8317 |
| Fachruly Fiater           | Institutional Sales Trader         | fachruly.fiater@samuel.co.id    | +6221 2854 8325 |
| Lucia Irawati             | Institutional Sales Trader         | lucia.irawati@samuel.co.id      | +6221 2854 8173 |
| Alexander Tayus           | Institutional Equity Dealer        | alexander.tayus@samuel.co.id    | +6221 2854 8319 |
| Leonardo Christian        | Institutional Equity Dealer        | leonardo.christian@samuel.co.id | +6221 2854 8147 |

| Equity Retail Team  |                                 |                                |                 |
|---------------------|---------------------------------|--------------------------------|-----------------|
| Joseph Soegandhi    | Head of Equity                  | joseph.soegandhi@samuel.co.id  | +6221 2854 8872 |
| Damargumilang       | Head of Equity Retail           | damargumilang@samuel.co.id     | +6221 2854 8309 |
| Denzel Obaja        | Head of Community & Partnership | denzel.obaja@samuel.co.id      | +6221 2854 8342 |
| Clarice Wijana      | Head of Equity Sales Support    | clarice.wijana@samuel.co.id    | +6221 2854 8395 |
| Gitta Wahyu Retnani | Equity Sales & Trainer          | gitta.wahyu@samuel.co.id       | +6221 2854 8365 |
| Vincentius Darren   | Equity Sales                    | darren@samuel.co.id            | +6221 2854 8348 |
| Michael Alexander   | Equity Sales                    | michael.alexander@samuel.co.id | +6221 2854 8369 |
| Sylviawati          | Equity Sales                    | sylviawati@samuel.co.id        | +6221 2854 8112 |
| Wandha Ahmad        | Equity Sales                    | wandha.ahmad@samuel.co.id      | +6221 2854 8316 |
| Handa Sandiawan     | Equity Sales                    | handa.sandiawan@samuel.co.id   | +6221 2854 8302 |
| Wahyudi Budiyo      | Dealer                          | wahyudi.budiyo@samuel.co.id    | +6221 2854 8152 |

| Fixed Income Sales Team  |                      |                               |                 |
|--------------------------|----------------------|-------------------------------|-----------------|
| R. Virine Tresna Sundari | Head of Fixed Income | virine.sundari@samuel.co.id   | +6221 2854 8170 |
| Rudianto Nugroho         | Fixed Income Sales   | rudianto.nugroho@samuel.co.id | +6221 2854 8306 |
| Sany Rizal Keliobas      | Fixed Income Sales   | sany.rizal@samuel.co.id       | +6221 2854 8337 |
| Safitri                  | Fixed Income Sales   | safitri@samuel.co.id          | +6221 2854 8376 |
| Khairanni                | Fixed Income Sales   | khairanni@samuel.co.id        | +6221 28548104  |
| Nadya Attahira           | Fixed Income Sales   | nadya.attahira@samuel.co.id   | +6221 2854 8305 |

**DISCLAIMER:** Analyst Certification: The views expressed in this research accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s) principally responsible for the preparation of this research has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. This document is for information only and for the use of the recipient. It is not to be reproduced or copied or made available to others. Under no circumstances is it to be considered as an offer to sell or solicitation to buy any security. Any recommendation contained in this report may not be suitable for all investors. Moreover, although the information contained herein has been obtained from sources believed to be reliable, its accuracy, completeness and reliability cannot be guaranteed. All rights reserved by PT Samuel Sekuritas Indonesia.