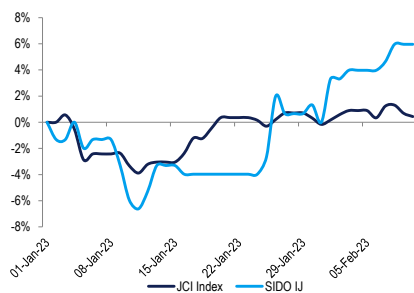


Stock Data

Target price	Rp900
Prior TP	Rp900
Current price	Rp800
Upside/downside	+12.5%
Shares outstanding (mn)	30,227
Market cap (Rp bn)	24,000
Free float	22%
Avg. 6m daily T/O (Rp bn)	20

Price Performance

	3M	6M	12M
Absolute	8.1%	4.6%	-14.4%
Relative to JCI	9.3%	8.5%	-15.3%
52w low/high (Rp)	635 – 1,050		



Major Shareholders

PT Hotel Candi Baru	60%
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4Q22 results: beat in earnings from strong qoq recovery

- FY22 net profit of Rp1.1tr came slightly above at 105/102% of ours/consensus estimates.
- 4Q22 sales/net profit grew 25/40% qoq, exceeding company's guidance of +20% qoq for sales/net profit growth.
- Reiterate our BUY call for SIDO with unchanged TP of Rp900

FY22 results: a slight beat amidst strong qoq jump in revenue

SIDO's FY22 net profit reached Rp1.1tr (-12.4% yoy), above ours/consensus FY22 estimate at 106/105% achievement. FY22 sales of Rp3.9tr was slightly above at 105/102% of ours/consensus FY22 estimate, with a lower blended gross margin of 55.9% in FY22 vs. 56.9% in FY21 (higher input costs in F&B segment). Additionally, we note that SIDO's total opex/sales ratio climbed to 20.4% in FY22 from 18.1% in FY21, the increase of which is attributed by salaries in G&A of +18.6% yoy and higher advertising and promotion/sales ratio of +46bps yoy.

4Q22 results: strong qoq rebound & almost matched 4Q21's high base

In 4Q22, SIDO's sales/net profit grew by 0.6/-2.8% yoy and 25.0/39.8% qoq, which was above company's guidance of +20% qoq for both sales/net profit growth. Worth mentioning that herbal segment posted a robust sales growth of +46.3% qoq and even surpassed 4Q21's Covid-19 high base period by 5.6%. The herbal segment also booked GPM of 70.2%, up from 67.1/66.6% in 4Q21/3Q22 - this the highest ever recorded by SIDO on a quarterly basis. On the other hand, 4Q22 food & beverage's sales dropped by -15.3/-17.3% yoy/qoq, albeit with gross margin improvement of +360bps qoq to 30.6% from declining raw material cost.

Brighter FY23 outlook

Following 4Q22 result announcement, management shared their FY23 guidance of >10% growth for sales and net profit. Sales growth would be driven by a combination of new product launch (Alang Sari up to 2% of sales); Higher export contribution of 6-7% from FY22's 5-6%, from 4Q22's low base in Nigeria's export (election period) and exploration of essential oil new export markets in USA and Asia; and ASP adjustment for herbal done in Dec22 (>5%). With FY22 result, we fine tune our FY23F forecast with sales/net profit of Rp4.3/1.2tr (+3.8/1.6% from previously).

Reiterate our BUY call with unchanged TP of Rp900

We reiterate our BUY call for SIDO following the FY22 result beat, with unchanged TP of Rp900 pegged to 22x FY23F P/E (+1SD 5-year mean).

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Revenue	4,021	3,866	4,285	4,761	5,250
EBITDA	1,654	1,375	1,640	1,825	2,006
EBITDA growth	33%	-17%	19%	11%	10%
Net profit	1,261	1,105	1,234	1,376	1,510
EPS (Rp)	42	36	41	46	50
EPS growth	34.2%	-12.6%	13.1%	11.5%	9.8%
ROE	37.7%	31.7%	34.5%	36.8%	38.8%
PER (x)	19.2	22.0	19.5	17.4	15.9
Dividend yield	4.2%	4.5%	4.5%	5.1%	5.6%
Forecast change			2%	2%	N/A
IPS vs. consensus			103%	104%	95%

Source: Company, Indo Premier

Share price closing as of: 10 February 2023

Fig. 1: SIDO 4Q22 result summary

(Rp bn)	4Q22	4Q21	% YoY	3Q22	% QoQ	12M22	12M21	% YoY	Prev. FY22F	Comment
Net sales	1,252	1,245	0.6%	1,002	25.0%	3,866	4,021	-3.9%	3,687	Above at 105/102% of our and consensus' estimates
COGS	(483)	(520)		(463)		(1,703)	(1,735)			
Gross profit	769	724	6.2%	539	42.7%	2,163	2,286	-5.4%		
Operating cost	(276)	(226)		(197)		(788)	(726)			
EBIT	493	498	-1.0%	342	44.0%	1,375	1,560	-11.9%	1,285	Above at 107/105% of our and consensus' estimates
Others	2	7		10		45	53			
PBT	495	505	-2.0%	352	40.4%	1,420	1,613	-12.0%		
Tax	(110)	(109)		(77)		(315)	(352)			
Net profit	384	395	-2.8%	275	39.8%	1,105	1,261	-12.4%	1,045	Above at 106/105% of our and consensus' estimates
Margin (%)				7.63%						
Gross margin	61.4%	58.2%		53.8%		55.9%	56.9%			
EBIT margin	39.4%	40.0%		34.2%		35.6%	38.8%			
Net margin	30.7%	31.8%		27.4%		28.6%	31.4%			
Segment information										
Revenue										
Herbal medicine and supplement	977	926	5.6%	668	46.3%	2,633	2,694	-2.2%		
Food and beverages	246	291	-15.3%	298	-17.3%	1,089	1,190	-8.5%		
Pharmacy	28	28	0.8%	36	-21.7%	143	137	4.3%		
Gross profit										
Herbal medicine and supplement	686	621	10.4%	445	54.2%	1,788	1,817	-1.6%		
Food and beverages	75	94	-19.4%	80	-6.3%	322	420	-23.2%		
Pharmacy	8	9	-13.1%	14	-42.9%	53	50	6.0%		
GPM										
Herbal medicine and supplement	70.2%	67.1%		66.6%		67.9%	67.4%			
Food and beverages	30.6%	32.2%		27.0%		29.6%	35.3%			
Pharmacy	27.7%	32.2%		38.0%		36.8%	36.2%			

Source: Company, Indo Premier

Fig. 2: Forecast changes

	Previous		Current			
	2023F	2024F	2023F	2024F	2023F	2024F
Financial Perform. (Rp bn)						
Net sales	4,127	4,586	4,285	4,761	3.8%	3.8%
Gross profit	2,295	2,558	2,427	2,706	5.8%	5.8%
EBIT	1,509	1,682	1,540	1,717	2.0%	2.1%
EBITDA	1,616	1,798	1,640	1,825	1.4%	1.5%
Net profit	1,214	1,354	1,234	1,376	1.6%	1.6%
EPS (Rp)	40	45	41	46	1.6%	1.6%
Profitability (%)						
Gross margin	55.6%	55.8%	56.7%	56.8%	1.1%	1.1%
EBIT margin	36.6%	36.7%	35.9%	36.1%	-0.6%	-0.6%
Net profit margin	29.4%	29.5%	28.8%	28.9%	-0.6%	-0.6%
Sales breakdown						
Herbal medicine and supplement	2,745	3,047	2,897	3,215	5.5%	5.5%
Food and beverages	1,226	1,367	1,231	1,372	0.4%	0.4%
Pharmacy	155	171	157	173	1.3%	1.3%
GPM per segment						
Herbal medicine and supplement	67.0%	67.1%	68.0%	68.1%	1.0%	1.0%
Food and beverages	32.3%	32.8%	32.6%	33.1%	0.3%	0.3%
Pharmacy	38.2%	38.2%	35.8%	35.8%	-2.4%	-2.4%

Source: Company, Indo Premier

Fig. 3: SIDO is currently trading at 19.5x 12M forward P/E, or around 0.3 s.d. above its historical 5-year mean of 18.4x



Source: Bloomberg, Company, Indo Premier

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net revenue	4,021	3,866	4,285	4,761	5,250
Cost of sales	(1,735)	(1,703)	(1,857)	(2,055)	(2,263)
Gross profit	2,286	2,163	2,427	2,706	2,988
SG&A Expenses	(726)	(788)	(888)	(989)	(1,098)
Operating profit	1,560	1,375	1,540	1,717	1,890
Net interest	37	27	46	52	52
Others	17	18	0	0	0
Pre-tax income	1,613	1,420	1,586	1,769	1,941
Income tax	(352)	(315)	(352)	(393)	(431)
Net income	1,261	1,105	1,234	1,376	1,510

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash & equivalent	1,082	923	1,032	1,033	1,035
Receivable	667	689	751	834	919
Inventory	455	543	413	457	503
Other current assets	41	40	40	40	40
Total current assets	2,245	2,194	2,235	2,363	2,497
Fixed assets	1,588	1,611	1,711	1,803	1,886
Other non-current assets	91	91	91	91	91
Total non-current assets	1,824	1,887	1,987	2,079	2,163
Total assets	4,069	4,081	4,222	4,442	4,659
ST loans	0	0	0	0	0
Payable	189	209	217	240	264
Other payables	190	176	119	132	146
Current portion of LT loans	0	0	0	0	0
Total current liab.	543	541	533	588	646
Long term loans	0	0	0	0	0
Other LT liab.	54	35	36	37	39
Total liabilities	598	576	569	626	685
Equity	2,148	2,152	2,152	2,152	2,152
Retained earnings	1,323	1,354	1,501	1,665	1,822
Minority interest	0	0	0	0	0
Total SHE + minority int.	3,471	3,505	3,653	3,816	3,974
Total liabilities & equity	4,069	4,081	4,222	4,442	4,659

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net income	1,261	1,105	1,234	1,376	1,510
Depr. & amortization	92	185	100	108	116
Changes in working capital	(162)	(261)	60	(71)	(74)
Others	3	5	0	0	0
Cash flow from operating	1,194	1,033	1,393	1,413	1,553
Capital expenditure	(112)	(115)	(200)	(200)	(200)
Others	(20)	(60)	1	1	1
Cash flow from investing	(132)	(175)	(199)	(199)	(199)
Loans	0	0	0	0	0
Equity	(58)	3	0	0	0
Dividends	(1,018)	(1,086)	(1,086)	(1,213)	(1,353)
Others	65	13	0	0	0
Cash flow from financing	(1,011)	(1,070)	(1,086)	(1,213)	(1,353)
Changes in cash	50	(212)	109	1	1

Key Ratios	2021A	2022A	2023F	2024F	2025F
Gross margin	56.9%	55.9%	56.7%	56.8%	56.9%
Operating margin	38.8%	35.6%	35.9%	36.1%	36.0%
Pre-tax margin	40.1%	36.7%	37.0%	37.2%	37.0%
Net margin	31.4%	28.6%	28.8%	28.9%	28.8%
ROA	31.8%	27.1%	29.2%	31.0%	32.4%
ROE	37.7%	31.7%	34.5%	36.8%	38.8%
Acct. receivables TO (days)	30.5	33.6	33.6	33.6	33.6
Acct. receivables - other TO (days)	29.9	30.1	30.1	30.1	30.1
Inventory TO (days)	80.6	106.9	81.1	81.1	81.1
Payable TO (days)	41.4	42.7	42.7	42.7	42.7
Acct. payables - other TO (days)	2.4	2.6	2.6	2.6	2.6
Debt to equity	0.0%	0.0%	0.0%	0.0%	0.0%
Interest coverage ratio (x)	1809.8	1762.4	NA	NA	NA
Net gearing	-31.2%	-26.3%	-28.2%	-27.1%	-26.0%

Source: Company, Indo Premier

INVESTMENT RATINGS

BUY : Expected total return of 10% or more within a 12-month period
HOLD : Expected total return between -10% and 10% within a 12-month period
SELL : Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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