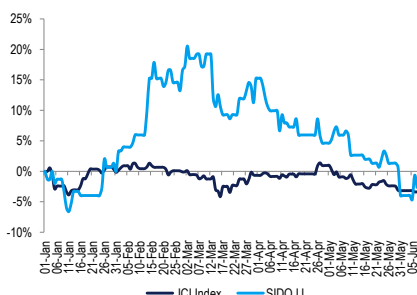


Stock Data

Target price	Rp900
Prior TP	Rp900
Current price	Rp735
Upside/downside	+22.4%
Shares outstanding (mn)	30,227
Market cap (Rp bn)	22,050
Free float	22%
Avg. 6m daily T/O (Rp bn)	15

Price Performance

	3M	6M	12M
Absolute	-18.3%	-2.0%	-22.2%
Relative to JCI	-16.2%	2.0%	-16.1%
52w low/high (Rp)	635 – 1,000		



Major Shareholders

PT Hotel Candi Baru	60%
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Lukito Supriadi

PT Indo Premier Sekuritas
lukito.supriadi@ipc.co.id
+62 21 5088 7168 ext. 716

Andrianto Saputra

PT Indo Premier Sekuritas
andrianto.saputra@ipc.co.id
+62 21 5088 7168 ext. 712

Recent pullback amid index exclusion but fundamentals remain intact

- SIDO's share price has dropped by -8.1/-18.3% in the past 1M/3M due to recent exclusion from top 30 Sharia index.
- Escalating sugar price of +19.0/+11.7% yoy/qoq is not a major concern for SIDO as sugar accounts for less than 10% of its COGS
- SIDO's recent updates indicate that fundamentals remain intact; Reiterate our BUY call for SIDO with unchanged TP of Rp900

Recent correction was attributed to top 30 Sharia index exclusion

SIDO's share price has declined -8.1/-18.3% in the past 1M/3M, lagging other staples peers performance of +2.7/+8.4% (1M/3M). Notably, the more recent retracement is likely to be caused by technical factors of top 30 Sharia index exclusion effective in Jun23.

Rising sugar price is not a major concern while Apr indicative sell-out performance also paints a rosier sales outlook

Recent discussions with investors indicate some concerns on escalating sugar prices (+19.0% yoy). However, given that sugar account for less than 10% of SIDO COGS, it does not represent a major concern for SIDO. Sugar is mostly used in SIDO's F&B segments' ginger coffee and milk products, while its herbal segments' usage of sugar is quite minimal. Indicative demand for April was good based on sell-out performance, particularly after the disbursement of THR and encouraging improvement from the softness in Mar23; but Apr23 sell-in was disrupted logistically due to the Lebaran holidays and is expected to normalize in May23. Domestically, management is somewhat cautious on grassroot demand while export initiatives such as appointment of new distributor in Philippines are well on progress with more evident contribution starting in 3Q23. SIDO expects export sales to grow to 8-9% of total sales contribution in FY23F (vs c.6% in 1Q23).

Maintain our BUY call with TP of Rp900

In sum, we believe that SIDO's fundamentals remain intact and we remain confident that management shall be able to exceed its FY23F guidance of >10% yoy growth for both sales and net profit. We reiterate our BUY call for SIDO with unchanged TP of Rp900. SIDO currently trades at 17.9x FY23F P/E and is one of the lowest among other consumer peers such as MYOR/KLBF/UNVR which trades at 24.3/24.4/28.5x FY23F P/E. Additionally, both domestic and foreign institutional holdings (Fig 4-5) have also declined in May23 from Mar/Apr23 and is close to its lows in Dec22/Jan23 levels potentially implying limited downside from current levels.

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)	17.7	20.2	17.9	16.0	14.6
Dividend yield	4.6%	4.9%	4.9%	5.5%	6.1%
Forecast change			0%	0%	0%
IPS vs. consensus			101%	100%	98%

Source: Company, Indo Premier

Share price closing as of: 7 June 2023

Fig. 1: Indonesia's staples valuation summary

Ticker	Rating	Current Target		Earnings yoy		P/E		ROE	
		price (Rp)	price (Rp)	2023F	2024F	2023F	2024F	2023F	2024F
MYOR	BUY	2,670	3,400	53.0%	17.7%	24.3	20.7	18.7%	19.2%
ICBP	BUY	11,300	13,100	38.7%	11.1%	13.0	11.7	25.4%	24.0%
INDF	BUY	7,450	9,800	11.3%	12.7%	6.4	5.7	17.3%	18.3%
SIDO	BUY	735	900	11.7%	11.5%	17.9	16.0	34.5%	36.8%
KLBF	HOLD	2,050	2,400	16.3%	16.5%	24.4	21.0	16.8%	17.5%
UNVR	BUY	4,570	5,600	14.1%	13.5%	28.5	25.1	139.9%	134.5%
Simple average				24.2%	13.8%	19.1	16.7	42.1%	41.7%

Source: Bloomberg, Company, Indo Premier

Fig. 2: Indonesia's staples share performance summary

Indonea's staples share performance summary						
	Last price (Rp)	1M	3M	6M	YTD	12M
KLBF IJ	2,050	-4.7%	-1.4%	1.0%	-1.9%	28.5%
MYOR IJ	2,670	1.1%	-1.1%	5.1%	6.8%	58.0%
ICBP IJ	11,300	3.9%	13.3%	9.4%	13.0%	31.8%
INDF IJ	7,450	11.2%	19.2%	8.8%	10.8%	7.6%
UNVR IJ	4,570	1.8%	12.0%	-2.8%	-2.8%	-3.4%
Simple average		2.7%	8.4%	4.3%	5.2%	24.5%
SIDO IJ	735	-8.1%	-18.3%	-2.6%	-2.6%	-25.4%

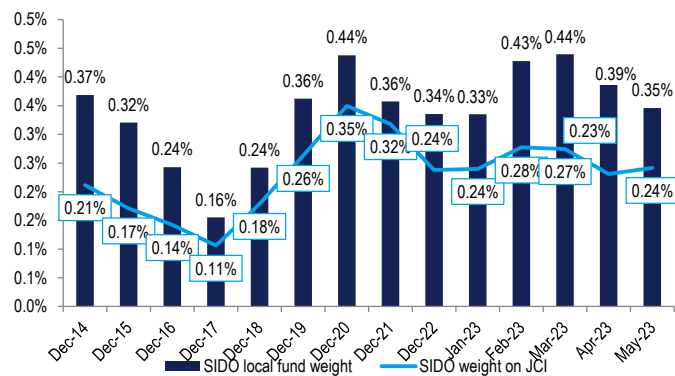
Source: Bloomberg, Indo Premier (as of 7 Jun 23)

Fig. 3: SIDO is currently trading at 16.7x 12M forward P/E, or around 0.4 s.d. below its historical 5-year mean of 18.4x



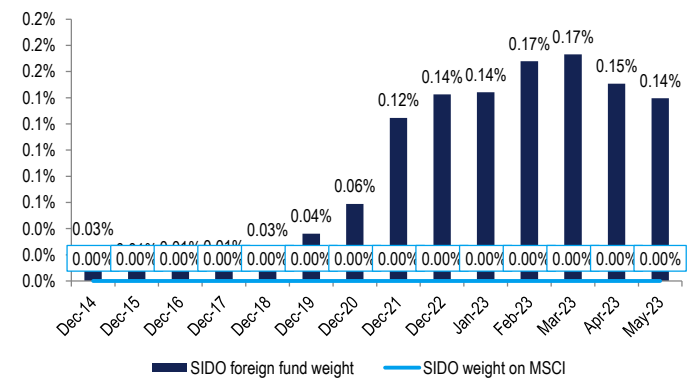
Source: Bloomberg, Company, Indo Premier

Fig. 4: SIDO local fund weight vs. JCI



Source: KSEI, Indo Premier

Fig. 5: SIDO foreign fund weight vs. MSCI



Source: Euromonitor, 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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