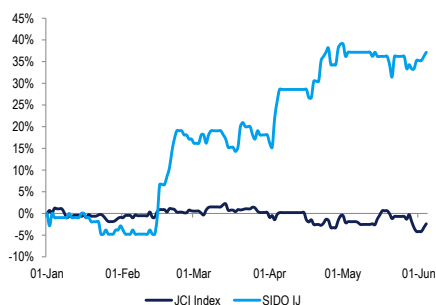


Stock Data

Target price	Rp890
Prior TP	Rp890
Current price	Rp720
Upside/downside	+23.6%
Shares outstanding (mn)	30,000
Market cap (Rp bn)	21,600
Free float	22%
Avg. 6m daily T/O (Rp bn)	31

Price Performance

	3M	6M	12M
Absolute	16.1%	35.8%	0.0%
Relative to JCI	18.6%	35.8%	-7.0%
52w low/high (Rp)	486 – 765		



Major Shareholders

PT Hotel Candi Baru	77.6%
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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

Robust double digit sales growth outlook; maintain BUY

- Apr-May24 indicative sales run-rate indicated double digit yoy growth, with stable qoq segmental margins outlook.
- Direct minimarket distribution shall imply higher sales channel productivity with better GPM (c.15/30bps in FY24/25F).
- We maintain our BUY call for SIDO with unchanged TP of Rp890.

Apr-May24 run-rate continues to be strong

Our discussion with Pak Budiyanto (newly appointed CFO on 15th May24) indicated Apr-May24 sales run-rate of double digit growth despite the longer terms of payment (c.2 weeks) given to sub-distributors at end of Mar24, just ahead of the Lebaran holidays. In 2Q24F QTD, Kuku Bima grew faster than Tolak Angin given the hot weather backdrop. Hence, while segmental margins are expected to be stable (slight fluctuations on utilization), 2Q24F product mix may imply a slightly lower qoq blended GPM for SIDO. Notably, we expect a significant yoy improvement due to low GPM base in 2Q23.

Export market aimed to contribute c.15% of sales in the next 3-5 years

Export market continues to print strong sales run-rate, with >30% yoy growth in Apr24. Management aims for export to contribute c.15% of sales in the next 3-5 years (vs. current c.7% of sales). SIDO discussed the export market is more receptive toward energy drinks and candy products compared to herbal products as herbal products have stricter regulatory requirements and the overseas market is generally not very familiar with SIDO's key herbal product "Tolak Angin". Upcoming initiative is to introduce Tolak Angin candy in Philippines in 3Q24F.

Minimarket distribution shall be directly handled by SIDO

Additionally, starting 1st of May24 SIDO directly handled the distribution to Alfamart. A similar arrangement is planned to follow for Indomaret starting 1st of Jul24. Previously, distribution to minimarkets was being done through SIDO's sub-distributors. Minimarket sales account for 7-9% of SIDO's sales or about half of total Modern Trade (MT)'s sales contribution. This shall translate to slight margin uptick of c.15/30bps for FY24/25F accounting for the savings of distribution fee (via sub-dist.) of 3-5%. More importantly, this bodes well for overall sales as SIDO's direct handling shall result in better product availability, which used to be an issue in the past for MT.

Maintain our BUY call with unchanged TP of Rp890

In sum, we maintain our BUY call with unchanged TP of Rp890 based on 22.0x FY24F PE (+0.5s.d from its 5 year average). On the other hand, we noted that institutional ownership remains largely stable with slight uptick observed in foreign institutional ownership (Fig. 2-3).

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Revenue	3,866	3,566	3,995	4,376	4,701
EBITDA	1,470	1,347	1,615	1,765	1,896
Net profit	1,105	951	1,212	1,322	1,416
EPS (Rp)	37	32	40	44	47
EPS growth	-12.4%	-13.9%	27.5%	9.1%	7.1%
ROE	31.3%	28.8%	35.0%	37.6%	41.0%
PER (x)	19.6	22.7	17.8	16.3	15.3
Dividend yield	5.0%	4.9%	4.9%	6.3%	6.9%
Forecast change			0%	0%	0%
IPS vs. consensus			104%	105%	100%

Source: Company, Indo Premier

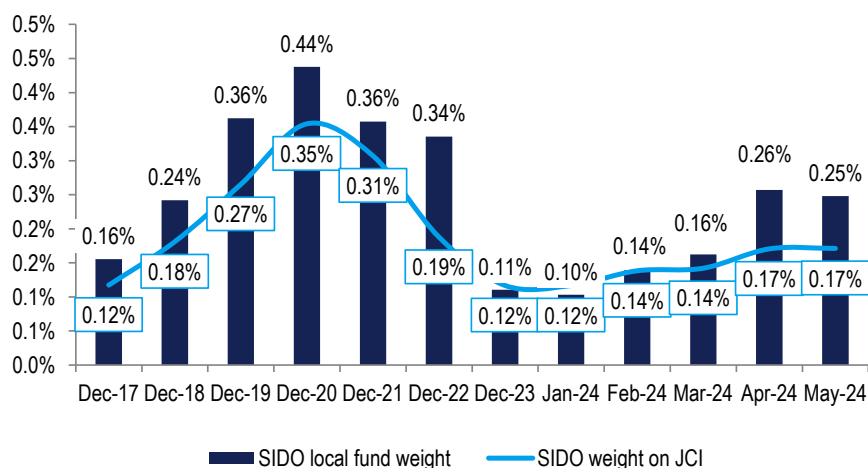
Share price closing as of: 04 Jun 2024

Fig. 1: SIDO is currently trading at 17.4x 12M forward P/E, or around 0.7 s.d. below its historical 5-year mean



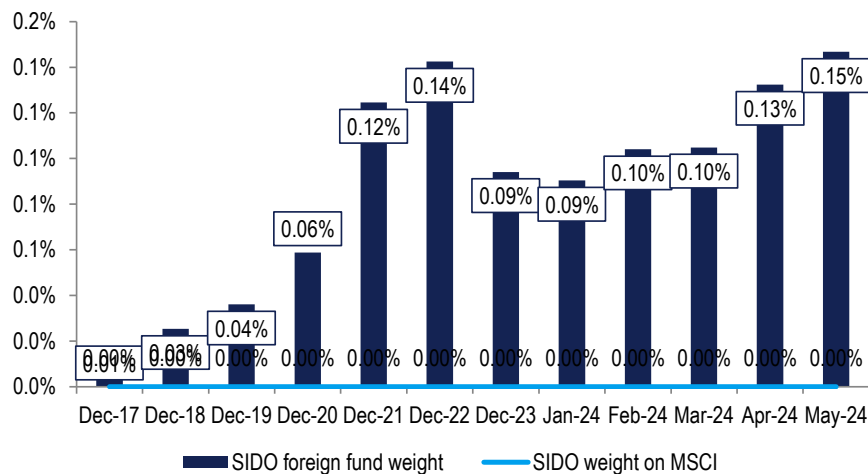
Source: Bloomberg, Company, Indo Premier

Fig. 2: SIDO's local fund ownership



Source: KSEI, Indo Premier

Fig. 3: SIDO's foreign fund ownership



Source: KSEI, Indo Premier

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net revenue	3,866	3,566	3,995	4,376	4,701
Cost of sales	(1,697)	(1,547)	(1,629)	(1,784)	(1,914)
Gross profit	2,169	2,019	2,366	2,592	2,787
SG&A Expenses	(794)	(775)	(853)	(937)	(1,010)
Operating profit	1,375	1,244	1,513	1,655	1,777
Net interest	27	29	42	41	39
Others	18	(53)	0	0	0
Pre-tax income	1,420	1,220	1,555	1,696	1,817
Income tax	(315)	(269)	(343)	(374)	(401)
Net income	1,105	951	1,212	1,322	1,416

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	923	830	906	711	504
Receivable	689	791	828	907	974
Inventory	543	408	362	396	425
Other current assets	40	38	38	38	38
Total current assets	2,194	2,067	2,134	2,052	1,941
Fixed assets	1,611	1,555	1,659	1,748	1,830
Other non-current assets	91	91	91	91	91
Total non-current assets	1,887	1,824	1,928	2,018	2,100
Total assets	4,081	3,891	4,062	4,070	4,041
ST loans	0	0	0	0	0
Payable	209	187	209	229	245
Other payables	176	141	109	119	128
Current portion of LT loans	0	0	0	0	0
Total current liab.	541	462	488	533	572
Long term loans	0	0	0	0	0
Other LT liab.	35	43	44	46	47
Total liabilities	576	505	532	579	620
Equity	2,152	2,152	2,152	2,152	2,152
Retained earnings	1,354	1,234	1,380	1,341	1,272
Minority interest	0	0	0	0	0
Total SHE + minority int.	3,505	3,386	3,532	3,493	3,424
Total liabilities & equity	4,081	3,891	4,064	4,072	4,043

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net income	1,105	951	1,212	1,322	1,416
Depr. & amortization	185	287	100	110	118
Changes in working capital	(261)	(307)	34	(67)	(57)
Others	5	6	0	0	0
Cash flow from operating	1,033	937	1,346	1,365	1,477
Capital expenditure	(115)	(161)	(204)	(200)	(200)
Others	(60)	(45)	1	2	2
Cash flow from investing	(175)	(206)	(202)	(198)	(198)
Loans	0	0	0	0	0
Equity	3	3	0	0	0
Dividends	(1,086)	(1,068)	(1,068)	(1,361)	(1,485)
Others	13	31	0	0	0
Cash flow from financing	(1,070)	(1,034)	(1,068)	(1,361)	(1,485)
Changes in cash	(212)	(303)	75	(195)	(207)

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	56.1%	56.6%	59.2%	59.2%	59.3%
Operating margin	35.6%	34.9%	37.9%	37.8%	37.8%
Pre-tax margin	36.7%	34.2%	38.9%	38.8%	38.6%
Net margin	28.6%	26.7%	30.3%	30.2%	30.1%
ROA	27.1%	23.8%	29.8%	32.5%	35.0%
ROE	31.3%	28.8%	35.0%	37.6%	41.0%
Acct. receivables TO (days)	33.6	34.7	34.7	34.7	34.7
Acct. receivables - other TO (days)	30.1	40.8	40.8	40.8	40.8
Inventory TO (days)	107.3	112.2	81.1	81.1	81.1
Payable TO (days)	42.8	46.8	46.8	46.8	46.8
Acct. payables - other TO (days)	2.6	2.2	2.2	2.2	2.2
Debt to equity	0.0%	0.0%	0.0%	0.0%	0.0%
Interest coverage ratio (x)	1762.4	1826.3	NA	NA	NA
Net gearing	-26.3%	-24.5%	-25.6%	-20.4%	-14.7%

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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