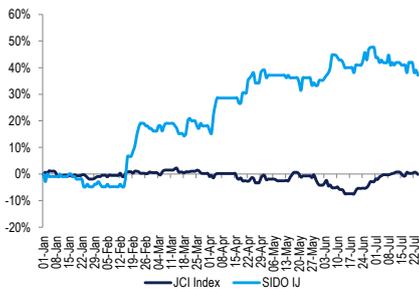


Stock Data

Target price	Rp890
Prior TP	Rp890
Current price	Rp720
Upside/downside	+23.6%
Shares outstanding (mn)	30,227
Market cap (Rp bn)	21,600
Free float	22%
Avg. 6m daily T/O (Rp bn)	24

Price Performance

	3M	6M	12M
Absolute	0.7%	44.0%	3.6%
Relative to JCI	-1.4%	43.9%	-1.4%
52w low/high (Rp)	486 – 775		



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

2Q24 results: beat with stellar top-line growth & margin improvement

- SIDO booked 1H24 net profit of Rp608bn (+36% yoy) and this was above ours/consensus expectation at 50/53% (vs. 5yr avg of 43%).
- 2Q24 continued the strong revenue growth trend of +13% yoy along with sustained margin improvement.
- Maintain our BUY call for SIDO with unchanged TP of Rp890.

1H24 net profit came above expectations

SIDO booked 1H24 net profit of Rp608bn (+36% yoy), above ours/consensus expectation at 50/53% (vs. 5yr avg of 43%). Sales grew to Rp1.9tr (+15% yoy) also exceeding ours/consensus expectations at 47/48% vs. 5yr avg. of 44%. GPM improved significantly to 58.2% (+513bps yoy) on the back of raw material cost normalization especially for F&B segment. On the other hand, opex/sales ratio was stable at 18.5%. Below the operating line, lower forex loss (Rp18bn vs. Rp37bn in 1H23) and higher interest income (Rp23bn, +47% yoy) also supported the overall profit growth.

Robust 2Q24 result on the back of stellar FnB segments performance

2Q24 saw top line growth of 13% yoy, despite the longer terms of payment given to sub-distributors at the end of 1Q24. Segmentally, F&B was the growth driver with +21% yoy driven by strong energy drink sales (new distributors for export and aided by the hot weather locally). On the other hand, herbal segment grew +8% yoy. Blended GPM reached 56.8% in 2Q24 representing a significant improvement of +393bps yoy due to raw material cost normalization, but a decline of -258bps qoq due to product mix changes and lower utilization in 2Q24. Opex/sales ratio slightly rose to 25.9% (vs. 24.7% in 2Q23) due to higher A&P spending (14.4% of sales, vs 2Q23's 9.6%) arising from higher TV commercials spending both locally and abroad. In sum, this has led to a robust net profit growth of +47.5% yoy for 2Q24.

Maintain our BUY call with unchanged TP of Rp890

The La Nina weather phenomenon shall be supportive of SIDO's herbal products sales for 3Q24F, in contrast to 3Q23's prolonged dry weather which shrank Tolak Angin demand at that time. Additionally, management's strong execution in its export initiatives (targeted to contribute c.15% of sales in the next 3-5 years vs. 1H24's 8%) is one of the key growth driver for SIDO in FY24F and beyond. Separately, we expect a slight margin improvement in 2H24 as SIDO starts to handle minimarket distribution directly. Hence, we reiterate our BUY call with unchanged TP of Rp890.

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
EBITDA growth	-11%	-8%	20%	9%	7%
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
EV/EBITDA (x)	14.1	15.4	12.8	11.8	11.1
Dividend yield	5.0%	4.9%	4.9%	6.3%	6.9%
Forecast change			0%	0%	0%
IPS vs. consensus			105%	105%	100%

Source: Company, Indo Premier

Share price closing as of: 24 July 2024

Fig. 1: SIDO 2Q24 result summary

(Rp bn)	2Q24	2Q23	% YoY	1Q24	% QoQ	1H24	1H23	% YoY	IPS FY24F	% IPS	Cons FY24F	% Cons	5Yr avg.
Net sales	843	746	12.9%	1,053	-20.0%	1,896	1,654	14.7%	3,995	47%	3,950	48%	44%
COGS	(365)	(352)		(428)		(793)	(776)						
Gross profit	478	394	21.3%	625	-23.5%	1,104	878	25.8%					
Operating cost	(218)	(184)		(133)		(352)	(305)						
EBIT	260	210	23.9%	492	-47.1%	752	572	31.4%	1,513	50%	1,476	51%	43%
Others	19	(12)		11		30	6						
PBT	279	198	41.1%	503	-44.5%	782	578	35.2%					
Tax	(61)	(50)		(112)		(173)	(130)						
Net profit	218	148	47.5%	390	-44.2%	608	448	35.8%	1,212	50%	1,157	53%	43%
Margin (%)													
Gross margin	56.8%	52.8%		59.3%		58.2%	53.1%						
EBIT margin	30.9%	28.1%		46.7%		39.6%	34.6%						
Net margin	25.9%	19.8%		37.1%		32.1%	27.1%						
Segment information													
Revenue													
Herbal medicine and supplement	487	450	8.1%	627	-22.4%	1,114	1,003	11.0%					
Food and beverages	321	264	21.2%	396	-19.1%	717	595	20.4%					
Pharmacy	36	32	12.3%	30	17.6%	66	55	20.0%					
Gross profit													
Herbal medicine and supplement	338	299	13.1%	448	-24.6%	786	673	16.8%					
Food and beverages	127	84	51.2%	166	-23.4%	293	187	56.3%					
Pharmacy	14	12	18.3%	11	19.3%	25	17	44.9%					
GPM													
Herbal medicine and supplement	69.4%	66.4%		71.5%		70.6%	67.1%						
Food and beverages	39.6%	31.7%		41.8%		40.8%	31.4%						
Pharmacy	38.3%	36.4%		37.8%		38.1%	31.5%						

Source: Company, Indo Premier

Fig. 2: SIDO is currently trading at 16.9x 12M forward P/E, or around 0.8 s.d. below its historical 5-year mean



Source: Bloomberg, Company, 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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