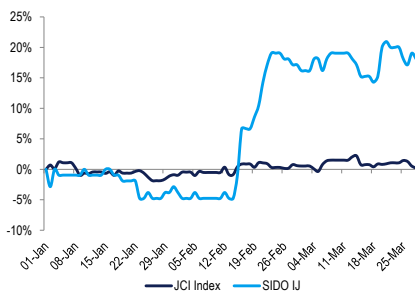


Stock Data

Target price	Rp890
Prior TP	Rp700
Current price	Rp725
Upside/downside	+22.7%
Shares outstanding (mn)	30,227
Market cap (Rp bn)	21,750
Free float	22%
Avg. 6m daily T/O (Rp bn)	19

Price Performance

	3M	6M	12M
Absolute	45.0%	22.9%	-11.6%
Relative to JCI	46.0%	18.2%	-15.1%
52w low/high (Rp)	486 – 820		



Major Shareholders

PT Hotel Candi Baru	77.6%
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1Q24: strong profit beat from robust sales growth and margin improvement

- SIDO delivered 1Q24 net profit of Rp390bn (+30% yoy) and came above ours/consensus expectation at 35/38% (vs. 5yr avg of 21%).
- 1Q24 GPM improved significantly to 59.3% (+608bps yoy) – above ours' (56.9%) and may be sustainable for the rest of the year.
- We upgrade FY24/25F earnings by +10/11% to reflect better margins. Maintain our BUY call for SIDO with higher TP of Rp890.

1Q24 net profit came above expectations

SIDO's 1Q24 net profit of Rp390bn (+30% yoy) was above ours/consensus expectations at 35/38% vs. 5yr average of 21%. Sales grew by +16.1% yoy driven by both domestic sales growths (c.15% yoy) on the back of election spending and social aid disbursement; and stellar export sales growth of 44% yoy which now contributed c.7% to total revenue. Notably, SIDO gave longer term of payment (c. 2 weeks) at end of Mar24 to ensure product availability during the Eid holidays. GPM's rose by +608bps yoy to 59.3% was driven by lower raw material costs for F&B segment and better economies of scale on positive volume growth across segments. On the other hand, opex/sales ratio improved from 13.3% in 1Q23 to 12.7% in 1Q24 on the back of strong sales growth. Total salary/sales ratio declined to 3.6% (vs. 1Q23's 4.3%), while A&P/sales actually rose to 5.7% yoy (vs. 1Q23's 3.8%). This led to a net profit margin expansion of +397bps yoy to 37.1% in 1Q24.

Highest ever GPM attainment on a segmental basis for herbal and F&B

Segmentally, herbal/F&B segments grew by +13.3/20% yoy. F&B segment's GPM improved significantly by +1061bps to 41.8% (a quarterly record high) on the back of lower cost inputs while herbal segments' GPM recorded a new high in 1Q24 at 71.5%. The strong set of margins is deemed to be sustainable and may further improve if sugar and coffee prices normalize.

Maintain our BUY call with higher TP of Rp890

In sum, we upgrade FY24/25F earnings by +10/11% to reflect a stronger growth outlook and higher margins. La Nina expectations in 2H24F (for herbal demand) along with robust Malaysia's export trend for energy drinks are among drivers for the rest of the year. SIDO's exposure to US\$-related cost is manageable at 20-30% of COGS and is more insulated to Rupiah depreciation against US\$ compared to peers. In sum, we maintain our BUY call following 1Q24's stellar results with a higher TP of Rp890 based on 22.0x FY24F PE (+0.5s.d from its 5 year average).

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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)	20.1	23.4	18.3	16.8	15.7
Dividend yield	4.9%	4.8%	4.8%	6.1%	6.7%
Forecast change			10%	11%	10%
IPS vs. consensus			117%	118%	113%

Source: Company, Indo Premier

Share price closing as of: 25 April 2024

Fig. 1: SIDO 1Q24 result summary

(Rp bn)	1Q24	1Q23	% YoY	4Q23	% QoQ	IPS FY24F	% IPS	Cons FY24F	% Cons	5yr avg
Net sales	1,053	907	16.1%	1,205	-12.6%	3,871	27%	3,773	28%	23%
COGS	(428)	(424)		(454)						
Gross profit	625	483	29.4%	751	-16.7%					
Operating cost	(133)	(121)		(245)						
EBIT	492	362	35.7%	506	-2.9%	1,376	36%	1,309	38%	25%
Others	11	18		(41)						
PBT	503	380	32.2%	465	8.2%					
Tax	(112)	(80)		(101)						
Net profit	390	300	30.0%	364	7.3%	1,105	35%	1,036	38%	22%
Margin (%)										
Gross margin	59.3%	53.3%	6.1%	62.3%	-3.0%					
EBIT margin	46.7%	39.9%	6.7%	42.0%	4.7%					
Net margin	37.1%	33.1%	4.0%	30.2%	6.8%					
Segment information										
Revenue										
Herbal medicine and supplement	627	553	13.3%	893	-29.8%					
Food and beverages	396	331	19.8%	282	40.6%					
Pharmacy	30	23	30.6%	30	0.5%					
Gross profit										
Herbal medicine and supplement	448	374	19.7%	631	-29.0%					
Food and beverages	166	103	60.5%	110	51.3%					
Pharmacy	11	6	97.7%	10	14.8%					
GPM										
Herbal medicine and supplement	71.5%	67.6%	3.8%	70.7%	0.7%					
Food and beverages	41.8%	31.2%	10.6%	38.9%	2.9%					
Pharmacy	37.8%	24.9%	12.8%	33.1%	4.7%					

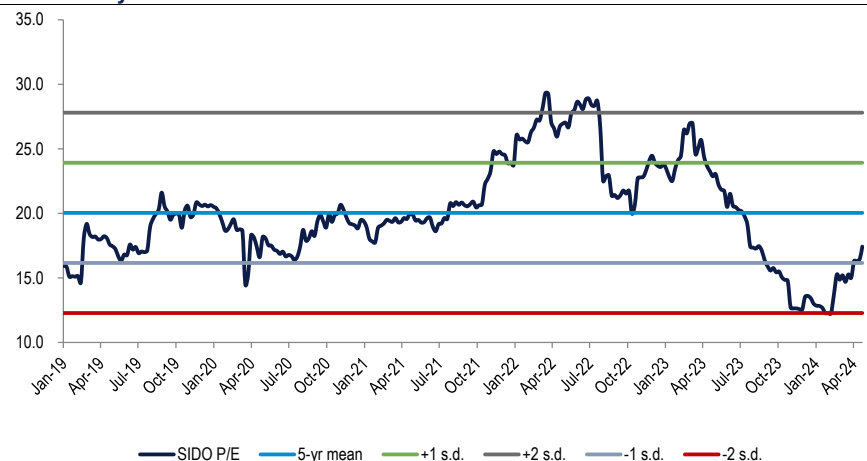
Source: Company, Indo Premier

Fig. 2: SIDO earnings changes

	Previous			Current			Changes		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Financial Perform. (Rp bn)									
Net sales	3,871	4,181	4,515	3,995	4,376	4,701	3.2%	4.7%	4.1%
Gross profit	2,202	2,384	2,580	2,366	2,592	2,787	7.4%	8.8%	8.0%
EBIT	1,376	1,488	1,610	1,513	1,655	1,777	10.0%	11.2%	10.4%
EBITDA	1,478	1,598	1,728	1,615	1,765	1,896	9.3%	10.5%	9.7%
Net profit	1,105	1,192	1,286	1,212	1,322	1,416	9.7%	10.9%	10.1%
EPS (Rp)	37	40	43	40	44	47	9.7%	10.9%	10.1%
Profitability (%)									
Gross margin	56.9%	57.0%	57.1%	59.2%	59.2%	59.3%	2.3%	2.2%	2.1%
EBIT margin	35.5%	35.6%	35.7%	37.9%	37.8%	37.8%	2.3%	2.2%	2.1%
Net profit margin	28.5%	28.5%	28.5%	30.3%	30.2%	30.1%	1.8%	1.7%	1.6%
Sales breakdown									
Herbal medicine and supplement	2,536	2,739	2,958	2,583	2,815	3,013	1.9%	2.8%	1.8%
Food and beverages	1,190	1,285	1,388	1,267	1,394	1,506	6.5%	8.5%	8.5%
Pharmacy	145	156	169	145	166	183	0.0%	6.5%	8.5%

Source: Company, Indo Premier

Fig. 3: 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

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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