

Buy

(Upgraded)

Last Price (Rp)	700		
Target Price (Rp)	810		
Previous Target Price (Rp)	710		
Upside/Downside	+15.7%		
No. of Shares (mn)	14,884		
Mkt Cap (Rpbn/US\$m)	10,419/641		
Avg, Daily T/O (Rpbn/US\$m)	26.2/1.6		
Free Float (%)	5.3		
Major Shareholder (%)			
Hotel Candi Baru	77.6		
Public	22.4		
EPS Consensus (Rp)			
	2024F	2025F	2026F
BRIDS	39.9	43.9	47.6
Consensus	38.7	42.2	47.0
BRIDS/Cons (%)	3.0	4.1	1.2

SIDO relative to JCI Index



Source: Bloomberg

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Sido Muncul (SIDO IJ)

Bright outlook post solid 1H24; upgrade to Buy

- Post robust 1H24, we raised our FY24-25F NP growth by 9.5-11%; expect solid volume growth and higher margins to support a strong 2H24.
- We expect rainy season and volume from direct distribution and export markets to support FY24 vol growth of +15% yoy (2018-13 avg 6%).
- We raise our rating to Buy with a higher TP of Rp810, as we expect robust FY24/25F NP growth of 26%/10% yoy, respectively.

We raise FY24-25F net profit by 9.5-11%

Following a robust 1H24, we raised our FY24-25F revenue by 9.5%-11%, supported by the expected continuation of strong sales in the F&B segment both in local and export markets. Additionally, the direct distribution to Alfamart and Indomaret, which began between May and Jul24, has boosted sales volume (around 5%). The export market also showed positive developments in 1H24, with strong demand for energy drinks, from Malaysia (4% contribution to 1H24 rev), Philippines (2% of total revenue with Tolak Angin products), and Nigeria (around 2% contribution), resulting in a 73% yoy growth in 1H24 export revenue. We expect lower input prices, especially for Taurine and Aspartame in F&B segment, along with a solid growth higher-margin Herbal segment, to sustain FY24-25F gross margin at 57.9%/57.8%, 20bps higher than our previous forecast. Despite our estimate of higher A&P spending (now 11% vs 10.3% prev) to support sales, we have raised our FY24-25F net profit by 9.5%/11% to Rp1.2tr/1.3tr, translating to 26% and 10% yoy growth, respectively.

Domestic and export to support growth

We expect La Nina and the rainy season in 2H24, coupled with higher volume turnover from Alfamart and Indomaret, to support sales volume. In the export market, SIDO aims to expand further into Vietnam as a new market, as well as other African countries. Domestically, SIDO reported solid demand for energy drinks (Kuku Bima), driven by extreme weather and increased activities in commodity business. However, SIDO remains cautious about the economic conditions and thus has maintained its FY24 top and bottom-line growth projections at above 10% yoy.

Upgrade rating to Buy with a higher TP of Rp810

In addition to our higher FY24-25F est., we also roll over our valuation to FY25, raising our DCF-based TP to Rp810 (FY25F PE of 18.5x) (WACC 10.2%, Terminal growth 3%). We expect continued strong growth in 2H24, supported by higher volume and export market growth, to sustain earnings and share price. The downside risks include lower volume from export and domestic markets and above-expectation A&P spending, which may hamper earnings.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	3,866	3,566	4,152	4,573	4,969
EBITDA (Rpbn)	1,279	1,140	1,384	1,521	1,650
EBITDA Growth (%)	(12.7)	(10.9)	21.4	9.9	8.5
Net Profit (Rpbn)	1,105	951	1,197	1,316	1,427
EPS (Rp)	36.8	31.7	39.9	43.9	47.6
EPS Growth (%)	(12.4)	(13.9)	25.9	10.0	8.4
BVPS (Rp)	116.8	112.9	116.2	119.5	122.9
DPS (Rp)	33.2	30.1	36.6	40.5	44.3
PER (x)	19.0	22.1	17.5	16.0	14.7
PBV (x)	6.0	6.2	6.0	5.9	5.7
Dividend yield (%)	4.7	4.3	5.2	5.8	6.3
EV/EBITDA	15.7	17.7	14.6	13.3	12.3

Source: SIDO, BRIDS Estimates

Brighter outlook post solid 1H24; upgrade to Buy

1H24 earnings: Strong delivery

SIDO reported a strong 1H24 core profit (+31% yoy), driven by a 15% yoy revenue growth, gross margin improvement (58.2% vs 1H23: 53.1%), and manageable opex. By end of Jun24, F&B segment (38% contribution to 1H24 rev.) was the revenue driver, with a 20% yoy growth. The Herbal segment reported an 11% yoy growth in the same period. In 1H24, SIDO reported a lower forex loss of Rp18bn (vs Rp37bn in 1H23) due to better receivable management from the export market. Export revenue provided an 8% contribution to 1H24 rev. with 73% yoy growth. The 1H24 net profit was 56% of our previous FY24F (i.e. slightly above) and 53% of consensus, i.e. broadly inline.

Exhibit 1. SIDO 2Q24 Earnings Result

SIDO IJ	1H23	1H24	yoy	2Q23	1Q24	2Q24	yoy	qoq	2024F	A/F	A/C
Revenue (Rpbn)	1,654	1,896	15%	746	1,053	843	12.9%	-20.0%	3,763	50.4%	48.0%
COGS	776	793	2%	352	428	365	3.5%	-14.9%	1,590		
Gross profit	878	1,104	26%	394	625	478	21.3%	-23.5%	2,173	50.8%	47.9%
Opex	305	352	15%	184	133	218	18.4%	63.5%	794		
Operating profit	572	752	31%	210	492	260	23.9%	-47.1%	1,379	54.5%	50.9%
Pretax profit	578	782	35%	198	503	279	41.1%	-44.5%	1,403		
Net profit	448	608	36%	148	390	218	47.5%	-44.2%	1,093	55.7%	52.6%
Gross margin	53.1%	58.2%		52.8%	59.3%	56.8%			57.7%		
Opex to revenue	18.5%	18.5%		24.7%	12.7%	25.9%			21.1%		
Operating margin	34.6%	39.6%		28.1%	46.7%	30.9%			36.6%		
Pretax margin	34.9%	41.2%		26.5%	47.7%	33.1%			37.3%		
Net margin	27.1%	32.1%		19.8%	37.1%	25.9%			29.1%		
By divisions											
	1H23	1H24	yoy	2Q23	1Q24	2Q24	yoy	qoq			
Revenue (Rpbn)											
Herbal	1,003	1,114	11%	450	627	487	8.1%	-22.4%			
F&B	595	717	20%	264	396	321	21.2%	-19.1%			
Pharmacy	55	66	20%	32	30	36	12.3%	17.6%			
Gross margin											
Herbal	67.1%	70.6%		66.4%	71.5%	69.4%					
F&B	31.4%	40.8%		31.7%	41.8%	39.6%					
Pharmacy	31.5%	38.1%		36.4%	37.8%	38.3%					

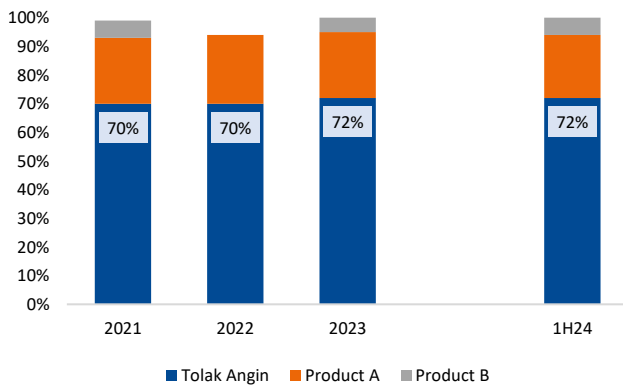
Source: Company, BRIDS Estimates, Bloomberg

Exhibit 2. SIDO estimates revision

Rpbn	Old			New			Changes		
	2024F	2025F	2026F	2024F	2025F	2026F	2024	2025	2026
Revenue	3,763	4,082	4,495	4,152	4,573	4,969	10.3%	12.0%	10.5%
Gross profit	2,173	2,363	2,608	2,403	2,648	2,875	10.6%	12.1%	10.2%
Operating profit	1,379	1,501	1,659	1,499	1,652	1,792	8.7%	10.0%	8.0%
Net profit	1,093	1,186	1,304	1,197	1,316	1,427	9.5%	11.0%	9.5%
Gross margin	57.7%	57.9%	58.0%	57.9%	57.9%	57.9%			
Operating margin	36.6%	36.8%	36.9%	36.1%	36.1%	36.1%			
Net margin	29.1%	29.1%	29.0%	28.8%	28.8%	28.7%			
Changes in assumption									
Blended Vol	4.4%	6.2%	7.8%	15.2%	7.6%	6.1%			
Blended ASP	1.9%	2.9%	2.9%	2.0%	2.9%	2.9%			
Volume - Herbal	4.1%	6.1%	9.2%	10.2%	6.1%	5.1%			
ASP growth - Herbal	1.5%	3.0%	3.0%	1.5%	3.0%	3.0%			
Revenue growth - F&B	5.5%	7.0%	5.5%	26.7%	12.2%	9.6%			
A&P/revenue	10.3%	10.3%	10.3%	11.0%	11.0%	11.0%			

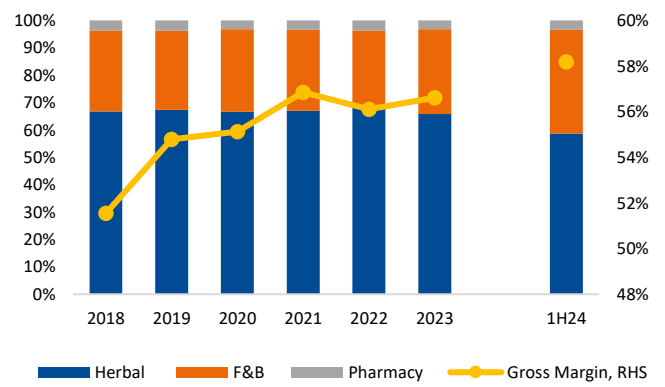
Source: BRIDS Estimates

Exhibit 3. Market Share of Tolak Angin, FY21-1H24



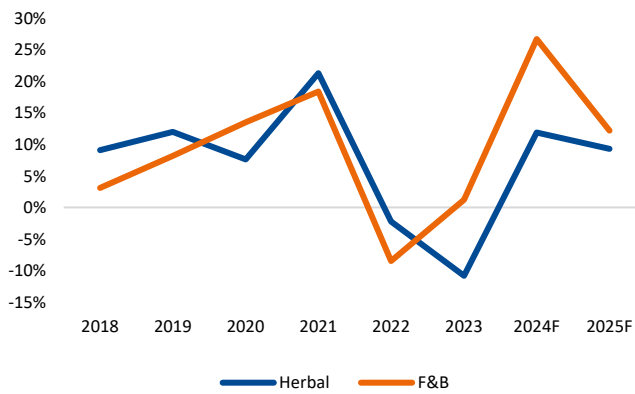
Source: Company, BRIDS

Exhibit 4. Revenue Contribution and Gross Margin



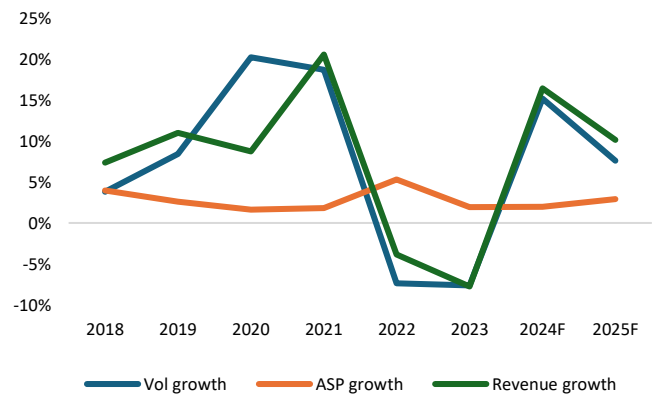
Source: Company, BRIDS

Exhibit 5. Revenue Growth of Herbal and F&B, FY20-25F



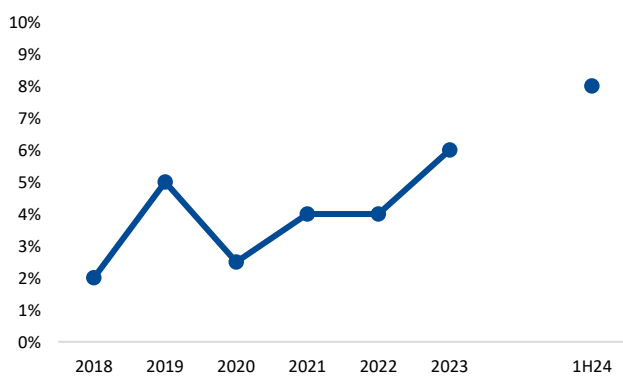
Source: Company, BRIDS Estimates

Exhibit 6. Vol, ASP and Revenue Growth, FY18-25F



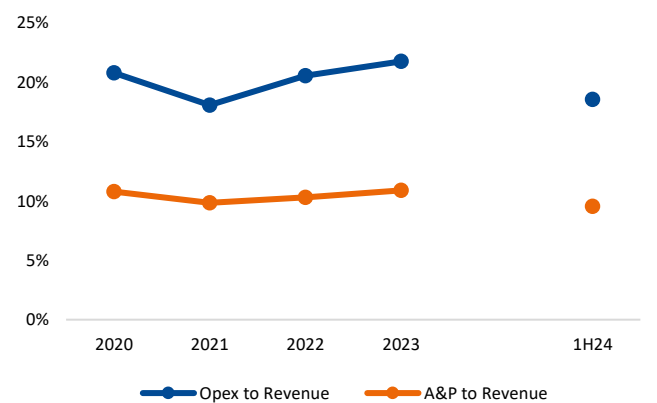
Source: Company, BRIDS Estimates

Exhibit 7. Export Contribution, FY20-1H24



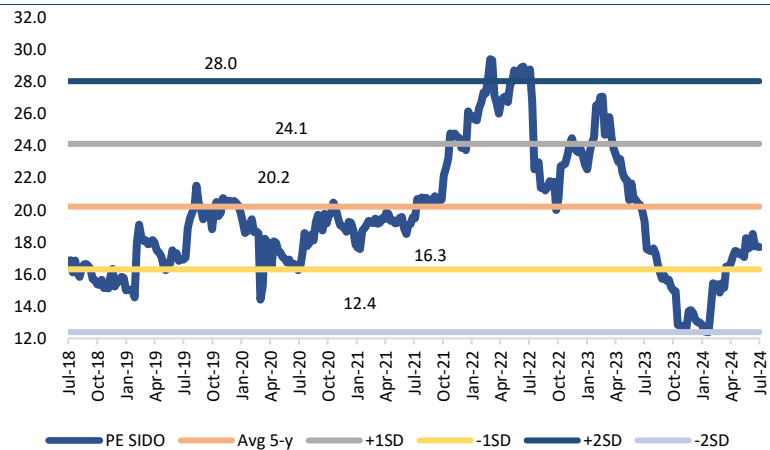
Source: Company, BRIDS

Exhibit 8. Opex and A&P to Revenue, FY20-1H24



Source: Company, BRIDS

Exhibit 9. SIDO's PE Band



Source: Bloomberg, Company, BRIDS Estimates

Exhibit 10. SIDO Peers Comparison

Ticker	Rec	Target	Market Cap	P/E (x)		P/BV (x)		ROE (%)	Dividend yield (%)	EPS growth (%)		Core profit growth (%)	
		(Rp)	(RpBn)	2024F	2025F	2024F	2025F	2024F	2024F	2024F	2025F	2024F	2025F
ICBP IJ	Buy	12,900	126,530	12.9	11.5	2.7	2.4	22.3	3.7	40.3	11.7	8.3	8.8
UNVR IJ	Sell	2,300	94,990	20.9	20.7	27.9	27.8	133.8	4.8	(5.5)	1.1	(5.5)	1.1
KLBF IJ	Buy	1,600	74,530	26.2	24.2	3.3	3.1	12.9	2.0	3.0	8.3	(2.1)	9.5
INDF IJ	Buy	8,000	53,560	5.5	5.0	0.8	0.7	15.5	5.4	19.0	11.4	19.3	6.3
MYOR IJ	Buy	3,200	56,790	16.9	15.6	3.4	3.0	21.1	2.8	5.3	8.1	(2.2)	11.3
SIDO IJ	Buy	810	21,000	17.5	16.0	6.0	5.9	34.8	5.2	25.9	10.0	9.4	8.8
Sector - weighted				16.8	15.7	8.3	8.1	44.6	3.8	15.6	8.3	3.6	7.4

Source: BRIDS Estimates, Bloomberg

Exhibit 11. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	3,866	3,566	4,152	4,573	4,969
COGS	(1,697)	(1,547)	(1,749)	(1,925)	(2,094)
Gross profit	2,169	2,019	2,403	2,648	2,875
EBITDA	1,279	1,140	1,384	1,521	1,650
Oper. profit	1,375	1,244	1,499	1,652	1,792
Interest income	28	29	26	26	26
Interest expense	(1)	(1)	(1)	(2)	(2)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	18	(53)	12	13	14
Pre-tax profit	1,420	1,220	1,536	1,689	1,831
Income tax	(315)	(269)	(339)	(372)	(404)
Minority interest	0	0	0	0	0
Net profit	1,105	951	1,197	1,316	1,427
Core Net Profit	1,105	951	1,197	1,316	1,427

Exhibit 12. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	923	830	736	724	741
Receivables	689	791	920	1,014	1,101
Inventory	543	408	462	508	553
Other Curr. Asset	40	38	44	48	52
Fixed assets - Net	1,611	1,555	1,605	1,611	1,594
Other non-curr.asset	276	269	299	320	339
Total asset	4,081	3,891	4,065	4,226	4,381
ST Debt	0	0	0	0	0
Payables	221	194	219	241	263
Other Curr. Liabilities	320	268	312	343	373
Long Term Debt	0	3	4	4	5
Other LT. Liabilities	35	39	46	51	55
Total Liabilities	576	505	581	640	695
Shareholder's Funds	3,505	3,386	3,485	3,586	3,686
Minority interests	0	0	0	0	0
Total Equity & Liabilities	4,081	3,891	4,065	4,226	4,381

Exhibit 13. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	1,105	951	1,197	1,316	1,427
Depreciation and Amort.	92	102	115	131	142
Change in Working Capital	(89)	5	(158)	(118)	(111)
Other Oper. Cash Flow	(46)	(67)	2	(5)	(6)
Operating Cash Flow	1,062	992	1,157	1,325	1,452
Capex	(115)	(46)	(166)	(137)	(124)
Others Inv. Cash Flow	(33)	29	14	17	18
Investing Cash Flow	(148)	(17)	(152)	(120)	(106)
Net change in debt	(2)	3	1	0	0
New Capital	4	0	0	0	0
Dividend payment	(996)	(903)	(1,098)	(1,215)	(1,328)
Other Fin. Cash Flow	(80)	(168)	(1)	(2)	(2)
Financing Cash Flow	(1,074)	(1,068)	(1,099)	(1,216)	(1,329)
Net Change in Cash	(159)	(93)	(94)	(12)	17
Cash - begin of the year	1,082	923	830	736	724
Cash - end of the year	923	830	736	724	741

Exhibit 14. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	(3.9)	(7.8)	16.4	10.1	8.6
EBITDA	(12.7)	(10.9)	21.4	9.9	8.5
Operating profit	(11.9)	(9.5)	20.5	10.2	8.5
Net profit	(12.4)	(13.9)	25.9	10.0	8.4
Profitability (%)					
Gross margin	56.1	56.6	57.9	57.9	57.9
EBITDA margin	33.1	32.0	33.3	33.3	33.2
Operating margin	35.6	34.9	36.1	36.1	36.1
Net margin	28.6	26.7	28.8	28.8	28.7
ROAA	27.1	23.8	30.1	31.8	33.2
ROAE	31.7	27.6	34.8	37.2	39.3
Leverage					
Net Gearing (x)	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)
Interest Coverage (x)	1,762.4	1,826.3	1,031.5	1,031.8	1,030.6

Source: SIDO, BRIDS Estimates

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INVESTMENT RATING

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

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