

# Hold

(Downgraded)

Last Price (Rp)	615
Target Price (Rp)	640
Previous Target Price (Rp)	810
Upside/Downside	+4.1%
No. of Shares (mn)	33,000
Mkt Cap (Rpbn/US\$m)	20,295/1,298
Avg. Daily T/O (Rpbn/US\$m)	23.0/1.5
Free Float (%)	5.3
Major Shareholder (%)	
Hotel Candi Baru	77.6
Public	22.4
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	34.6 37.6 40.9
Consensus	39.5 43.0 47.6
BRIDS/Cons (%)	(12.4) (12.6) (14.2)

## SIDO relative to JCI Index



Source: Bloomberg

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# Sido Muncul (SIDO IJ)

## Challenging 4Q24 ahead: Revised Forecasts and Downgrade rating to Hold

- We believe SIDO will require significant effort to achieve positive revenue growth in 4Q24, given the high base from 4Q23.
- We have trimmed our FY24/25F net profit by 13-14%, driven by lower revenue as we adopt a more conservative approach to volume and ASP.
- The upcoming rainy season serves as a positive catalyst. Downgrade to HOLD with a lower TP of Rp640, implying an FY25F PE of 17x.

### 3Q24: Soft Herbal revenue offset by lower opex, sustaining earnings growth

In 3Q24, SIDO's herbal rev. reported a disappointing growth of -4.5% yoy despite a low base in 3Q23. According to management, weak purchasing power and the prolonged dry season were key factors. On the other hand, F&B rev. for 3Q24 still grew 19.6% yoy, although down 16% qoq. Supported by a strong 1H24, total 9M24 rev. rose by 11% yoy. GPM showed a declining trend from 1Q24 to 9M24, impacted by product mix and partly by higher sugar prices for F&B. Lower opex/rev. helped support 9M24 net profit growth of 33% yoy to Rp778bn (65% of our prev. FY24F, slightly below the historical range of 69-75%).

### We lowered our FY24-25F net profit est. by 9.4%-10% on lower rev. and margins

We believe SIDO will require significant effort to achieve positive growth in 4Q24 through the "last bite" program, as it compares to a high base in 4Q23 (Rp1.2tr, the highest quarterly revenue, excluding the COVID periods in 4Q21 and 4Q22). Based on BMKG's forecast for increased rainfall beginning in Nov24, this will support our 4Q24 rev. at Rp925bn (-7.9% yoy), assuming no "last bite" program due to soft purchasing power. This results in FY24 rev. projection of Rp3.6tr (-0.4% yoy), a 14.5% downward revision from our prev. forecast. With an expected FY24 gross margin of 56% (Prev: 57.9%) and reduced A&P/revenue ratio of 10.3% (Prev: 11%), we lowered our FY24F NP by 13%, translating to FY24 NP growth of 9% yoy. For FY25, we also revised down our FY25 NP forecast by 14%, adopting a more conservative approach to vol. and ASP while maintaining GPM.

### Downgrade rating to Hold with lower TP of Rp640

SIDO reported that exports contributed 8% of rev. in 9M24 (FY23: 6%), with Malaysia accounting for 4% and the Philippines and Nigeria each contributing 1-2%. In light of our revised forecast, we lower our TP to Rp640, with an implied FY25F PE of 17x, and downgrade our recommendation to HOLD. Given soft purchasing power, we anticipate further headwinds to achieve strong growth in 4Q24. Key upside risks include robust growth and a sales recovery in 4Q24, supported by a strong and prolonged rainy season, providing an opportunity for the "last bite" program. However, downside risk is persistently weak purchasing power through the end of the year.

## Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	3,866	3,566	3,552	3,850	4,179
EBITDA (Rpbn)	1,279	1,140	1,173	1,273	1,388
EBITDA Growth (%)	(12.7)	(10.9)	2.9	8.5	9.1
Net Profit (Rpbn)	1,105	951	1,038	1,127	1,226
EPS (Rp)	36.8	31.7	34.6	37.6	40.9
EPS Growth (%)	(12.4)	(13.9)	9.1	8.6	8.8
BVPS (Rp)	116.8	112.9	115.7	118.6	121.5
DPS (Rp)	33.2	30.1	31.7	34.7	38.0
PER (x)	16.7	19.4	17.8	16.4	15.0
PBV (x)	5.3	5.4	5.3	5.2	5.1
Dividend yield (%)	5.4	4.9	5.2	5.6	6.2
EV/EBITDA	13.7	15.5	15.0	13.8	12.6

Source: SIDO, BRIDS Estimates

**Exhibit 1. SIDO 9M24/3Q24 Earnings Result**

SIDO IJ	9M23	9M24	yoy	3Q23	2Q24	3Q24	yoy	qoq	2024F	A/F	A/C
Revenue - Rpbn	2,361	2,627	11%	708	843	730	3.2%	-13.4%	3,552	74.0%	65.3%
COGS	1,093	1,139	4%	317	365	346	9.2%	-5.0%	1,559		
Gross profit	1,268	1,487	17%	390	478	384	-1.7%	-19.8%	1,993	74.6%	63.6%
Opex	530	519	-2%	225	218	167	-25.8%	-23.5%	707		
Operating profit	738	969	31%	165	260	217	31.3%	-16.7%	1,286	75.3%	64.9%
Pretax profit	755	998	32%	177	279	217	22.5%	-22.3%	1,331		
Net profit	587	778	33%	138	218	170	22.5%	-22.2%	1,038	75.0%	65.1%
<b>Gross margin</b>											
	53.7%	56.6%		55.2%	56.8%	52.6%			56.1%		
<b>Opex to revenue</b>											
	22.5%	19.7%		31.8%	25.9%	22.9%			19.9%		
<b>Operating margin</b>											
	31.2%	36.9%		23.4%	30.9%	29.7%			36.2%		
<b>Pretax margin</b>											
	32.0%	38.0%		25.0%	33.1%	29.7%			37.5%		
<b>Net margin</b>											
	24.8%	29.6%		19.6%	25.9%	23.2%			29.2%		
<b>By divisions</b>											
	9M23	9M24	yoy	3Q23	2Q24	3Q24	yoy	qoq			
<b>Revenue (Rpbn)</b>											
Herbal	1,455	1,545	6%	452	487	432	-4.5%	-11.3%			
F&B	820	986	20%	225	321	269	19.6%	-16.0%			
Pharmacy	85	95	12%	30	36	29	-3.9%	-18.7%			
<b>Gross margin</b>											
Herbal	67.0%	69.0%		66.9%	69.4%	64.9%					
F&B	32.2%	39.0%		34.2%	39.6%	34.1%					
Pharmacy	33.0%	38.7%		35.6%	38.3%	40.3%					

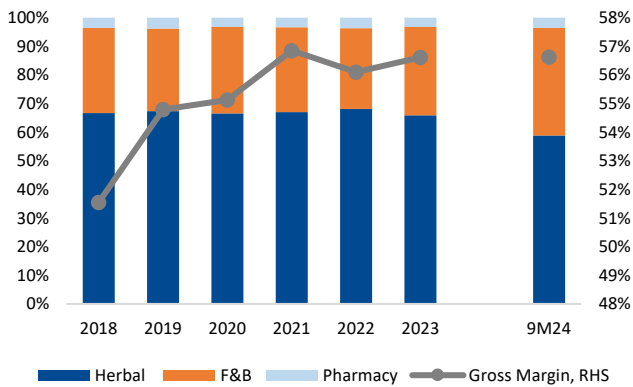
Source: Company, BRIDS Estimates, Bloomberg

**Exhibit 2. SIDO Earnings Estimates Revision**

Rpbn	Old			New			Changes			
	2024F	2025F	2026F	2024F	2025F	2026F	2024	2025	2026	
Revenue	4,152	4,573	4,969	3,552	3,850	4,179	-14.5%	-15.8%	-15.9%	
Gross profit	2,403	2,648	2,875	1,993	2,167	2,356	-17.1%	-18.2%	-18.0%	
Operating profit	1,499	1,652	1,792	1,286	1,399	1,524	-14.2%	-15.3%	-15.0%	
Net profit	1,197	1,316	1,427	1,038	1,127	1,226	-13.3%	-14.4%	-14.1%	
<b>Gross margin</b>										
	57.9%	57.9%	57.9%	56.1%	56.3%	56.4%				
<b>Operating margin</b>										
	36.1%	36.1%	36.1%	36.2%	36.3%	36.5%				
<b>Net margin</b>										
	28.8%	28.8%	28.7%	29.2%	29.3%	29.3%				
<b>Changes in assumption</b>										
Blended Vol	15.2%	7.6%	6.1%	-0.9%	7.0%	6.2%				
Blended ASP	2.0%	2.9%	2.9%	2.0%	2.0%	2.9%				
Volume - Herbal	10.2%	6.1%	5.1%	-7.7%	5.1%	5.1%				
ASP growth - Herbal	1.5%	3.0%	3.0%	1.5%	1.5%	3.0%				
A&P/revenue	11.0%	11.0%	11.0%	10.3%	10.3%	10.3%				

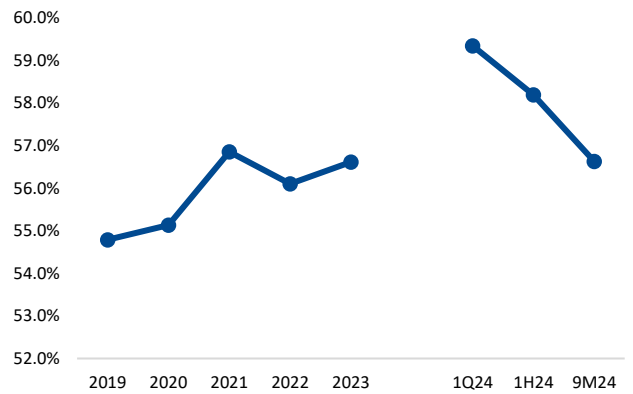
Source: BRIDS Estimates

**Exhibit 3. Revenue Contribution and Gross Margin**



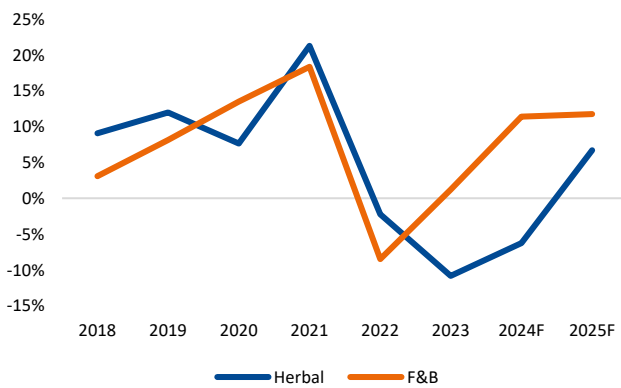
Source: Company, BRIDS

**Exhibit 4. Gross Profit Margin, 2019-9M24**



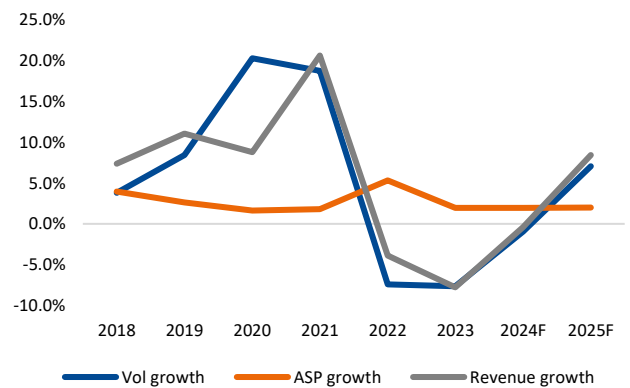
Source: Company, BRIDS

**Exhibit 5. Revenue Growth of Herbal and F&B, FY18-25F**



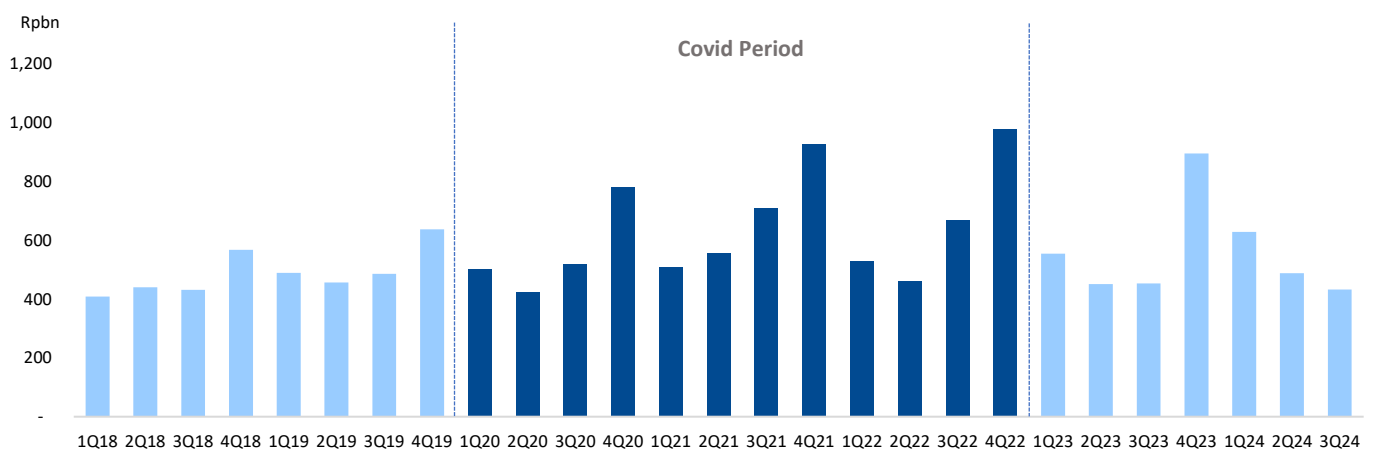
Source: Company, BRIDS Estimates

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



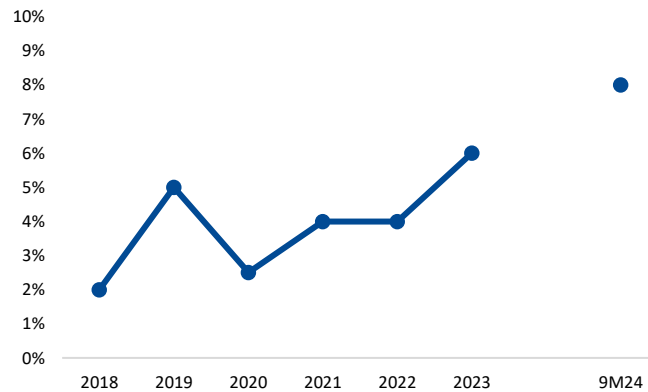
Source: Company, BRIDS Estimates

**Exhibit 7. Herbal Segment – Quarterly Revenue, 1Q18-3Q24**



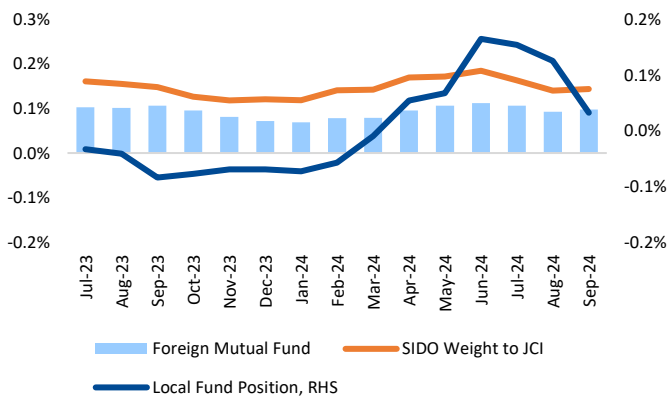
Source: BRIDS Estimates, Bloomberg

**Exhibit 8. Export Contribution, FY20-9M24**



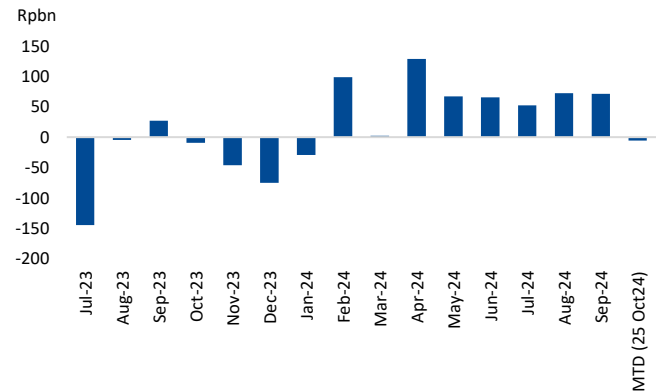
Source: Bloomberg, BRIDS Estimates

**Exhibit 9. SIDO’s Weighting and Fund Position**



Source: KSEI, BRIDS

**Exhibit 10. SIDO’s Historical Foreign Flows (as of 25 Oct24)**



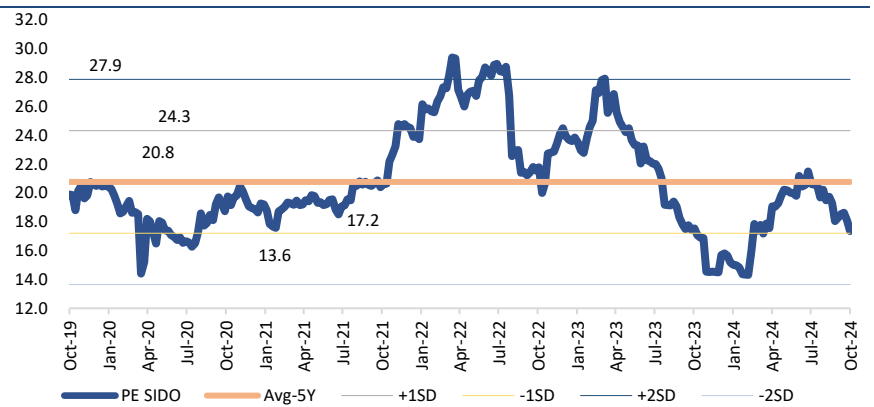
Source: KSEI, BRIDS

**Exhibit 11. SIDO Peers comparison**

Ticker	Rec	Target	Market Cap	P/E (x)		P/BV (x)		ROE (%)	Dividend yield (%)	EPS growth (%)		Core profit growth (%)	
		(Rp)	(Rpbm)	2024F	2025F	2024F	2025F	2024F	2024F	2024F	2025F	2024F	2025F
ICBP IJ	Buy	12,900	147,523	14.3	13.0	3.1	2.7	23.3	3.3	47.4	9.7	13.6	7.0
UNVR IJ	Sell	1,900	80,115	22.1	21.8	23.6	23.5	107.1	4.5	(24.4)	1.3	(24.4)	1.3
KLBF IJ	Buy	1,800	75,938	23.3	21.7	3.3	3.0	14.6	1.9	18.0	7.4	12.3	8.5
INDF IJ	Buy	8,000	65,853	6.8	6.1	1.0	0.9	15.5	4.4	19.0	11.4	19.3	6.3
MYOR IJ	Buy	3,350	58,133	17.4	15.7	3.5	3.0	21.0	2.7	4.6	11.2	(3.0)	14.6
SIDO IJ	Hold	640	18,450	17.8	16.4	5.3	5.2	30.3	5.2	9.1	8.6	9.4	8.8
<b>Sector - weighted</b>				<b>16.7</b>	<b>15.5</b>	<b>6.6</b>	<b>6.3</b>	<b>35.4</b>	<b>3.5</b>	<b>18.1</b>	<b>8.3</b>	<b>5.2</b>	<b>7.3</b>

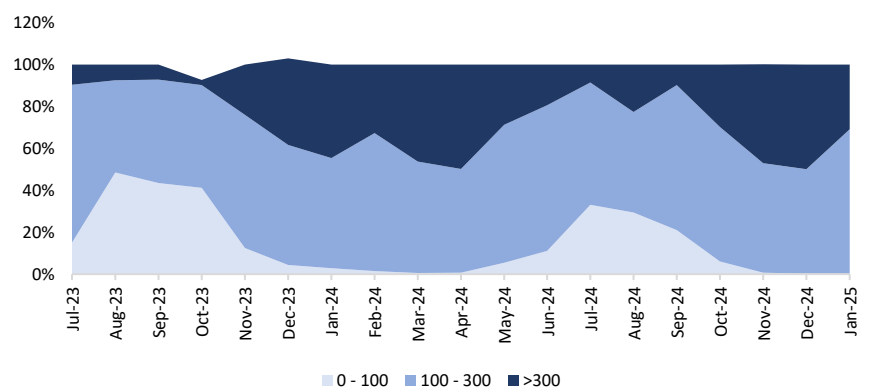
Source: BRIDS Estimates, Bloomberg

**Exhibit 12. SIDO's PE Band**



Source: Bloomberg, BRIDS Estimates

**Exhibit 13. Rainfall Category**



Source: BMKG

**Exhibit 14. Income Statement**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
<b>Revenue</b>	<b>3,866</b>	<b>3,566</b>	<b>3,552</b>	<b>3,850</b>	<b>4,179</b>
COGS	(1,697)	(1,547)	(1,559)	(1,683)	(1,822)
<b>Gross profit</b>	<b>2,169</b>	<b>2,019</b>	<b>1,993</b>	<b>2,167</b>	<b>2,356</b>
<b>EBITDA</b>	<b>1,279</b>	<b>1,140</b>	<b>1,173</b>	<b>1,273</b>	<b>1,388</b>
<b>Oper. profit</b>	<b>1,375</b>	<b>1,244</b>	<b>1,286</b>	<b>1,399</b>	<b>1,524</b>
Interest income	28	29	36	36	38
Interest expense	(1)	(1)	(1)	(1)	(1)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	18	(53)	10	11	12
<b>Pre-tax profit</b>	<b>1,420</b>	<b>1,220</b>	<b>1,331</b>	<b>1,446</b>	<b>1,573</b>
Income tax	(315)	(269)	(293)	(319)	(347)
Minority interest	0	0	0	0	0
<b>Net profit</b>	<b>1,105</b>	<b>951</b>	<b>1,038</b>	<b>1,127</b>	<b>1,226</b>
<b>Core Net Profit</b>	<b>1,105</b>	<b>951</b>	<b>1,038</b>	<b>1,127</b>	<b>1,226</b>

**Exhibit 15. Balance Sheet**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	923	830	888	910	943
Receivables	689	791	787	854	926
Inventory	543	408	411	444	481
Other Curr. Asset	40	38	38	41	44
Fixed assets - Net	1,611	1,555	1,583	1,573	1,542
Other non-curr.asset	276	269	269	284	300
<b>Total asset</b>	<b>4,081</b>	<b>3,891</b>	<b>3,976</b>	<b>4,105</b>	<b>4,236</b>
ST Debt	0	0	0	0	0
Payables	221	194	195	211	228
Other Curr. Liabilities	320	268	267	289	314
Long Term Debt	0	3	3	4	4
Other LT. Liabilities	35	39	39	43	46
<b>Total Liabilities</b>	<b>576</b>	<b>505</b>	<b>505</b>	<b>546</b>	<b>592</b>
Shareholder's Funds	3,505	3,386	3,471	3,558	3,644
Minority interests	0	0	0	0	0
<b>Total Equity &amp; Liabilities</b>	<b>4,081</b>	<b>3,891</b>	<b>3,976</b>	<b>4,105</b>	<b>4,236</b>

**Exhibit 16. Cash Flow**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	1,105	951	1,038	1,127	1,226
Depreciation and Amort.	92	102	113	126	136
Change in Working Capital	(89)	5	1	(83)	(92)
Other Oper. Cash Flow	(46)	(67)	(35)	(22)	(22)
<b>Operating Cash Flow</b>	<b>1,062</b>	<b>992</b>	<b>1,117</b>	<b>1,148</b>	<b>1,248</b>
Capex	(115)	(46)	(142)	(116)	(104)
Others Inv. Cash Flow	(33)	29	36	30	31
<b>Investing Cash Flow</b>	<b>(148)</b>	<b>(17)</b>	<b>(106)</b>	<b>(85)</b>	<b>(73)</b>
Net change in debt	(2)	3	0	0	0
New Capital	4	0	0	0	0
Dividend payment	(996)	(903)	(952)	(1,040)	(1,140)
Other Fin. Cash Flow	(80)	(168)	(1)	(1)	(1)
<b>Financing Cash Flow</b>	<b>(1,074)</b>	<b>(1,068)</b>	<b>(953)</b>	<b>(1,041)</b>	<b>(1,141)</b>
<b>Net Change in Cash</b>	<b>(159)</b>	<b>(93)</b>	<b>58</b>	<b>22</b>	<b>33</b>
Cash - begin of the year	1,082	923	830	888	910
Cash - end of the year	923	830	888	910	943

**Exhibit 17. Key Ratio**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
<b>Growth (%)</b>					
Sales	(3.9)	(7.8)	(0.4)	8.4	8.5
EBITDA	(12.7)	(10.9)	2.9	8.5	9.1
Operating profit	(11.9)	(9.5)	3.4	8.8	8.9
Net profit	(12.4)	(13.9)	9.1	8.6	8.8
<b>Profitability (%)</b>					
Gross margin	56.1	56.6	56.1	56.3	56.4
EBITDA margin	33.1	32.0	33.0	33.1	33.2
Operating margin	35.6	34.9	36.2	36.3	36.5
Net margin	28.6	26.7	29.2	29.3	29.3
ROAA	27.1	23.8	26.4	27.9	29.4
ROAE	31.7	27.6	30.3	32.1	34.0
<b>Leverage</b>					
Net Gearing (x)	(0.3)	(0.2)	(0.3)	(0.3)	(0.3)
Interest Coverage (x)	1,762.4	1,826.3	1,448.4	1,453.9	1,458.7

Source: SIDO, BRIDS Estimates

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**INVESTMENT RATING**

<b>BUY</b>	Expected total return of 10% or more within a 12-month period
<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
<b>SELL</b>	Expected total return of -10% or worse within a 12-month period

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