

SYAILENDRA 

MARKET INSIGHT

September 7th, 2021



How To Read P&L Like A Pro

Understand Profit & Loss in Context
of Company Businesses



Our View

Penting untuk menganalisa laba-rugi sebuah perusahaan sebelum berinvestasi agar bisa memahami nilai intrinsiknya. Hal ini termasuk menganalisa pendapatan dan pengeluaran historis, seberapa *profitable* perusahaan, serta komponen-komponen dari *revenue*.

Memahami kinerja perusahaan dapat meminimalisir risiko. Kita dapat menganalisa jika perusahaan mengalami penurunan kinerja, apakah penurunan tersebut akan terulang di tahun-tahun berikutnya atau tidak. Begitu juga dengan sebaliknya, jika perusahaan mengalami kenaikan kinerja, apakah kenaikan tersebut akan *sustain*?

Earnings growth dan ekspektasi pasar berperan penting karena mempengaruhi pergerakan harga saham. Harga saham akan bergerak jika kenaikan atau penurunan kinerja melebihi ekspektasi pasar dan *earnings growth* yang *sustainable* akan meningkatkan harga saham secara jangka panjang

True meanings profit & loss to investor

-  **Understand Profit & Loss in context of company Businesses:** Menggabungkan pemahaman dasar bisnis perusahaan dan laporan laba-rugi berjalan dapat memberikan gambaran lebih terkait dengan apa yang terjadi saat ini.
-  **Analyze company P&L trend in the past and find-out what's different and why?:** Bandingkan laporan laba-rugi berjalan dengan tahun-tahun sebelumnya. Perubahan signifikan umumnya menandakan adanya kejadian penting terhadap perusahaan.
-  **Sustainable earnings growth is the key:** Dengan memahami tren laba-rugi dan perubahan bisnis perusahaan yang terjadi, investor dapat menilai apakah pertumbuhan laba bertahan dalam jangka panjang.

Normal Structure of Profit & Loss Statement

Term	Account
Above the line earnings	Sales (Revenue)
	COGS (-)
	Gross Profit
Below the line earnings	Sales and Marketing (-)
	General and Administration (-)
	EBIT (Operating Income/Loss)
	Depreciation (+)
	EBITDA
	Interest Expenses (-)
	EBT
	Income Tax (-)
	Net Profit
	Minority Interest (-)
	Net Profit Attributable to Shareholder

Interesting Facts

Tingkat pertumbuhan laba merupakan salah satu komponen penting untuk mengestimasi tingkat imbal hasil yang dapat diberikan oleh suatu saham.



Laba IHSG bertumbuh selaras dengan pertumbuhan kinerja IHSG

IHSG memberikan imbal hasil sejak 2016 sebesar 16.0%. Hal ini selaras dengan tingkat pertumbuhan laba IHSG sebesar 12.3%.

0.72

Pergerakan IHSG dan Pertumbuhan Laba Berkorelasi Tinggi

Ketika terjadi perubahan laba sebesar 1%, maka harga indeks IHSG akan berubah sebesar 0,72%.

*EPS growth included 2021 consensus forward earnings, 5Y IHSG return calculated as of 30-Aug-2021

Understand Profit & Loss In Context of Company Businesses

Normal Structure of Profit & Loss Statement

Explanation and interpretation

Term	Account	Notes	Understanding Margin Analysis
Above the line earnings	Sales (Revenue)	Main source of Income	Revenue
	COGS (-)	Direct cost from selling product/services	↕ <i>Input cost, Increase ASP, etc</i>
	Gross Profit	Earnings from selling product/services	Gross Profit Margin
Below the line earnings	Sales and Marketing (-)	Cost related to promotion of product	↕ <i>Efficiency of operating expenses Higher office rental rate ? Is there new operating cost i.e new product royalty ?</i>
	General and Administration (-)	Required cost to run the business that is not directly related to product/services	
	EBIT (Operating Income/Loss)	Earnings after operating expenses	EBIT Margin
	Depreciation (+)	Non-cash items from fixed asset	↕ <i>Is there any significant new capex recently ?</i>
	EBITDA	Proxy for operating cash flow	EBITDA Margin
	Interest Expenses (-)	Cost from borrowing	↕ <i>Changes in Income tax ? Lower or higher interest rate ? One-off item i.e penalty or court settlement, etc</i>
	EBT	Earnings after obligations to creditor	
	Income Tax (-)	Related to government tax policy	
	Net Profit	Earnings of company	Net Profit Margin
	Minority Interest (-)	Earnings rights of other shareholders in subsidiary company	↕ <i>Joint venture (50/50) subsidiary earnings is significantly higher compare to last year</i>
Net profit after tax and minority shareholder	Company earnings that can be distributed to shareholders	NPATMI Margin	

Analyze company P&L trend historically...

Simple Analysis on SIDO Margin and Growth

Company: PT Industri Jamu dan Farmasi Sido Muncul Tbk.

Sector: Consumer Non-Cylical, Pharmaceuticals

In bio IDR	Margin (% of Revenue)					Growth Year on Year (i.e 2019 vs 2020)				Notes (Intepretation)
	2016	2017	2018	2019	2020	2017	2018	2019	2020	
Revenue	100%	100%	100%	100%	100%	0.5%	7.4%	11.0%	8.7%	New liquid herbal capacity at end of 2018 from 80mio sachets per day to 180mio sachets
COGS	58.3%	54.9%	48.5%	45.2%	44.9%	-5.5%	-5.2%	3.6%	7.9%	
Gross Profit	41.7%	45.1%	51.5%	54.8%	55.1%	8.8%	22.6%	18.0%	9.4%	Higher GPM from higher herbal sales mix. Herbal GPM at 60-65%
Operating Expenses	19.8%	20.9%	22.3%	21.8%	20.9%	6.2%	14.5%	8.5%	3.9%	
Selling & Marketing	14.5%	14.2%	15.0%	15.3%	14.7%	-1.6%	13.5%	13.8%	4.4%	Higher health awareness during covid-19 without sig. Increase in marketing budget.
General & Administrative	5.4%	6.3%	7.0%	6.0%	5.8%	17.2%	19.6%	-5.5%	5.9%	Scaled operation.
EBIT	21.9%	24.2%	29.6%	33.4%	34.5%	11.2%	31.1%	25.4%	12.5%	
Depreciation	2.1%	2.3%	2.2%	2.8%	2.9%	11.7%	4.0%	40.3%	11.4%	New liquid herbal capacity at end of 2018
EBITDA	23.9%	26.5%	31.8%	36.2%	37.5%	11.3%	28.8%	26.5%	12.4%	
Non-Operating Expenses										
Interest Expense, Net	2.0%	1.6%	1.6%	1.6%	1.5%	-17.1%	3.3%	14.0%	-1.4%	
Pretax Income	24.6%	26.5%	31.4%	35.0%	36.0%	8.4%	27.3%	23.7%	11.7%	
Income Tax Expense/Benefit	5.8%	5.8%	7.4%	8.7%	8.0%	-0.3%	37.7%	30.5%	-0.2%	Effective Tax rate relatively within range
Net Profit	18.8%	20.7%	24.0%	26.3%	28.0%	11.1%	24.4%	21.7%	15.6%	
Minority Interest	0.0%	0.0%	0.0%	0.0%	0.0%	NA	NA	NA	NA	
Net Profit After Minority Interest	18.8%	20.7%	24.0%	26.3%	28.0%	11.1%	24.4%	21.7%	15.6%	
Other Financial Ratios										
Effective Income Tax Rate (Income Tax/Pretax Income)	23.6%	21.7%	23.5%	24.8%	22.1%					Lower tax rate in 2020.

Source : Syailendra reseach, company

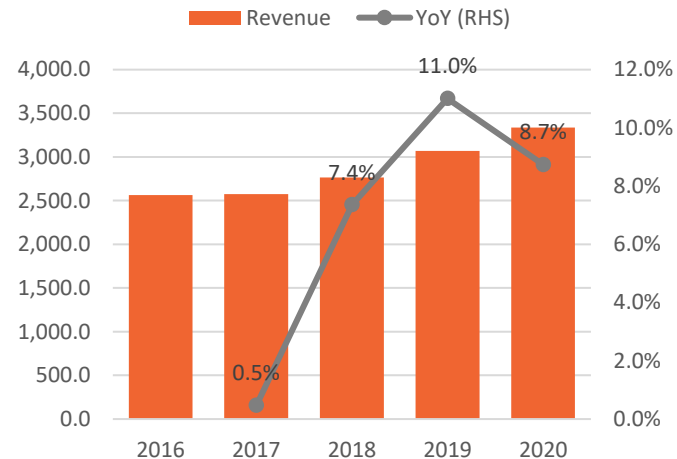
...and find-out what's different and why ?

Revenue was coming from management expansion on herbal medicine in 2018

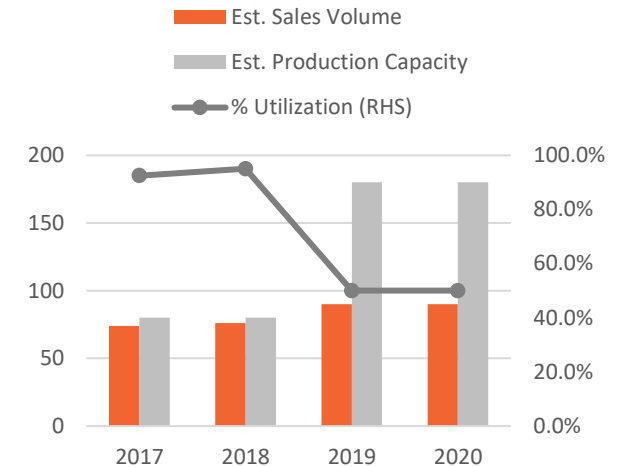
Pendapatan meningkat sebesar 11%, angka tertinggi dalam 5 tahun karena kapasitas produksi meningkat lebih dari dua kali lipat dibandingkan tahun sebelumnya.

Hal ini menunjukkan bahwa perusahaan mengamati peningkatan permintaan obat herbal. Dengan meningkatkan kapasitas produksi, perusahaan dapat mengakomodasi permintaan tersebut.

Jika permintaan obat herbal meningkat secara berkala, penghasilan perusahaan dapat mengalami *sustainable growth*, dimana volume penjualan akan mendekati kapasitas produksi.



Source : Syailendra reseach, company



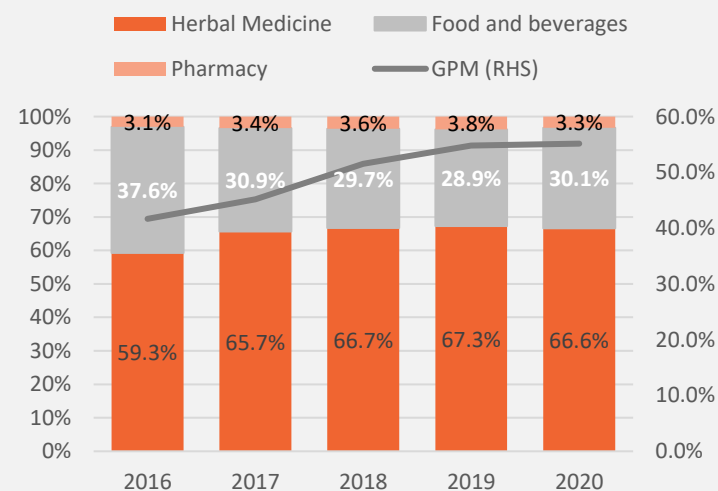
Source : Syailendra reseach, company

Herbal Medicine segment had higher gross profit margin

Dari 3 segmen bisnis yang terlibat, obat herbal adalah yang paling menguntungkan dengan imbal hasil kotor sebesar 65.8%.

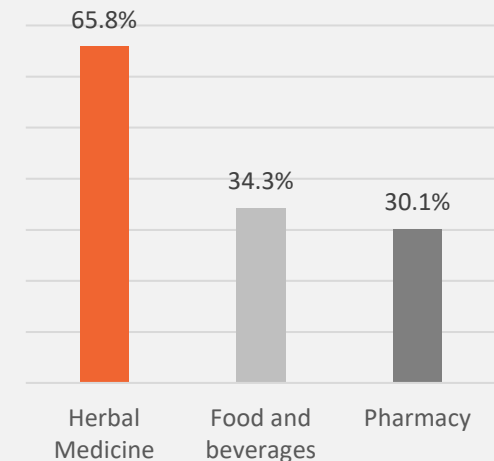
Kami mengamati peningkatan *gross profit margin* (GPM) secara berkala dengan bertambahnya penjualan obat harbal dari tahun ke tahun.

Semaking tinggi porsi kontribusi penjualan obat herbal terhadap pendapatan, semakin tinggi pula GPM perusahaan. GPM yang tinggi akan meningkatkan *bottom-line*, dengan asumsi tidak ada perubahan terhadap biaya operasi.



Source : Syailendra reseach, company

GPM as of 2020



Source : Syailendra reseach, company

Disclaimer



This document is prepared by PT Syailendra Capital (“Syailendra”) and is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. Accordingly, this document and its contents may not be reproduced, redistributed, transmitted or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

The information contained in this document does not constitute an offer to sell securities or the solicitation of an offer to buy, or recommendation for investment in, any securities in any jurisdiction. The information in this document is not intended as financial advice and is only intended for professionals with appropriate investment knowledge who can be classified as a ‘Professional Client’ under the Rules & Regulations of the appropriate financial authority. Moreover, none of the documents are intended as a prospectus within the meaning of the applicable laws of any jurisdiction and none of the documents are directed to any person in any country in which the distribution of such presentation is unlawful.

This document provides general information only. The information and opinions in the document constitute a judgment as at the date indicated and are subject to change without notice. The information may therefore not be accurate or current. The information and opinions contained in this document have been compiled or arrived at from sources believed to be reliable in good faith, but no representation or warranty, express, or implied, is made by Syailendra, as to their accuracy, completeness or correctness and Syailendra does also not warrant that the information is up to date. Moreover, you should be aware of the fact that investments in undertakings, securities or other financial instruments involve risks. Past results do not guarantee future performance. Syailendra accepts no liability for any loss arising from the use of material presented in this presentation.

SYAILENDRA 

PT Syailendra Capital

District 8 Treasury Tower
39th Fl Unit 39A, SCBD Lot 28
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190
P. : +62 21 51400888
F. : +62 21 51400967

www.syailendracapital.com