

Kalbe Farma Tbk (KLBF)

Pertumbuhan yang Datar

Company Report | May 04, 2018

Hold

Dec 2018 TP (IDR)	1,730
Consensus Price (IDR)	1,647
TP to Consensus Price	+5.0%
vs. Last Price	+14.2%

Shares data

Last Price (IDR)	1,515
Price date as of	May 02, 2018
52 wk range (Hi/Lo)	1,785/1,400
Free float (%)	43.3
Outstanding sh.(mn)	46,875
Market Cap (IDR bn)	78,750
Market Cap (USD mn)	5,800
Avg. Trd Vol - 3M (mn)	21.49
Avg. Trd Val - 3M (bn)	35.44
Foreign Ownership	18.1%

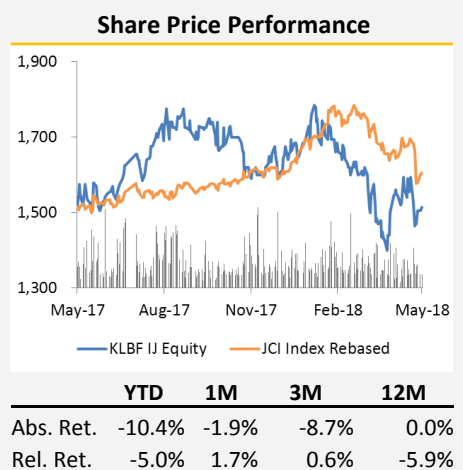
Consumer Specialty

Pharmaceutical & Nutritional Product

Bloomberg	KLBF.IJ
Reuters	KLBF.JK

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Pertumbuhan Penjualan 2,4%

Penjualan KLBF meningkat 2,4% dari Rp4,89 triliun pada 1Q17 menjadi Rp5,01 triliun pada 1Q18. Pertumbuhan ini ditopang oleh peningkatan penjualan divisi obat resep, makanan nutrisi, distribusi, dan kesehatan masing-masing sebesar 3,6%, 2,1%, 2,8%, dan 0,5%.

Pertumbuhan Penjualan Terendah oleh Divisi Makanan Nutrisi

Berdasarkan data Nielsen Retail, **volume penjualan susu bubuk di Indonesia menurun 2,5%** dari 203 juta ton pada 2016 menjadi 198 juta ton pada 2017. Kami memperkirakan bahwa tren penurunan ini akan berdampak terhadap **divisi makanan nutrisi KLBF**. Pertumbuhan divisi nutrisi sebesar 2,1% pada 1Q18 merupakan **pertumbuhan terendah selama 5 tahun terakhir**.

Kewajiban Kemitraan

Berdasarkan peraturan pemerintah No.26/Permentan/PK.450/7/2017 pasal 23&24 tentang Penyediaan dan Peredaran Susu, pelaku usaha yang memproduksi susu olahan **diwajibkan untuk melakukan kemitraan dengan peternak**, gabungan kelompok peternak, dan/atau koperasi untuk pemanfaatan Susu Segar Dalam Negeri (SDSN) sesuai dengan kapasitas produksi riil. Peraturan ini mungkin **memperbesar capex KLBF** dan berpotensi menghasilkan margin kotor yang lebih rendah.

Target Harga Rp1.730

Kami menggunakan estimasi *forward* P/E sebesar 30,8x (rata-rata selama 3 tahun) sebagai basis metode valuasi untuk memperoleh target harga pada Desember 2018. Target harga ini mengimplikasikan P/E 2018/E sebesar 32,3x. Saat ini, KLBF diperdagangkan secara diskon pada P/E 2018/E sebesar 28,3x.

Kalbe Farma, Tbk | Summary (IDR bn)

	2016/12A	2017/12A	2018/12E	2019/12E
Sales	19,374	20,182	21,034	21,926
<i>Sales growth</i>	8.3%	4.2%	4.2%	4.2%
EBITDA	3,382	3,608	3,697	3,884
Net profit	2,300	2,404	2,511	2,639
EPS (IDR)	49	51	54	56
<i>EPS growth</i>	14.7%	4.5%	4.5%	5.1%
BVPS (IDR)	266	296	328	360
EBITDA margin	17.5%	17.9%	17.6%	17.7%
NPM	11.9%	11.9%	11.9%	12.0%
ROE	19.7%	18.2%	17.2%	16.4%
ROA	15.9%	15.1%	14.4%	13.8%
ROIC	18.8%	17.7%	16.6%	16.7%
P/E	30.9x	29.5x	28.3x	26.9x
P/BV	5.7x	5.1x	4.6x	4.2x
EV/EBITDA	20.4x	19.2x	18.6x	17.5x
DPS (IDR)	19	22	23	24
<i>Dividend yield</i>	1.3%	1.5%	1.5%	1.6%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Sekilas tentang KLBF

Didirikan pada 1966, KLBF telah jauh berkembang dari usaha sederhana di sebuah garasi menjadi perusahaan farmasi terdepan di Indonesia. Di pasar internasional, KLBF telah hadir di negara-negara ASEAN, Nigeria, dan Afrika Selatan, dan menjadi perusahaan produk kesehatan nasional yang dapat bersaing di pasar ekspor.

Melalui proses pertumbuhan organik, penggabungan usaha, serta akuisisi, KLBF telah tumbuh dan bertransformasi menjadi penyedia solusi kesehatan terintegrasi melalui 4 kelompok divisi usaha yang terdiversifikasi dengan baik: Divisi Obat Resep (kontribusi 23%), Divisi Produk Kesehatan (kontribusi 17%), Divisi Nutrisi (kontribusi 30%), dan Divisi Distribusi and Logistik (kontribusi 30%).

Daya Saing KLBF di Asia Pasifik

KLBF memiliki imbal hasil dividen tertinggi ke-4 setelah China Medical System Holding, Shenzen Salubris, dan Zhejiang. Meskipun KLBF memiliki margin laba bersih yang paling rendah, KLBF memiliki ROE yang cukup tinggi mencapai 17,2%. Valuasi yang relatif masih tinggi menjadikan KLBF pilihan yang menarik jika koreksi harga terus berlanjut.

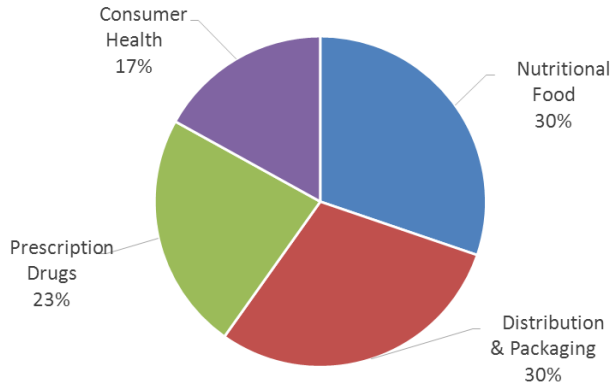
Asia Pacific Pharmaceuticals

Company	Market Cap (USD mn)	Total Asset (USD mn)	Net Profit Growth	Net Profit Margin	ROE	P/E	P/BV	Dividend Yield
KALBE FARMA	4,953	1,223	4.5%	11.9%	17.2%	28.3x	4.6x	1.5%
KIMIA FARMA	839	449	22.2%	5.3%	13.8%	35.9x	4.7x	0.8%
India								
CIPLA LTD	7,232	3,230	-26.0%	7.2%	8.4%	47.8x	3.8x	0.3%
PIRAMAL ENTERPRISES LTD	6,848	7,437	38.4%	22.9%	9.0%	35.0x	2.9x	0.8%
AUROBINDO PHARMA LTD	5,424	2,505	13.7%	15.5%	27.6%	15.7x	3.9x	0.6%
DR. REDDY'S LABORATORIES	5,219	3,389	-43.5%	8.5%	9.6%	29.0x	2.8x	1.0%
TORRENT PHARMACEUTICALS LTD	3,520	1,561	-46.1%	15.9%	23.8%	25.1x	5.4x	0.9%
China								
SICHUAN KELUN PHARMACEUTIC-A	7,694	3,373	65.0%	6.7%	3.7%	51.8x	4.1x	0.4%
TASLY PHARMACEUTICAL GROUP-A	7,648	3,309	17.4%	8.7%	16.5%	34.1x	5.4x	1.2%
ZHEJIANG NHU CO LTD-A	6,854	1,644	132.0%	27.8%	15.7%	13.9x	4.5x	1.7%
SHENZHEN SALUBRIS PHARM-A	6,759	1,055	5.4%	35.6%	24.4%	28.7x	6.7x	1.7%
Hong Kong								
CHINA MEDICAL SYSTEM HOLDING	6,160	1,560	21.7%	31.3%	24.8%	23.4x	5.4x	1.7%
LUYE PHARMA GROUP LTD	3,605	1,654	10.1%	25.7%	14.9%	23.2x	3.4x	0.9%
South Korea								
HANMI PHARM CO LTD	4,885	1,556	1077.2%	6.6%	8.7%	87.2x	7.2x	0.1%
YUHAN CORP	2,593	1,962	-32.3%	7.5%	6.7%	24.2x	1.6x	0.8%
Bangladesh								
SQUARE PHARMACEUTICALS LTD	2,712	652	15.6%	29.1%	23.7%	21.2x	4.6x	1.1%

Source: Bloomberg, NHKS research

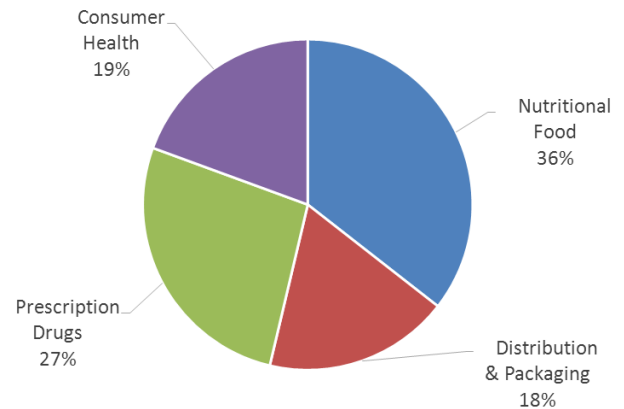
Performance Highlights

KLBF Sales Breakdown | FY2017



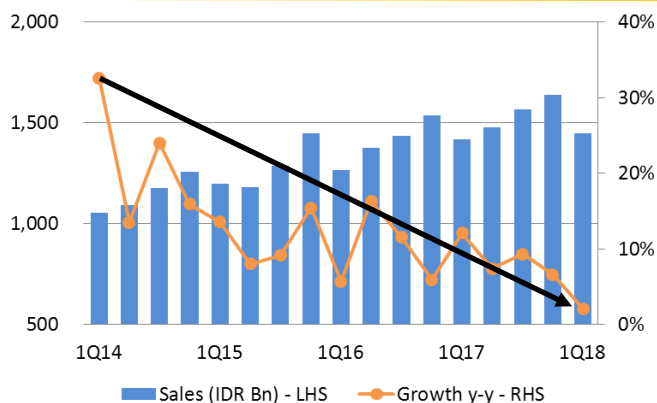
Source: Company, NHKS Research

KLBF Gross Profit Breakdown | FY2017



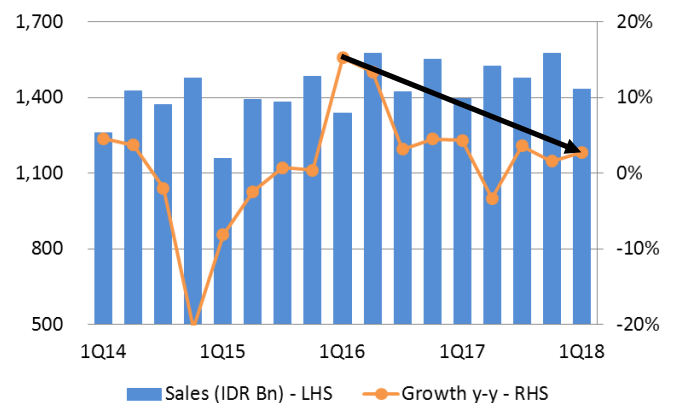
Source: Company, NHKS Research

Nutritional Food y-y Sales Growth | 2014 - 2018



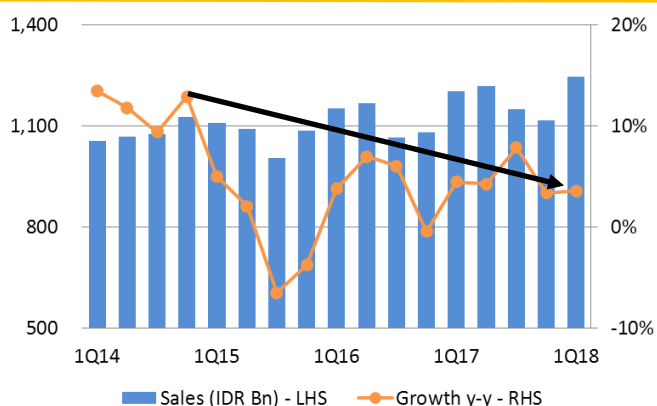
Source: Company, NHKS Research

Distribution y-y Sales Growth | 2014 - 2018



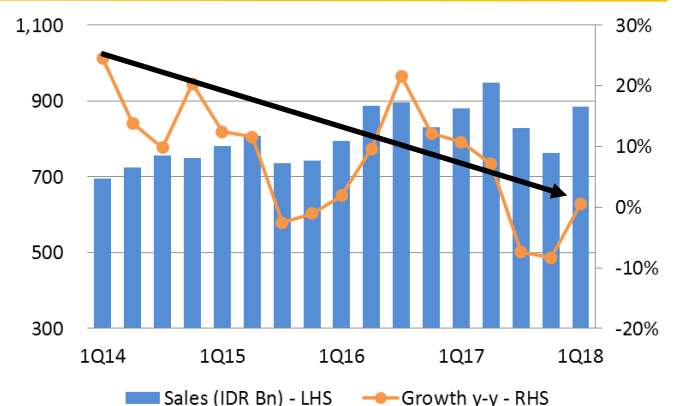
Source: Company, NHKS Research

Prescription Drugs y-y Sales Growth | 2014 - 2018



Source: Company, NHKS Research

Consumer Health y-y Sales Growth | 2014 - 2018



Source: Company, NHKS Research

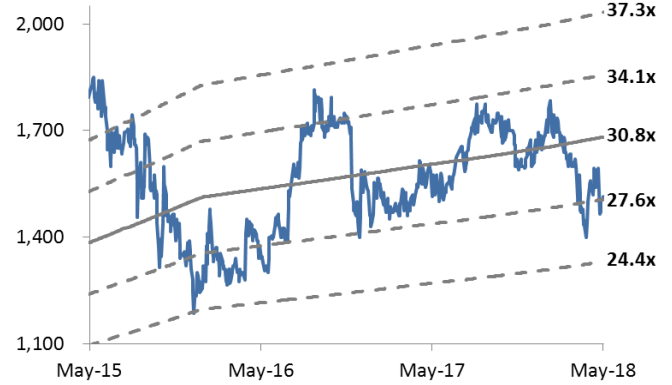
Multiple Valuation

Forward P/E band | Last 3 years



Source: NHKS research

Dynamic Forward P/E band | Last 3 years



Source: NHKS research

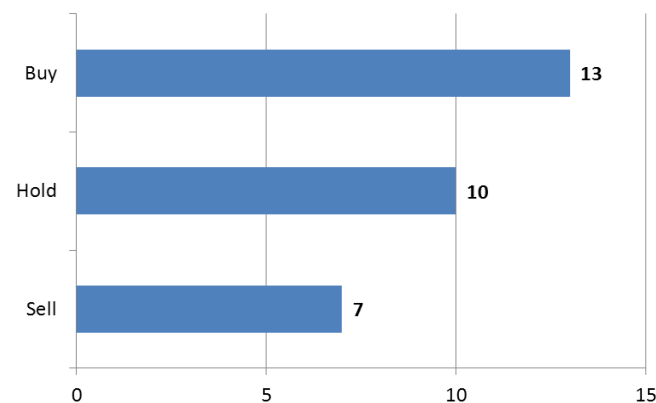
Rating and target price update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
05/10/2017	Buy	1,860 (Dec 2017)	1,515	1,695	+22.8%	+9.7%
09/18/2017	Buy	2,020 (Dec 2018)	1,725	1,812	+17.1%	+11.5%
12/15/2017	Buy	2,020 (Dec 2018)	1,695	1,711	+19.2%	+18.0%
05/04/2018	Hold	1,730 (Dec 2018)	1,515	1,647	+14.2%	+5.0%

Source: NHKS research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

Period: End of year target price

Rating system based on a stock's absolute return from the date of publication

- Buy : Greater than +15%
- Hold : -15% to +15%
- Sell : Less than -15%

Summary of Financials

KLBF Summary		
Last Price (IDR)	May 2, 2018	1,515
Target Price (IDR)	Dec 2018	1,730
Analyst: Joni Wintarja	Rating:	Hold

INCOME STATEMENT

in IDR Bn	2016/12A	2017/12A	2018/12E	2019/12E
Sales	19,374	20,182	21,034	21,926
Growth (% y/y)	8.3%	4.2%	4.2%	4.2%
COGS	(9,886)	(10,370)	(10,853)	(11,288)
Gross Profit	9,488	9,812	10,181	10,638
Gross Margin	49.0%	48.6%	48.4%	48.5%
Operating Expenses	(6,503)	(6,653)	(6,905)	(7,198)
EBIT	2,985	3,159	3,276	3,440
EBIT Margin	15.4%	15.7%	15.6%	15.7%
Depreciation	397	449	420	444
EBITDA	3,382	3,608	3,697	3,884
EBITDA Margin	17.5%	17.9%	17.6%	17.7%
Interest Expenses	(18)	(26)	(21)	(18)
EBT	3,091	3,241	3,377	3,550
Income Tax	(740)	(788)	(820)	(862)
Minority Interest	(51)	(50)	(46)	(49)
Net Profit	2,300	2,404	2,511	2,639
Growth (% y/y)	14.7%	4.5%	4.5%	5.1%
Net Profit Margin	11.9%	11.9%	11.9%	12.0%

BALANCE SHEET

in IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Cash	2,896	2,785	3,321	3,749
Receivables	2,631	2,876	3,078	3,129
Inventories	3,344	3,557	3,666	3,847
Total Current Assets	9,573	10,044	10,948	11,579
Net Fixed Assets	4,556	5,343	6,179	7,008
Other Non Current Assets	1,098	1,230	1,214	1,214
Total Assets	15,226	16,616	18,341	19,801
Payables	1,127	1,109	1,232	1,202
ST Bank Loan	149	173	151	115
Other Current Liab.	1,041	945	1,138	1,187
LT Debt	134	146	114	91
Other Non Current Liab.	311	349	353	338
Total Liabilities	2,762	2,722	2,988	2,933
Shareholders' Equity	12,464	13,894	15,353	16,867

CASH FLOW STATEMENT

in IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Net Income	2,300	2,404	2,511	2,639
Deprec & Amortization	397	449	420	444
Chg. In Working Capital	(463)	(773)	(52)	(183)
CFO	2,233	2,080	2,879	2,900
Capex	(1,099)	(1,164)	(1,222)	(1,274)
CFI	(1,121)	(1,221)	(1,203)	(1,289)
Dividends Paid	(891)	(1,031)	(1,077)	(1,125)
Net Borrowing (PMT)	(94)	72	(54)	(58)
CCF	(916)	(932)	(1,106)	(1,183)
Net Changes in Cash	196	(73)	570	428

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	81.9	Gira Sole Prima, PT 10.2
United States	7.2	Santa Seha Sanadi, PT 9.7
Britain	2.8	Diptanala Bahana, PT 9.5
Luxembourg	2.8	Lucasta Murni C. 9.5

PROFITABILITY & STABILITY

	2016/12A	2017/12A	2018/12E	2019/12E
ROE	19.7%	18.2%	17.2%	16.4%
ROA	15.9%	15.1%	14.4%	13.8%
ROIC	18.8%	17.7%	16.6%	16.7%
EBITDA/Equity	28.9%	27.4%	25.3%	24.1%
EBITDA/Assets	15.9%	15.1%	14.4%	13.8%
Cash Dividend IDR bn)	891	1,031	1,077	1,125
Dividend Yield (%)	1.3%	1.5%	1.5%	1.6%
Payout Ratio (%)	44.4%	44.8%	44.8%	44.8%
DER	2.3%	2.3%	1.7%	1.2%
Net Gearing	2.4%	2.4%	1.8%	1.3%
LT Debt to Equity	1.1%	1.0%	0.7%	0.5%
Capitalization Ratio	2.2%	2.2%	1.7%	1.2%
Equity Ratio	81.9%	83.6%	83.7%	85.2%
Debt Ratio	1.9%	1.9%	1.4%	1.0%
Financial Leverage	117.1%	115.5%	113.6%	113.8%
Current Ratio	413.1%	450.9%	434.2%	462.4%
Quick Ratio	238.5%	254.2%	253.8%	274.6%
Cash Ratio	125.0%	125.0%	131.7%	149.7%
Cash Conversion Cycle	123.6	131.9	133.8	133.8
Par Value (IDR)	10	10	10	10
Total Shares (mn)	46,875	46,875	46,875	46,875
Share Price (IDR)	1,515	1,515	1,515	1,515
Market Cap (IDR tn)	71.0	71.0	71.0	71.0

VALUATION INDEX

	2016/12A	2017/12A	2018/12E	2019/12E
Price /Earnings	30.9x	29.5x	28.3x	26.9x
Price /Book Value	5.7x	5.1x	4.6x	4.2x
Price/Sales	3.7x	3.5x	3.4x	3.2x
PE/EPS Growth	2.1x	6.5x	6.3x	5.3x
EV/EBITDA	20.4x	19.2x	18.6x	17.5x
EV/EBIT	23.1x	21.9x	21.0x	19.8x
EV (IDR bn)	69,017	69,222	68,656	68,170
Sales CAGR (3-Yr)	6.6%	5.1%	5.6%	4.2%
EPS CAGR (3-Yr)	6.2%	5.2%	7.8%	4.7%
Basic EPS (IDR)	49	51	54	56
Diluted EPS (IDR)	49	51	54	56
BVPS (IDR)	266	296	328	360
Sales PS (IDR)	413	431	449	468
DPS (IDR)	19	22	23	24

DCF, RIM & EVA

	2016/12A	2017/12A	2018/12E	2019/12E
DCF (IDR bn)				
NOPAT	2,270	2,391	2,481	2,605
+Depr./Amor.	397	449	420	444
-CAPEX	(1,099)	(1,164)	(1,222)	(1,274)
-Incr. (Decr.) in Working Cap.	(463)	(773)	(52)	(183)
(Unlevered) FCFE	1,105	903	1,627	1,592
WACC				
Cost of Debt (Tax Adj.)	8.9%	8.5%	8.5%	8.5%
Cost of Equity (COE)	10.1%	12.6%	12.6%	12.6%
WACC (%)	10.1%	12.6%	12.6%	12.6%
RIM				
Spread (FROE-COE) (%)	11.0%	6.7%	5.4%	4.6%
Residual Income (IDR bn)	1,200	830	757	701
Equity Charge	1,100	1,574	1,754	1,939
EVA				
Invested Capital (IDR bn)	11,337	12,747	14,213	15,618
ROIC-WACC (%)	10.0%	6.1%	4.8%	4.1%
EVA (IDR mn)	1,130	784	688	635

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