Kalbe Farma Tbk (KLBF IJ)

Pundi Keuntungan dari Program Kesehatan Pemerintah

Pemerintah berupaya untuk mendorong industri farmasi melalui program Jaminan Kesehatan Nasional. Terlepas dari kondisi finansial BPJS, peningkatan peserta JKN memberikan manfaat bagi KLBF untuk mengakselerasi penjualan obat-obatan. Terlebih, upaya pemerintahan untuk memberikan restitusi pajak akan menjadi katalis positif bagi prospek industri farmasi.

Efisiensi Biaya: Kunci Peningkatan Laba pada 2Q19

Keberhasilan menjaga efisiensi biaya mendorong kinerja positif KLBF. Pendapatan 2Q19 meningkat menjadi Rp5,3 triliun (+8,3% y-y dan +9,7% q-q). Secara kumulatif, KLBF membukukan pendapatan 1H19 senilai Rp11,2 triliun (+7,6 y-y). EBIT dan net profit pun masing-masing melesat menjadi Rp858 (+14,8% y-y) miliar dan Rp 663 miliar (+5,9% y-y). Sebagai catatan, peningkatan ini disebabkan penurunan biaya promosi 2Q19 menjadi Rp466 miliar (-3,6% q-q) dan stabilnya nilai tukar rupiah terhadap dolar AS. Kami memproyeksikan target laba bersih pada FY2019 mencapai Rp2,6 triliun atau meningkat 8,5%,(vs. guideline perusahaan sebesar 6% - 8%)

Segmental Highlights

Berdasarkan *sales breakdown*, segmen distribusi dan logistik merupakan kontributor utama (31%) terhadap penjualan bersih. Segmen ini membukukan peningkatan penjualan 11,6% y-y menjadi Rp3,4 triliun. Kemudian, segmen obat resep sebagai kontributor terbesar kedua (24%) dengan membukukan peningkatan penjualan 7% menjadi Rp2,6 triliun (+7,7% y-y). Sebagai catatan, obat generik bermerek mendominasi pasar dengan persentase penjualan 51%, produk lisensi 28%, dan produk tidak bermerek 21%. Selain itu, segmen produk kesehatan dan nutrisi masing-masing mencatatkan peningkatan penjualan 5% y-y, menjadi Rp1,9 triliun dan 3,1 triliun. Gaya hidup bugar selama berpuasa dan mudik Lebaran menjadi katalis positif yang memacu penjualan produk makanan dan minuman kesehatan.

Program dan Rencana Pemerintah Mendukung Industri Farmasi

Jumlah peserta program Jaminan Kesehatan Nasional (JKN) meningkat setiap tahun dan mencapai 223 juta peserta pada Agustus 2019. Peningkatan jumlah peserta JKN mendorong peningkatan penjualan obat generik tanpa merek yang mudah dibeli oleh masyarakat. Peningkatan penjualan obat generik tanpa merek pastinya menekan margin pendapatan perusahaan farmasi karena harga jual obat generik tanpa merek sudah ditentukan oleh pemerintah. Untuk mengantisipasi penurunan penjualan, KLBF siapkan strategi, seperti meningkatkan volume penjualan obat generik. Sebagai catatan, KLBF melalui anak usahanya, Hexpharm Jaya, sudah mampu memproduksi obat generik sebanyak 2,8—3 miliar per tahun. Selain itu, PMK No 117/PMK.03/2019 terkait percepatan restitusi pajak bagi industri farmasi dan distributor alat kesehatan sehingga likuiditas wajib pajak tetap terjaga dan program JKN tetap berjalan. Pada FY18, ratio DER KLBF terhitung cukup tinggi mencapai 2,3x karena sebagian besar bahan baku obat merupakan produk impor.

Mempertahankan Rekomendasi Hold dengan Target Harga Rp1.730

Kami mempertahankan rekomendasi Hold dengan target harga Rp1.730 berdasarkan estimasi valuasi *P/E forward* sebesar 28,8x dengan potensi upside imbal hasil 10,5% dari harga saham saat ini. Risiko target harga meliputi depresiasi nilai tukar rupiah, impelementasi kebijakan JKN yang tidak sesuai harapan, penurunan daya beli masyarakat.

Kalbe Farma Tbk | Summary

	2018A	2019E	2020F	2021F
Net Sales	21,074	22,319	23,555	24,855
Sales Growth	*4.4%*	*5.9%*	*5.5%*	*5.5%*
EBITDA	3,676	3,888	4,117	4,543
Net Profit	2,475	2,666	2,834	3,035
EPS (IDR)	52	57	60	65
EPS Growth	*2.2%*	*8.5%*	*6.3%*	*7.1%*
BVPS	326	358	390	426
EBITDA ,margin	*17.4%*	*17.4%*	*17.5%*	*18.3%*
NPM	*11.7%*	*11.9%*	*12.0%*	*12.2%*
ROE	*16.1%*	*15.9%*	*15.5%*	*15.2%*
ROA	*13.5%*	*13.5%*	*13.3%*	*13.2%*
ROIC	*15.5%*	*15.4%*	*15.0%*	*14.8%*
P/E	32.2x	26.7x	24.7x	23.1x
P/BV	5.2x	4.3x	3.8x	3.5x
EV/EBITDA	21.0x	17.7x	16.3x	14.7x
DPS (IDR)	25	26	28	29
Dividend Yield	*1.5%*	*1.7%*	*1.9%*	*2.0%*

Unit: IDR bn, %, x
Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

NH KORINDO SEKURITAS

Company Update | Aug, 28 2019

Hold

Dec 2019 TP (IDR)	1,730
Consensus Price (IDR)	1,565
TP to Consensus Price	+8.3%
vs. Last Price	+10.5%

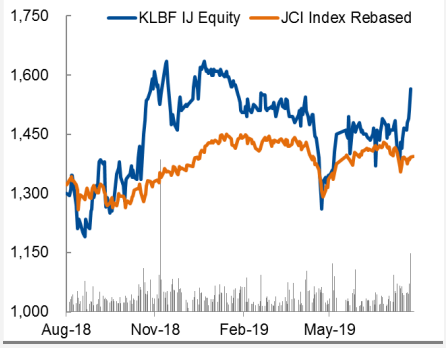
Shares data

Last Price (IDR)	1,565
Price date as of	Aug 19, 2019
52 wk range (Hi/Lo)	1,635 / 1,190
Free float (%)	42.8
Outstanding sh.(mn)	46,875
Market Cap (IDR bn)	73.594
Market Cap (USD mn)	5,158
Avg. Trd Vol - 3M (mn)	22.64
Avg. Trd Val - 3M (bn)	32.75
Foreign Ownership	19.9%

Consumer Health
Pharmaceutical & Nutritional Products

Bloomberg	KLBF IJ
Reuters	KLBF.JK

Share Price Performance

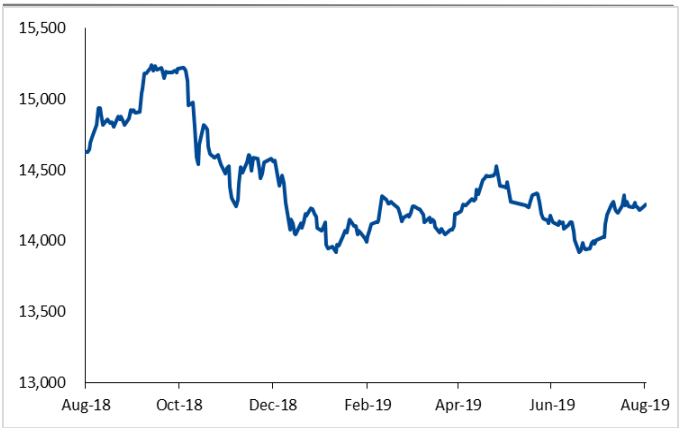


	YTD	1M	3M	12M
Abs. Ret.	2.6%	5.0%	17.7%	28.8%
Rel. Ret.	0.8%	7.5%	11.1%	21.9%

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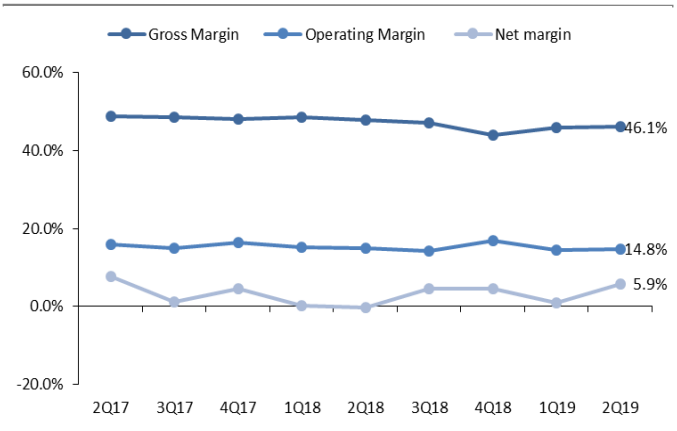
Performance highlights in chart

Steady USDIDR will minimize pressure on gross margin



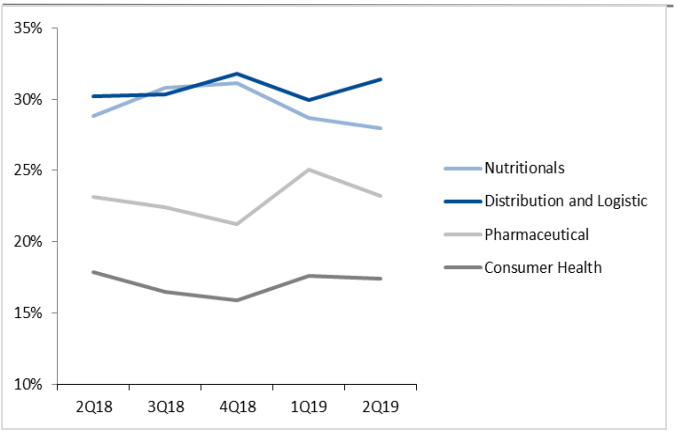
Source: JPMorgan, Bloomberg, NHKS Research

Operational efficiency conserves bottom line margin



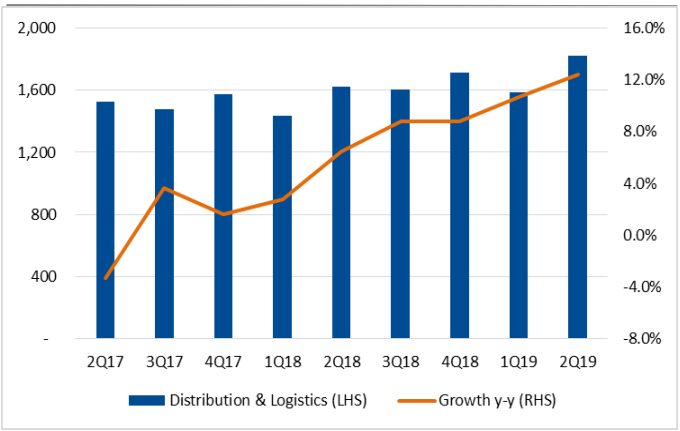
Source: Company Data, NHKS Research

Increasing distribution and consumer segments contribution



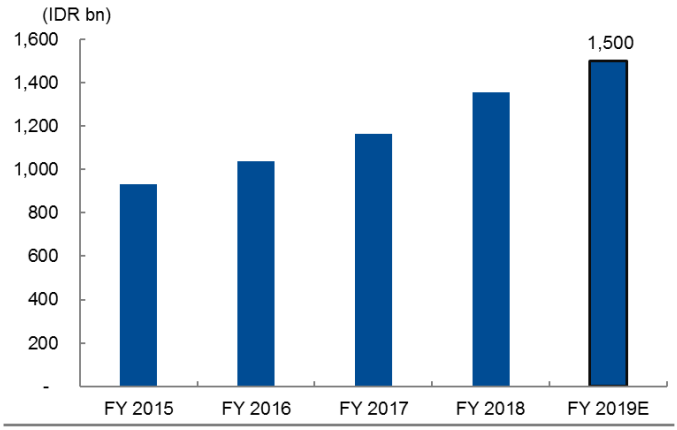
Source: Company Data, NHKS Research

Distribution & Logistic (IDR bn) | 2Q17– 2Q19



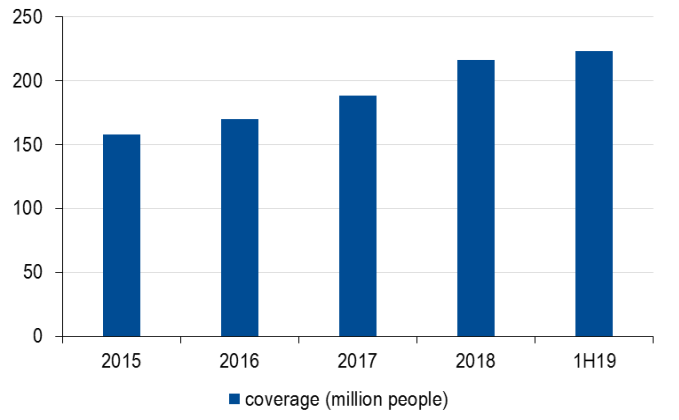
Source: Company Data, NHKS Research

Upward trend of KLBF capital expenditure



Source: Company Data, NHKS Research

BPJS Kesehatan program coverage



Source: Company Data, NHKS Research

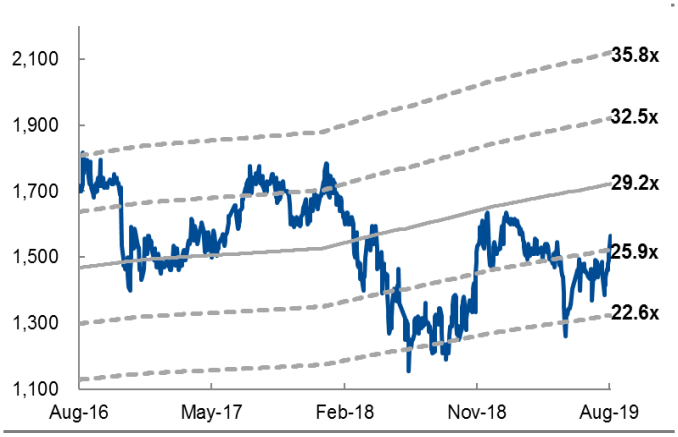
Valuation highlights in chart

3-year forward P/E band



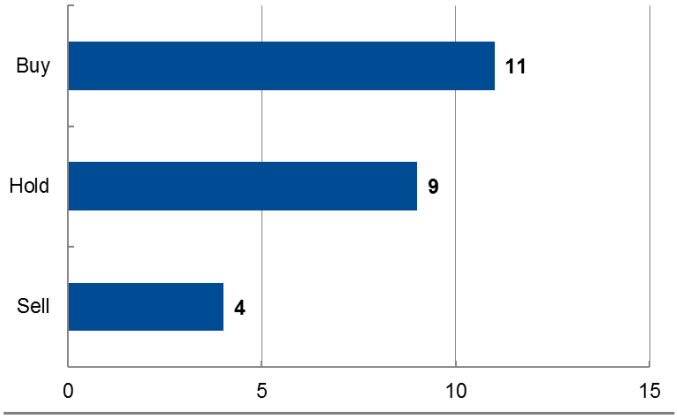
Source: Company Data, NHKS Research

3-year dynamic forward P/E band



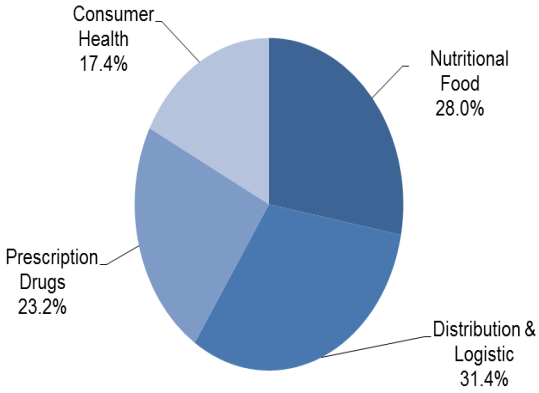
Source: Company Data, NHKS Research

Consensus of analyst recommendation



Source: Bloomberg, NHKS Research

2Q19 Revenue Breakdown



Source: Company Data, Bloomberg, NHKS Research

Quarterly review

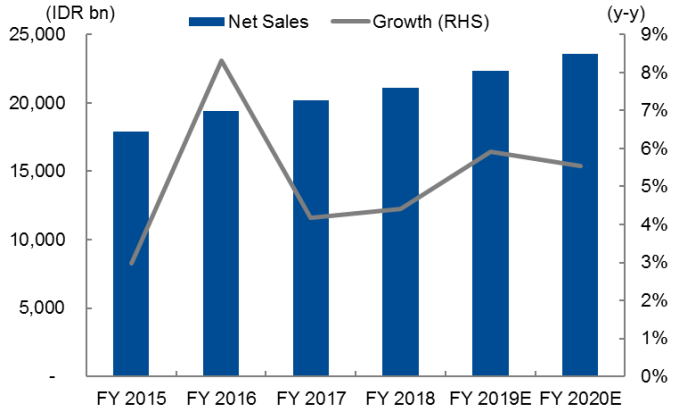
	2Q18	3Q18	4Q18	1Q19	2Q19					3Q19E
					Actual	Estimate	Y-Y	Q-Q	Surprise	
Income statement										
Net Sales	5,366	5,298	5,396	5301	5,813		8.3	9.7		5,545
Gross Profit	2,566	2,490	2,364	2,433	2,679		4.4	10.1		2,612
EBIT	799	747	908	764	858		7.3	12.2		854
EBITDA	915	867	1,024	884	983		7.5	11.2		957
Net Profit	626	589	653	595	663		5.9	11.4		674
Margin										
Gross Margin	47.8	47.0	43.8	45.9	46.1		-1.7	0.2		47.1
EBIT Margin	14.9	14.1	16.8	14.4	14.8		-0.1	0.3		15.4
EBITDA Margin	17.0	16.4	19.0	16.7	16.9		-0.1	0.2		17.3
Net Profit Margin	11.7	11.1	12.1	11.2	11.4		-0.3	0.2		12.1

Unit: IDR bn, %, USD/ton
Source: Company Data, NHKS Research

Company Overview

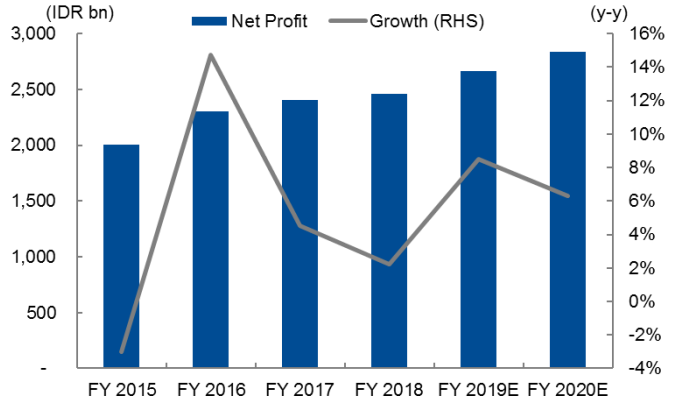
- PT Kalbe Farma Tbk (KLBF IJ) yang didirikan pada 1966 merupakan perusahaan farmasi terdepan di Indonesia.
- KLBF berekspansi dan mengubah usahanya menjadi solusi kesehatan terpadu yang diwujudkan di empat divisi usaha: divisi obat resep (kontribusi 23%), divisi produk kesehatan (kontribusi 17%), divisi nutrisi (kontribusi 30%), serta divisi distribusi and logistik (kontribusi 30%). Keempat divisi usaha mengelola portofolio obat resep dan obat bebas yang komprehensif, produk-produk minuman energi dan nutrisi, serta usaha distribusi yang menjangkau lebih dari satu juta outlet di seluruh kepulauan Indonesia.
- KLBF memiliki beberapa anak usaha, seperti Bintang Toedjoe, Saka Farma, Enseval Putera Megatrading (EPMT IJ), Kalbe Morinaga, Sanghiang Perkasa, Kalbe Blackmores Nutrition, dan Kalbe International Pte. Ltd.
- KLBF menggandeng Grab Indonesia untuk mendukung sinergi antara layanan berbasis digital milik KLBF, seperti Kalbe Home Delivery, klikdokter.com, dan kalbestore.com.

Revenue and growth movement



Source: Company Data, NHKS Research

Earnings and growth movement



Source: Company Data, NHKS Research

Asia pharmaceutical companies peers analysis

Company	Market Cap	Asset	Sales	Net Profit LTM	Net Profit Growth LTM	Net Profit Margin	ROE	P/E LTM	P/BV
Indonesia									
Kalbe Farma	**5,158**	**1,258**	**1,514**	**173**	**4.0**	**11.4**	**17.9**	**29.4**	**5.0**
Kimia Farma	1,269	656	541	28	19.3	5.1	16.6	45.3	8.0
India									
Laurus Labs Ltd	502	481	320	13	-44.06	4.2	6.2	38.2	2.3
Wockhardt Ltd	426	1,130	595	(28)	68.0	-4.7	-7.0	N/A	1.1
South Korea									
Hugel Inc	1,607	825	170	54	-13.2	31.5	9.3	23.8	2.2
Bukwang Pharmaceutical Co	733	443	172	114	1267.5	66.5	45.5	6.8	2.6
Daewoong Co Ltd	7,60	1,430	1,158	39	-34.9	3.4	7.6	15.3	1.1
Sam Chun Dang Pharm Co Ltd	560	235	148	7	-36.8	5.0	5.5	78.3	4.3
Taiwan									
Center Laboratories Inc.	809	666	303	172	508.7	56.9	53.5	4.9	1.9
Obi Pharma Inc.	856	154	0	(45)	-22.5	30.0	24.2	15.6	3.7
Bangladesh									
Renata Ltd	1,138	255	246	41	13.2	16.7	21.6	28.7	5.5

Unit: IDR bn, %, X
Source: Bloomberg, NHKS Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2018/12A	2019/12E	2020/12E	2021/12E
Net Sales	**21,074**	**22,319**	**23,555**	**24,855**
Growth	*4.4%*	*5.9%*	*5.5%*	*5.5%*
COGS	(11,226)	(11,953)	(12,439)	(13,119)
Gross Profit	**9,848**	**10,365**	**11,116**	**11,736**
Gross Margin	*46.7%*	*46.4%*	*47.2%*	*47.2%*
Operating Expenses	(6,635)	(6,912)	(7,443)	(7,805)
EBIT	**3,213**	**3,454**	**3,673**	**3,931**
EBIT Margin	*15.2%*	*15.5%*	*15.6%*	*15.8%*
Depreciation	463	434	444	611
EBITDA	**3,676**	**3,888**	**4,117**	**4,542**
EBITDA Margin	17.4%	17.4%	17.5%	18.3%
Interest Expenses	(20)	(27)	(29)	(27)
EBT	**3,306**	**3,553**	**3,777**	**4,045**
Income Tax	(809)	(844)	(897)	(961)
Minority Interest	(40)	(43)	(46)	(49)
Net Profit	**2,457**	**2,666**	**2,834**	**3,035**
Growth	*2.2%*	*8.5%*	*6.3%*	*7.1%*
Net Profit Margin	*11.7%*	*11.9%*	*12.0%*	*12.2%*

PROFITABILITY & STABILITY

	2018/12A	2019/12E	2020/12E	2021/12E
ROE	16.1%	15.9%	15.5%	15.2%
ROA	13.5%	13.5%	13.3%	13.2%
ROIC	15.5%	15.4%	15.0%	14.8%
Cash Dividend (IDR bn)	1,172	1,198	1,300	1,382
Dividend Yield	1.5%	1.7%	1.9%	2.0%
Payout Ratio	47.7%	44.9%	45.9%	45.5%
DER	2.3%	2.3%	1.8%	1.3%
Net Gearing	2.5%	2.4%	1.9%	1.3%
LT Debt to Equity	1.7%	0.8%	0.9%	0.6%
Capitalization Ratio	2.3%	2.2%	1.8%	1.3%
Equity Ratio	84.3%	85.2%	86.0%	86.8%
Debt Ratio	2.0%	2.0%	1.5%	1.1%
Financial Leverage	99.2%	99.0%	99.0%	99.1%
Current Ratio	465.8%	456.1%	482.9%	495.3%
Par Value (IDR)	10	10	10	10
Total Shares (mn)	46,875	46,875	46,875	46,875
Share Price (IDR)	1,690	1,520	1,495	1,495
Market Cap (IDR tn)	79.2	71.3	70.1	70.1

BALANCE SHEET

(IDR bn)	2018/12A	2019/12E	2020/12E	2021/12E
Cash	3,153	3,527	3,883	4,380
Receivables	3,256	3,045	3,214	3,391
Inventories	3,475	3,978	4,139	4,366
Total Current Assets	**10,648**	**11,346**	**12,017**	**12,925**
Net Fixed Assets	6,253	7,083	7,991	8,792
Other Non Current Assets	1,245	1,253	1,257	1,259
Total Assets	**18,146**	**19,682**	**21,264**	**22,976**
Payables	1,290	1,277	1,329	1,401
ST Bank Loan	97	259	155	148
LT Debt	260	126	173	111
Total Liabilities	**2,852**	**2,919**	**2,967**	**3,026**
Capital Stock & APIC	435	435	435	435
Retained Earnings	14,073	15,541	17,075	18,729
Shareholders' Equity	**15,295**	**16,763**	**18,297**	**19,950**

VALUATION INDEX

	2018/12A	2019/12E	2020/12E	2021/12E
Price /Earnings	32.2x	26.7x	24.7x	23.1x
Price /Book Value	5.2x	4.3x	3.8x	3.5x
Price/Sales	3.8x	3.2x	3.0x	2.8x
PE/EPS Growth	14.5x	3.1x	3.9x	3.3x
EV/EBITDA	21.0x	17.7x	16.3x	14.7x
EV/EBIT	24.0x	19.9x	18.3x	17.0x
EV (IDR bn)	77,210	68,894	67,311	66,743
Sales CAGR (3-Yr)	5.6%	4.8%	5.3%	5.7%
EPS CAGR (3-Yr)	7.0%	5.1%	5.6%	7.3%
Basic EPS (IDR)	52	57	60	65
Diluted EPS (IDR)	52	57	60	65
BVPS (IDR)	326	358	390	426
Sales PS (IDR)	450	476	502	530
DPS (IDR)	25	26	28	29

CASH FLOW STATEMENT

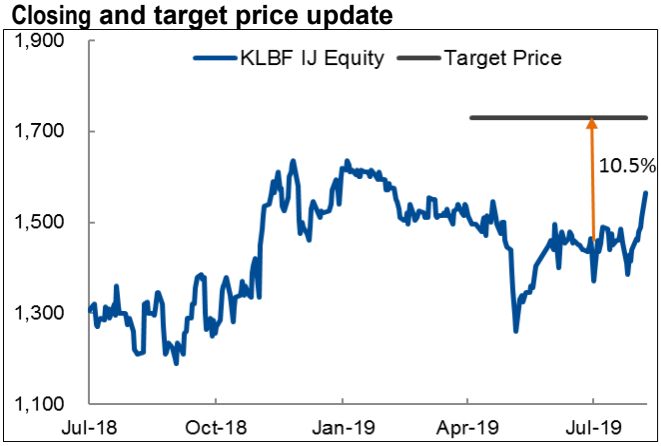
(IDR bn)	2018/12A	2019/12E	2020/12E	2021/12E
Operating Cash Flow	2,843	2,817	3,068	3,363
Investing Cash Flow	(1,400)	(1,272)	(1,356)	(1,414)
Financing Cash Flow	(1,074)	(1,171)	(1,356)	(1,452)
Net Changes in Cash	**369**	**374**	**356**	**497**

OWNERSHIP

By Geography	%	Shareholders	%
Indonesia	80.1	Gira Sole Prima	10.2
United States	7.3	Santa Seha Sanadi	9.7
United Kingdom	5.6	Diptanala Bahana	9.5
Canada	2.5	Ladang Ira Panen	9.5

Source: Company data, NHKS Research

Closing and target price update



Source: NHKS Research

Rating and target price update

Date	Rating	Target price	Consensus
2019.04.15	Buy	IDR1,730 (12M)	IDR1,543
2019.08.19	Hold	IDR1,730 (12M)	IDR1,565

Source: NHKS Research

NHKS stock ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Buy: greater than +15%, Hold: -15% to +15%, Sell: less than -15%.
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