

Kalbe Farma Tbk (KLBF IJ)

Distribution and Logistics Boost FY21 Performance



Cumulatively, KLBF booked FY21 sales of IDR26.3 trillion or up 13.6% YoY, while FY21 net profit was at IDR3.2 trillion (16.5% YoY). OPM and NPM increased, while GPM declined compared to the previous year. In the future, KLBF will continue to develop its digital platforms, such as EMOS, Mostrans and KlikDokter.

FY21 Performance Books Growth

- KLBF booked sales in 4Q21 at IDR7.2 trillion (+19.0% YoY, +6.5% QoQ), thus the sales in FY21 was cumulatively recorded at IDR26.3 trillion (vs FY20: IDR23.2 trillion).
- Sales growth was boosted by all segments which recorded 25.8% (distribution and logistics), 14.7% (prescription medicines), 7.1% (health products), and 2.5% (nutrition).
- Cumulatively, KLBF recorded profit growth in FY21, where gross profit, operating profit, as well as net profit were booked at IDR11.3 trillion, IDR4.0 trillion, and IDR3.2 trillion (vs FY20 Gross Profit: IDR10.2 trillion, Operating Profit: IDR3.5 trillion, and Net Profit: IDR2.7 trillion).
- We saw higher FY21 profitability margin for OPM and NPM at 15.3% and 12.1% (vs FY20, OPM: 15.2% dan NPM: 11.8%). Meanwhile, GPM booked a slight decline from the previous year to 43.0% (vs FY20 44.3%).
- In more detail, GPM for health products as well as distribution and logistics increased to 59.0% (vs FY20: 57.8%) and 25.0% (vs FY20: 24.8%). Meanwhile, GPM for prescription medicines and nutrition declined in FY21 to 52.8% (vs FY20: 53.4%) and 51.5% (vs FY20: 53.0%). The growth and decline of GPM is due to product mix.

Strengthens Business Through Innovation

- To support its performance, KLBF through PT Kalbe Genexine Biologics conducts research collaborations and clinical trials with third parties for new invention products with several countries including Southeast Asia, Australia and the Middle East.
- KLBF also continues to strengthen its digital platform by developing EMOS and Mostrans from the distribution and logistics division. The development of this digital platform can certainly support performance growth for 2022. Meanwhile, the distribution and logistics segment has the largest contribution to sales of 37.1%.
- Furthermore, KLBF also continues to develop telemedicine through KlikDokter, which currently has more than 14 million users. In the future, KlikDokter will become KLBF's digital healthcare super app.
- The nutrition segment still has good prospects, supported by the increasing number of people interested in health, where one of the products with a high demand is Hydro Coco.
- KLBF targets its nutritional products to all levels of society, from infants, children, adults, to the elderly. Meanwhile, the nutrition segment contributed 27.3% to sales.

Recommend OVERWEIGHT with TP of IDR1,800

- We recommend OVERWEIGHT for KLBF with a target price of IDR 1,800/share (P/E 26.7 or +1 STD) with a potential increase of 12.5%. We predict 2022F's sales and net profit to reach IDR 28.0 trillion and IDR 3.4 trillion, respectively.
- Main Risks: rising raw material prices, consumer purchasing power, and product competition.

Kalbe Farma Tbk | Summary (IDR Bn)

	2021A	2022E	2023E	2024E
Net Sales	26,261	28,043	30,105	32,605
Growth	13.6%	6.8%	7.4%	8.3%
Net Profit	3,184	3,439	3,702	3,736
Growth	16.5%	8.0%	7.6%	0.9%
EPS (IDR)	68	73	79	80
P/E	23.8x	24.5x	22.8x	22.6x
P/BV	3.6x	3.6x	3.3x	3.1x
EV/EBITDA	15.2x	16.3x	14.9x	14.6x
ROE	15.0%	14.8%	14.7%	13.7%
ROA	12.4%	12.4%	12.3%	11.6%
Dividend Yield	1.7%	1.8%	2.0%	2.1%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

Company Update | Apr 19, 2022

OVERWEIGHT

Target Price (IDR)	1,800
Consensus Price (IDR)	1,833
TP to Consensus Price	-1.8%
Potential Upside	12.5%

Shares data

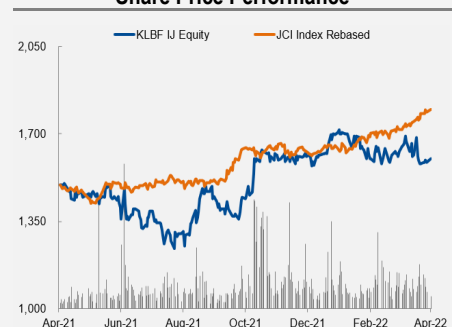
Last Price (IDR)	1,600
Price date as of	Apr 18, 2022
52 wk range (Hi/Lo)	1,730/1,240
Free float (%)	41.9
Outstanding sh.(mn)	46,875
Market Cap (IDR bn)	75,000
Market Cap (USD mn)	5,225
Avg. Trd Vol - 3M (mn)	36.75
Avg. Trd Val - 3M (bn)	59.85
Foreign Ownership	19.6%

Healthcare

Pharmaceutical & Nutritional Products

Bloomberg	KLBF IJ
Reuters	KLBF.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-1.2%	-1.8%	-6.7%	7.0%
Rel. Ret.	-10.4%	-6.4%	-16.7%	-13.2%

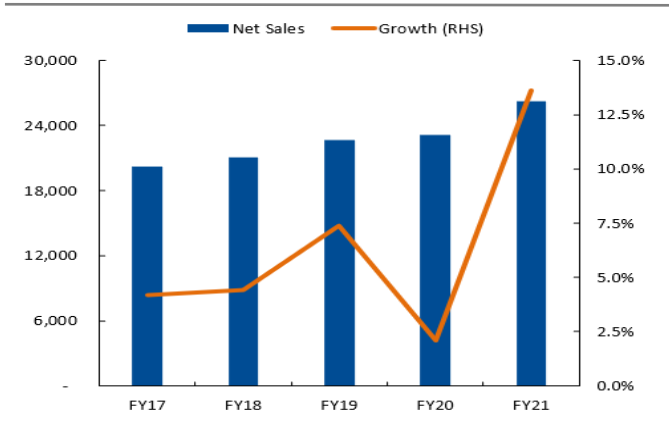
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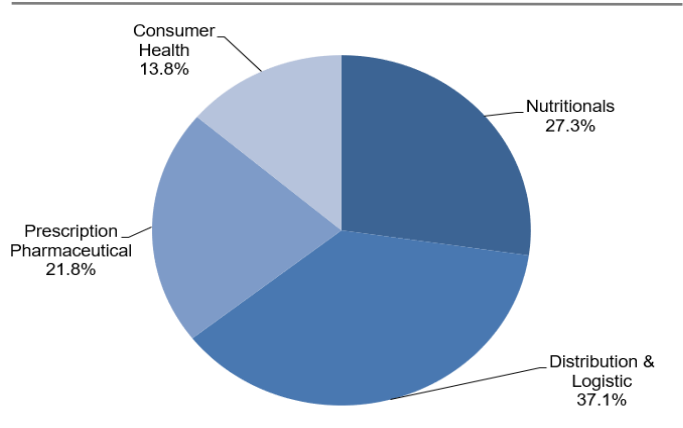
Performance Highlights

KLBF's FY17—FY21 Revenues



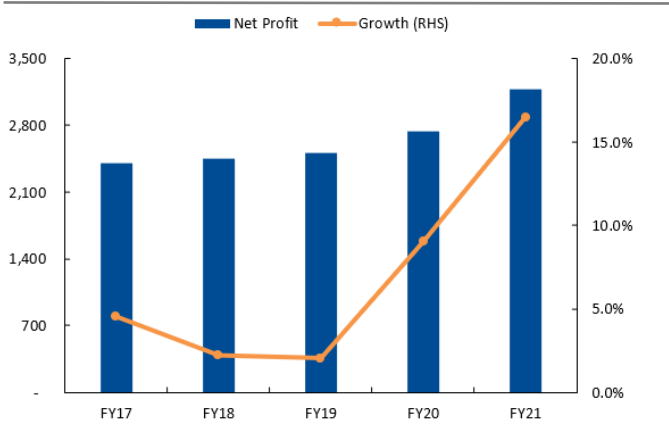
Source: Company Data, NHKSI Research

KLBF's Revenue Breakdown



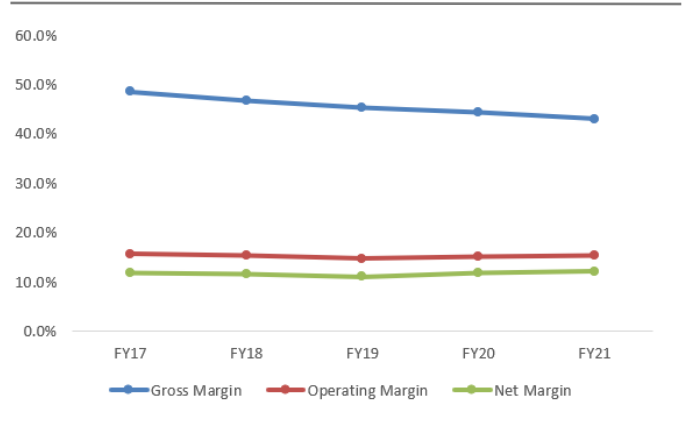
Source: Company Data, NHKSI Research

KLBF's FY17—FY21 Net Profit



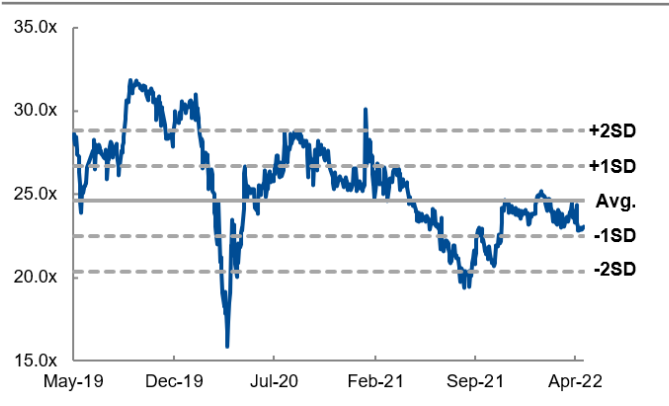
Source: Company Data, NHKSI Research

KLBF's Margin Ratio



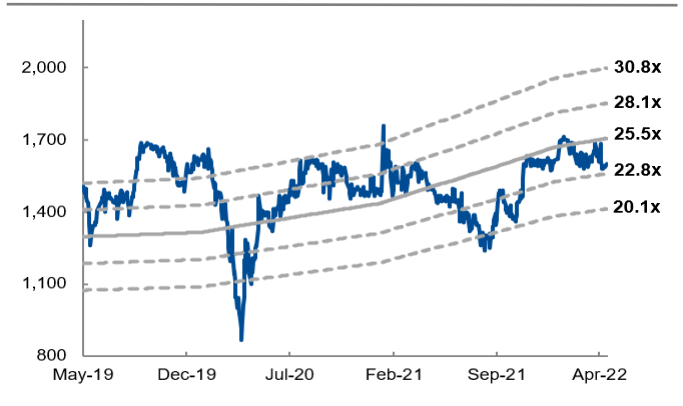
Source: Company Data, NHKSI Research

3-Year Forward P/E Band



Source: Company Data, NHKSI Research

3-Year Dynamic Forward P/E Band



Source: Company Data, NHKSI Research

Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E		2021/12A	2022/12E	2023/12E	2024/12E
Net Sales	26,261	28,043	30,105	32,605	ROE	15.0%	14.8%	14.7%	13.7%
<i>Growth</i>	13.6%	6.8%	7.4%	8.3%	ROA	12.4%	12.4%	12.3%	11.6%
COGS	(14,977)	(16,133)	(17,023)	(18,616)	Inventory Turnover	3.4x	3.5x	3.5x	3.5x
Gross Profit	11,284	11,910	13,082	13,989	Receivable Turnover	7.6x	7.0x	6.9x	6.9x
<i>Gross Margin</i>	43.0%	42.5%	43.5%	42.9%	Payables Turnover	10.3x	10.4x	10.3x	10.4x
Operating Expenses	(7,254)	(7,544)	(8,394)	(9,267)	Dividend Yield	1.7%	1.8%	2.0%	2.1%
EBIT	4,030	4,367	4,688	4,721	Payout Ratio	48.0%	48.0%	48.0%	48.0%
<i>EBIT Margin</i>	15.3%	15.6%	15.6%	14.5%	DER	2.9%	2.9%	2.9%	2.9%
Depreciation	689	436	461	480	Net Gearing	3.6%	3.5%	3.5%	0.0%
EBITDA	4,719	4,803	5,149	5,201	Equity Ratio	82.9%	83.9%	84.1%	84.1%
<i>EBITDA Margin</i>	18.0%	17.1%	17.1%	16.0%	Debt Ratio	0.0x	0.0x	0.0x	0.0x
Interest Expenses	(45)	(61)	(53)	(57)	Financial Leverage	1.0x	1.0x	1.0x	1.0x
EBT	4,143	4,476	4,817	4,862	Current Ratio	4.4x	5.1x	5.3x	5.4x
Income Tax	(911)	(984)	(1,059)	(1,069)	Quick Ratio	3.0x	3.8x	4.0x	4.1x
Minority Interest	(48)	(52)	(56)	(57)	Par Value (IDR)	10	10	10	10
Net Profit	3,184	3,439	3,702	3,736	Total Shares (mn)	46,875	46,875	46,875	46,875
<i>Growth</i>	16.5%	8.0%	7.6%	0.9%	Share Price (IDR)	1,615	1,800	1,800	1,800
<i>Net Profit Margin</i>	12.1%	12.3%	12.3%	11.5%	Market Cap (IDR tn)	75.7	84.4	84.4	84.4

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E		2021/12A	2022/12E	2023/12E	2024/12E
Cash	6,475	8,654	10,323	11,561	Price /Earnings	23.8x	24.5x	22.8x	22.6x
Receivables	3,431	4,020	4,358	4,715	Price /Book Value	3.6x	3.6x	3.3x	3.1x
Inventories	5,087	4,665	4,908	5,383	PE/EPS Growth	1.4x	3.1x	3.0x	24.4x
Total Current Assets	15,712	18,000	20,249	22,338	EV/EBITDA	15.2x	16.3x	14.9x	14.6x
Net Fixed Assets	8,102	8,258	8,324	8,538	EV/EBIT	17.9x	18.0x	16.4x	16.0x
Other Non Current Assets	1,852	1,376	1,406	1,438	EV (IDR bn)	71,939	78,488	76,879	75,699
Total Non Current Assets	9,954	9,635	9,730	9,976	Sales CAGR (3-Yr)	7.6%	7.4%	9.2%	7.5%
Total Assets	25,667	27,634	29,979	32,314	Net Income CAGR (3-Yr)	9.0%	11.1%	10.6%	5.5%
Payables	1,668	1,553	1,646	1,796	Basic EPS (IDR)	68	73	79	80
ST Bank Loan	94	102	111	120	BVPS (IDR)	454	494	538	580
Total Current Liabilities	3,535	3,549	3,790	4,117	DPS (IDR)	28	33	35	38
LT Debt	533	580	632	681					
Total Liabilities	4,401	4,457	4,752	5,128					
Capital Stock & APIC	435	435	435	435					
Retained Earnings	18,747	20,658	22,708	24,667					
Shareholders' Equity	21,266	23,177	25,227	27,186					

CASH FLOW STATEMENT					OWNERSHIP				
(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E					
Operating Cash Flow	2,876	3,728	3,820	3,693	Shareholders				%
Investing Cash Flow	(1,172)	(230)	(554)	(726)	Gira Sole Prima PT				10.3
Financing Cash Flow	(679)	(1,472)	(1,591)	(1,720)	Ladang Ira Panen PT				10.1
Net Changes in Cash	1,008	2,026	1,675	1,247	SANTA SEHA SANADI PT				10.1
					Diptanala Bahana PT				9.5
					By Geography				%
					Indonesia				80.4
					United States				9.2
					Luxembourg				2.6
					Canada				2.3

Source: Company Data, NHKSI Research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to 15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

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