

Kalbe Farma Tbk (KLBF IJ)

All Segments Deliver Solid Performance



KLBF recorded 4Q22 sales of IDR 7.8 trillion, and cumulative FY22 sales grew 10.2% YoY to IDR 28.9 trillion, led by the Consumer Health segment. Net profit for 4Q22 was recorded at IDR 896.7 billion, and cumulative FY22 sales grew 6.2% YoY to IDR 3.4 trillion. As of November 2022, KLBF has acquired 100% ownership of Sanofi, whose revenue will contribute to 2023F revenue (3% - 4%).

Maintaining Positive Performance

- KLBF recorded 4Q22 sales of IDR 7.8 trillion (+6.1% QoQ; 8.2% YoY) driven by domestic sales of IDR 7.2 trillion (+5.3% QoQ; +5.7% YoY) and export sales of IDR 562.9 billion (+16.8% QoQ; +55.1% YoY) so that cumulative FY22 sales grew 10.2% YoY to IDR 28.9 trillion.
- Amid the increase in Cost of Goods Sold during 4Q22 to IDR 4.8 trillion (+9.4% QoQ; +15.0% YoY), 4Q22 gross profit was recorded at IDR 3.0 trillion (+1.1% QoQ; -1.2% YoY) and cumulative FY22 grew by 3.7% YoY to IDR 11.7 trillion.
- GPM was recorded lower in 4Q22 at 38.3% (vs. 4Q21: 41.9%) due to higher raw material prices. OPM was recorded higher in 4Q22 at 18.6% (vs. 4Q21: 16.1%). Meanwhile, NPM experienced a downside of 11.6% (vs. 4Q21: 12.5%). In addition, KLBF posted a 4Q22 net profit of IDR 896.7 billion (+5.7% QoQ; +0.1% YoY), and cumulative FY22 grew 6.2% YoY to IDR 3.4 trillion.

Top Line Growth Driven by All Segments

- During FY22, the Consumer Health segment led the sales growth to IDR 4.15 trillion (+14.6% YoY), with a lower GPM of 56.2% (vs. FY21: 59.0%) due to product mix and higher raw material prices. To maintain top-line growth, the segment's strategy is to strengthen its product portfolio in the preventive and health supplement categories (herbal products, vitamins, and supplements).
- Distribution and Logistic sales recorded to increase in FY22 to IDR 10.8 trillion (+10.8% YoY), with GPM declining due to portfolio mix to 22.5% (vs. FY21: 25.0%). The Nutritional segment recorded sales growth of 9.3% YoY to IDR 7.8 trillion, with GPM contracting to 49.3% (vs. FY21: 51.5%) due to product mix and rising raw material prices. As for this segment, the strategies include offering more affordable products to serve the market needs and strengthening the product portfolio to maintain its performance.
- Meanwhile, amidst the decline in Covid-19 cases, the Prescription Pharmaceuticals segment manage to record its sales growth in FY22 of 7.5% YoY to IDR 6.1 trillion, with a lower GPM of 50.0% (vs. FY21: 52.8%) due to product mix and higher raw material prices.
- As known since November 2022, KLBF has acquired 100% ownership of Sanofi, whose revenue will contribute to 2023F revenue (3%-4%) by focusing on diabetes treatment, cardiovascular drugs, and vaccines. In addition, the Company plans to increase ASP by 3%-6% this year.

OVERWEIGHT Recommendation with a TP of IDR 2,300

- We retain our OVERWEIGHT recommendation, with a target price of IDR 2,300/share (P/E 24/3x or +1 STD) and a potential upside of 11.7%. Meanwhile, the main risks of our recommendation include rising raw material prices, exchange rate depreciation, and product competition.

Kalbe Farma Tbk | Summary (IDR Bn)

	2022A	2023E	2024E	2025E
Net Sales	28,934	32,703	35,902	39,889
Growth	10.2%	13.0%	9.8%	11.1%
Net Profit	3,382	3,906	4,455	4,647
Growth	6.2%	15.5%	14.1%	4.3%
EPS (IDR)	72	83	95	99
P/E	29.0x	27.6x	24.2x	23.2x
P/BV	4.4x	4.4x	4.0x	3.7x
EV/EBITDA	18.3x	17.3x	15.0x	14.1x
ROE	15.3%	16.1%	16.6%	15.8%
ROA	12.4%	13.4%	13.8%	13.2%
Dividend Yield	1.7%	1.5%	1.7%	2.0%

Source: Company Data, Bloomberg, NIKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

Company Update | Apr 26, 2023

OVERWEIGHT

Target Price (IDR)	2,300
Consensus Price (IDR)	2,339
TP to Consensus Price	-1.7%
Potential Upside	11.7%

Shares data

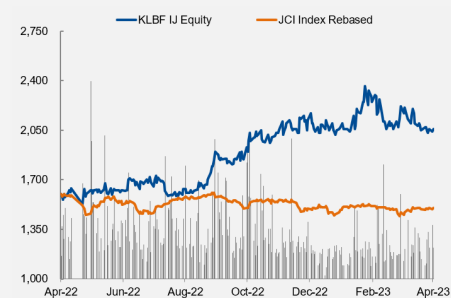
Last Price (IDR)	2,060
Price date as of	Apr 18, 2023
52 wk range (Hi/Lo)	2,360/1,530
Free float (%)	40.45
Outstanding sh.(mn)	46,875
Market Cap (IDR bn)	96,563
Market Cap (USD mn)	6,503
Avg. Trd Vol - 3M (mn)	27.17
Avg. Trd Val - 3M (bn)	58.01
Foreign Ownership	21.2%

Healthcare

Pharmaceutical & Nutritional Products

Bloomberg	KLBF IJ
Reuters	KLBF.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	0.0%	-5.1%	-1.4%	28.8%
Rel. Ret.	0.4%	-8.2%	-2.3%	35.0%

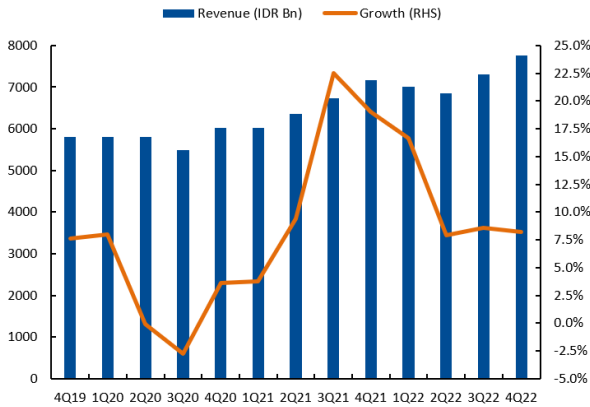
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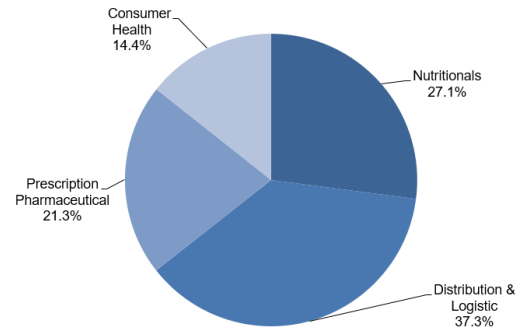
Performance Highlights

KLBF's 4Q19—4Q22 Revenues



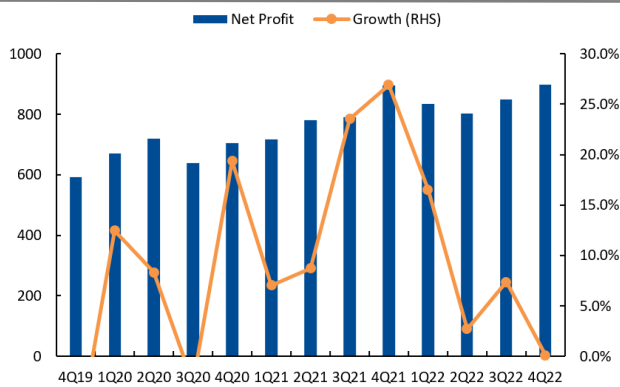
Source: Company Data, NHKSI Research

KLBF's Revenue Breakdown



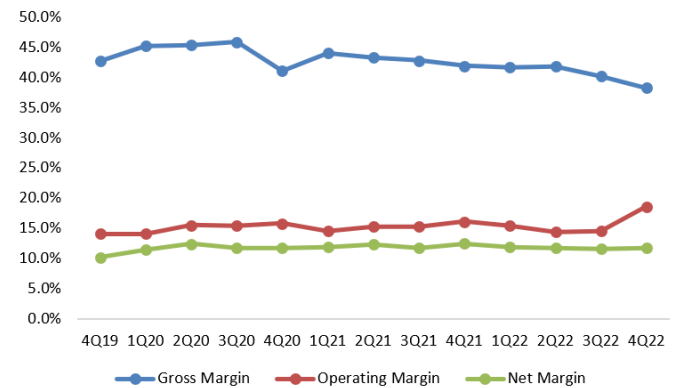
Source: Company Data, NHKSI Research

KLBF's 4Q19—4Q22 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

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Net Sales	28,934	32,703	35,902	39,889
<i>Growth</i>	10.2%	13.0%	9.8%	11.1%
COGS	(17,229)	(18,572)	(21,047)	(23,464)
Gross Profit	11,704	14,132	14,854	16,425
<i>Gross Margin</i>	40.5%	43.2%	41.4%	41.2%
Operating Expenses	(7,153)	(8,881)	(8,875)	(10,185)
EBIT	4,551	5,251	5,979	6,240
<i>EBIT Margin</i>	15.7%	16.1%	16.7%	15.6%
Depreciation	715	764	878	965
EBITDA	5,267	6,015	6,857	7,205
<i>EBITDA Margin</i>	18.2%	18.4%	19.1%	18.1%
Interest Expenses	(41)	(43)	(42)	(43)
EBT	4,459	5,149	5,873	6,126
Income Tax	(1,009)	(1,165)	(1,329)	(1,386)
Minority Interest	(68)	(78)	(89)	(93)
Net Profit	3,382	3,906	4,455	4,647
<i>Growth</i>	6.2%	15.5%	14.1%	4.3%
<i>Net Profit Margin</i>	11.7%	11.9%	12.4%	11.7%

BALANCE SHEET

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Cash	3,950	5,902	7,391	8,848
Receivables	4,614	4,937	5,420	5,784
Inventories	7,027	6,615	7,000	8,137
Total Current Assets	16,710	18,416	20,831	23,802
Net Fixed Assets	8,055	9,131	9,744	9,725
Other Non Current Assets	2,476	1,626	1,702	1,767
Total Non Current Assets	10,531	10,757	11,445	11,492
Total Assets	27,241	29,173	32,276	35,294
Payables	1,997	1,628	1,845	2,057
ST Bank Loan	856	777	860	939
Total Current Liabilities	4,431	4,190	4,664	5,173
LT Debt	312	283	313	342
Total Liabilities	5,144	4,840	5,361	5,891
Capital Stock & APIC	435	435	435	435
Retained Earnings	20,498	22,733	25,315	27,804
Shareholders' Equity	22,097	24,332	26,915	29,403

CASH FLOW STATEMENT

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Operating Cash Flow	1,285	4,806	4,802	4,507
Investing Cash Flow	(1,437)	(1,123)	(1,549)	(1,019)
Financing Cash Flow	(2,352)	(1,731)	(1,763)	(2,031)
Net Changes in Cash	(2,520)	1,952	1,489	1,457

PROFITABILITY & STABILITY

	2022/12A	2023/12E	2024/12E	2025/12E
ROE	15.3%	16.1%	16.6%	15.8%
ROA	12.4%	13.4%	13.8%	13.2%
Inventory Turnover	2.8x	2.8x	3.0x	2.9x
Receivable Turnover	7.2x	6.6x	6.6x	6.9x
Payables Turnover	9.4x	11.4x	11.4x	11.4x
Dividend Yield	1.7%	1.5%	1.7%	2.0%
Payout Ratio	51.2%	48.0%	48.0%	48.0%
DER	5.3%	4.4%	4.4%	4.4%
Net Gearing	5.6%	4.6%	4.5%	4.5%
Equity Ratio	81.1%	83.4%	83.4%	83.3%
Debt Ratio	0.0x	0.0x	0.0x	0.0x
Financial Leverage	1.0x	1.0x	1.0x	1.0x
Current Ratio	3.8x	4.4x	4.5x	4.6x
Quick Ratio	2.2x	2.8x	3.0x	3.0x
Par Value (IDR)	10	10	10	10
Total Shares (mn)	46,875	46,875	46,875	46,875
Share Price (IDR)	2,090	2,300	2,300	2,300
Market Cap (IDR tn)	98.0	107.8	107.8	107.8

VALUATION INDEX

	2022/12A	2023/12E	2024/12E	2025/12E
Price /Earnings	29.0x	27.6x	24.2x	23.2x
Price /Book Value	4.4x	4.4x	4.0x	3.7x
PE/EPS Growth	4.6x	1.8x	1.7x	5.4x
EV/EBITDA	18.3x	17.3x	15.0x	14.1x
EV/EBIT	21.2x	19.8x	17.2x	16.3x
EV (IDR bn)	96,352	104,136	102,760	101,411
Sales CAGR (3-Yr)	8.5%	12.3%	11.0%	11.3%
Net Income CAGR (3-Yr)	10.5%	12.6%	11.9%	11.2%
Basic EPS (IDR)	72	83	95	99
BVPS (IDR)	471	519	574	627
DPS (IDR)	35	35	40	46

OWNERSHIP

	%
Shareholders	
Ladang Ira Panen PT	10.5
Gira Sole Prima PT	10.3
SANTA SEHA SANADI PT	10.1
Diptanala Bahana PT	9.5
By Geography	
Indonesia	78.8
United States	8.0
Ireland	3.2
Luxembourg	2.0

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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