

PT. Kalbe Farma Tbk.

BUY

22 April 2022
Consumer Goods

Price	IDR	1,600
Target Price	IDR	1,980
JKSE Index		7,276.193



Stock Information

Bloomberg Code	KLBF IJ
Market Cap (IDR bn)	72,187
52-week high (IDR)	1,730
52-week low (IDR)	1,240
Shares issued (mn)	46,875.1
6-m avg. daily Val (IDR)	1,400
Free float	43.02%

Major share holders

PT Gira Sole Prima	10.29%
PT Santa Seha Sanadi	10.06%
PT Diptanala Bahana	9.50%
PT Lucasta Murni Cemerlang	9.47%
PT Ladang Ira Panen	10.09%
PT Bina Arta Charisma	8.43%
Public	42.16%

USD/ IDR – YE (IDR)

2021	14,300
2022F (6m-avg)	14,350

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Investment Consideration

Double-digit Growth Maintained

- KLBF maintained double-digit growth in 4Q2021 with sales of IDR 7.16 trillion, the highest quarter in 2021 and up +19% YoY or +6.45% QoQ. For 2021FY, KLBF net sales increased +13.6% YoY to IDR 26.2 trillion.
- Most of KLBF's business segments recorded positive growth in 2021.
- Distribution & logistics recorded growth of +26% YoY to IDR 9.75 trillion and is still the largest contributor to total sales. Distribution & logistics GPM increased to 25% from 24.8% due to a better product mix.
- Pharmaceuticals sales recorded 14.8% YoY growth to IDR 5.7 trillion while the GPM declined to 52.8% from 53.4% due also to the product mix.
- Nutrition recorded positive growth of +2.5% to IDR 7.16 trillion with the GPM declining to 51.5% from 53%.
- Consumer health also grew +7.1% YoY to IDR 3.6 trillion with a higher GPM of 50.9% from 57.8%.
- We expect KLBF will maintain double-digit sales growth as demand continues to grow. We are targeting KLBF 2022F sales to reach IDR 29.1 trillion or +11% growth.

4Q2021: Higher Margin

- Inline with double-digit growth in sales, KLBF also maintained double digit net income growth in 4Q2021, up +27% YoY or +13% QoQ to IDR 896 billion with a higher NPM of 12.5%. For 2021, KLBF recorded a net profit increase of +16% YoY to IDR 3.18 trillion with a slightly higher NPM of 12.1%.
- KLBF gross profit increased +21% YoY or +4% QoQ in 4Q2021 to IDR 3.0 trillion with COGS increasing +17% YoY due to higher commodity prices and raw material costs. This resulted in a slightly lower gross profit margin of 41.9%.
- Operating profit increased by +24% YoY to IDR 1.16 trillion with a higher operating profit margin of 16.3%.
- We are forecasting KLBF 2022F net profit to grow double digit +13% YoY to reach IDR 3.58 trillion.

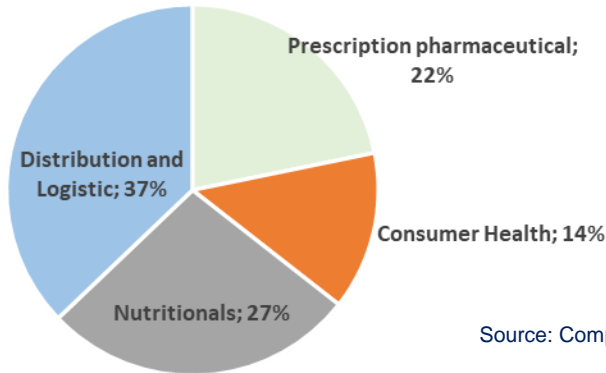
Valuation: BUY TP 1,980 with 24% upside

- We are targeting KLBF to trade at 23x PE within a year. Target Price is IDR 1,980 which represents 24% upside. We maintained our recommendation to BUY.

Financial Highlights	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Revenue (In IDR Bn)	20.182	21.074	22.633	23.113	26.261	29.171	32.566
Gross Profit (In IDR Bn)	9.812	9.848	10.243	10.246	11.284	12.544	14.004
EBITDA (In IDR Bn)	3.681	3.762	3.906	4.270	4.628	5.253	5.827
Net Profit (In IDR Bn)	2.404	2.457	2.507	2.733	3.184	3.588	4.006
EPS (In IDR)	51	52	53	58	68	77	85
GPM (%)	49%	47%	45%	44%	43%	43%	43%
OPM (%)	16%	16%	15%	16%	16%	16%	16%
NPM (%)	12%	12%	11%	12%	12%	12%	12%
EBITDA Margin (%)	18%	18%	17%	18%	18%	18%	18%
ROE (%)	18%	17%	16%	16%	16%	17%	18%
Tot. debt / equity (x)	0,20	0,20	0,22	0,25	0,22	0,20	0,20
Current Ratio (x)	4,51	4,66	4,35	4,12	4,45	4,13	4,04

Source: Company and Binaartha

Chart: Revenue Breakdown by Segment in 2021FY



Source: Company

Table: Income Statement in IDR Billion QoQ & YoY

Income Statement (IDR.Bn)	1Q2021	2Q2021	3Q2021	4Q2021	QoQ	4Q2020	YoY
Revenues	6.015	6.355	6.728	7.162	6%	6.017	19%
Cost of revenues	-3.368	-3.605	-3.846	-4.158	8%	-3.542	17%
Gross Profit	2.647	2.750	2.882	3.005	4%	2.475	21%
Operating expense	-1.722	-1.748	-1.834	-1.837	0%	-1.535	20%
Pretax income(PBT)	926	1.002	1.048	1.168	11%	940	24%
Taxes	-202	-214	-235	-260	10%	-212	22%
NPAT	724	788	813	908	12%	727	25%
Minority interest	-7	-7	-22	-12	-47%	-22	-45%
Net Profit	716	781	790	896	13%	706	27%
EPS (In IDR)	15	17	17	19	13%	15	27%

Source: Company

Table: Income Statement in IDR Billion YoY

Income Statement (IDR.Bn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Revenues	20.182	21.074	22.633	23.113	26.261	29.171	32.566
Cost of revenues	(10.370)	(11.226)	(12.390)	(12.866)	(14.977)	(16.627)	(18.563)
Gross Profit	9.812	9.848	10.243	10.246	11.284	12.544	14.004
Operating expense	(6.571)	(6.542)	(6.841)	(6.619)	(7.141)	(7.876)	(8.793)
Pretax income(PBT)	3.241	3.306	3.403	3.627	4.143	4.667	5.211
Taxes	(788)	(809)	(865)	(828)	(911)	(1.027)	(1.146)
NPAT	2.453	2.497	2.538	2.799	3.232	3.641	4.064
Minority interest	(50)	(40)	(31)	(66)	(48)	(53)	(59)
Net Profit	2.404	2.457	2.507	2.733	3.184	3.588	4.006
EPS (In IDR)	51	52	53	58	68	77	85
EBITDA	3.681	3.762	3.906	4.270	4.628	5.253	5.827

Source: Company and Binaartha

Table: Statement of Financial Position in IDR Billion YoY

Statement of Financial Position (IDR. Billion)	2016A	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Current Assets								
Cash and cash equivalents	2.896	2.785	3.153	3.040	5.208	6.216	5.203	6.097
Trade receivables	2.726	2.968	3.374	3.698	3.595	3.545	3.938	4.234
Inventory	3.344	3.557	3.475	3.738	3.600	5.087	5.105	5.211
Other current assets	607	734	647	746	673	864	875	977
Total Current Assets	9.573	10.044	10.648	11.222	13.075	15.712	15.121	16.518
Non-Current Assets								
Fixed assets	4.556	5.343	6.253	7.666	8.158	7.994	8.554	9.152
Other non-current assets	1.098	1.230	1.245	1.376	1.331	1.960	1.896	1.954
Total Non-current Assets	5.653	6.572	7.498	9.042	9.489	9.954	10.450	11.106
Total Assets	15.226	16.616	18.146	20.265	22.564	25.667	25.571	27.625
Liabilities								
Current Liabilities								
Trade payables	1.947	1.831	1.959	1.712	1.897	2.378	2.414	2.695
Short-term bank loan	135	169	96	150	344	70	78	87
Other current liabilities	370	396	231	716	936	1.086	1.167	1.303
Total Current Liabilities	2.317	2.227	2.286	2.577	3.177	3.535	3.659	4.085
Non-current Liabilities								
Long-term Debt Bank Loan	132	144	260	648	723	490	189	89
Others non-current liabilities	313	351	306	334	389	376	233	261
Total Non-current Liabilities	445	495	565	982	1.111	866	423	350
Total Liabilities	2.762	2.722	2.852	3.559	4.288	4.401	4.081	4.434
Equity								
Minority Interest	555	613	671	812	871	1.686	873	971
Total Liabilities & Equity	15.226	16.616	18.146	20.265	22.564	25.667	25.571	27.625

Source: Company and Binaartha

Table: Cash Flow in IDR Billion YoY

Cash Flow (IDR. Billion)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Cash Flow From Operating Activities							
Net income	2.404	2.457	2.507	2.733	3.184	3.588	4.006
Depreciation expenses	403	426	463	553	427	560	599
Change in working capital	-672	-177	-396	914	-1.271	-298	-77
Net Cash From Operating Activities	2.135	2.706	2.573	4.200	2.340	3.849	4.527
Cash Flow From Investing Activities							
Change in Non-current Asset	-1.190	-1.336	-1.876	-1.044	-264	-1.119	-1.198
Other non-current assets	-132	-15	-131	45	-629	64	-58
Net Cash Used in Investing Activities	-1.322	-1.352	-2.007	-1.000	-893	-1.055	-1.255
Cash Flow From Financing Activities							
Long-term debt	12	115	388	75	-233	-301	-100
Other non-current liabilities	38	-45	29	54	-13	-142	27
Equity	-973	-1.057	-1.096	-1.162	-194	-3.365	-2.305
Net Cash Provided by (Used in) Financing Activities	-924	-986	-679	-1.033	-439	-3.808	-2.378
Net Increase In Cash and Cash Equivalent	-111	369	-113	2.167	1.008	-1.013	894
Cash and Cash Equivalents at Beginning of Period	2.896	2.785	3.153	3.040	5.208	6.216	5.203
Cash and Cash Equivalents at End of Period	2.785	3.153	3.040	5.208	6.216	5.203	6.097

Source: Company and Binaartha

Table: Ratio Highlights YoY

	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Growth (% YoY)							
Sales	4,2%	4,4%	7,4%	2,1%	13,6%	11,1%	11,6%
OP	4,9%	2,0%	2,9%	6,6%	14,2%	12,6%	11,6%
EBITDA	4,7%	2,2%	3,8%	9,3%	8,4%	13,5%	10,9%
NP	4,5%	2,2%	2,0%	9,0%	16,5%	12,7%	11,6%
EPS	4,5%	2,2%	2,0%	9,0%	16,5%	12,7%	11,6%
Profitability							
Gross Profit Margin	48,6%	46,7%	45,3%	44,3%	43,0%	43,0%	43,0%
Operating Margin	16,1%	15,7%	15,0%	15,7%	15,8%	16,0%	16,0%
EBITDA margin	18,2%	17,9%	17,3%	18,5%	17,6%	18,0%	17,9%
NET Profit margin	11,9%	11,7%	11,1%	11,8%	12,1%	12,3%	12,3%
ROA	14,5%	13,5%	12,4%	12,1%	12,4%	14,0%	14,5%
ROE	18,1%	16,8%	15,8%	15,7%	16,3%	17,4%	18,0%
Stability							
Total debt/ equity (X)	0,20	0,20	0,22	0,25	0,22	0,20	0,20
Current ratio (X)	4,51	4,66	4,35	4,12	4,45	4,13	4,04
Int. Coverage (x)	89,06	111,18	84,18	40,49	72,20	176,28	300,97
Per Share data (IDR)							
EPS	51,3	52,4	53,5	58,3	67,9	76,5	85,5
BVS	283	312	339	371	418	440	474
SPS	413	431	450	483	493	560	622
EBITDA/share	75	79	80	83	91	99	112

Source: Company and Binaartha

Stock Ratings:

- Buy : a recommendation to purchase the security with upside potential of **20% or greater**
- Hold : a recommendation to neither buy nor sell a security with upside potential of **0-19%**.
- Sel : a recommendation to close out a long position in a security with upside potential **below 0% or negative**.

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