

PT. Kalbe Farma Tbk.

BUY

28 October 2021
Consumer Goods

Price	IDR	1,595
Target Price	IDR	1,920
JKSE Index		6,602.209



Stock Information

Bloomberg Code	KLBF IJ
Market Cap (IDR bn)	72,187
52-week high (IDR)	1,960
52-week low (IDR)	1,240
Shares issued (mn)	46,875.1
6-m avg. daily Val (IDR)	1,398
Free float	43.02%

Major share holders

PT Gira Sole Prima	10.19%
PT Santa Seha Sanadi	9.87%
PT Diptanala Bahana	9.50%
PT Lucasta Murni Cemerlang	9.47%
PT Ladang Ira Panen	9.34%
PT Bina Arta Charisma	8.61%
Public	43.02%

USD/ IDR – YE (IDR)

2020	14,175
2021F (6m-avg)	14,280

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Investment Consideration

Record Quarterly Sales

- KLBF recorded record sales of IDR 6.73 trillion, the highest quarter in 2021 so far and up +22.5% YoY or +5.9% QoQ in 3Q2021. For 9M2021, KLBF net sales increased +11.7% YoY to IDR 19.1 trillion.
- All KLBF's business segments recorded positive growth in 3Q2021, with distribution & logistics recorded growth of +42% YoY to IDR 2.47 trillion and is still the largest contributor to total sales. Pharmaceutical and nutrition recorded positive growth of 23% and 4.3% to IDR 1.49 trillion and IDR 1.85 trillion respectively in 3Q2021.
- Consumer health also grew 109% YoY to IDR 915.7 billion.
- In terms of 3Q2021 gross profit margins, distribution and logistics was flat at 24%. Consumer health increased to 60% from 58% in 3Q2020, pharmaceutical slightly decreased to 53% from 58% in 3Q2020, nutrition also decreased to 51% from 55%.
- As demand continues to increase, we expect strong growth in the next quarters. We are targeting KLBF 2021 sales to reach IDR 24.8 trillion.

Net income improved

- Inline with double-digit growth in sales, KLBF also booked higher QoQ net income, up +24% YoY or 1.2% QoQ to IDR 790 billion in 3Q2021. The NPM was stable at 12.3%.
- For 9M2021, KLBF recorded a net profit increase of +13% YoY to IDR 2.29 trillion with a slightly higher NPM of 12%.
- Because of higher commodity prices and raw material costs, COGS increased 29% in 3Q2021. As a result, KLBF gross profit increased +14% YoY or 4.8% QoQ in 3Q2021 to IDR 2.88 trillion. This resulted in a lower gross profit margin of 42.8% from 46% in 3Q2020.
- Operating profit increased by +19% YoY to IDR 1.04 trillion, while the operating profit margin decreased slightly to 15.6% from 16%.
- We are forecasting KLBF 2021 net profit will grow double digit +16% YoY to reach IDR 3.18 trillion.

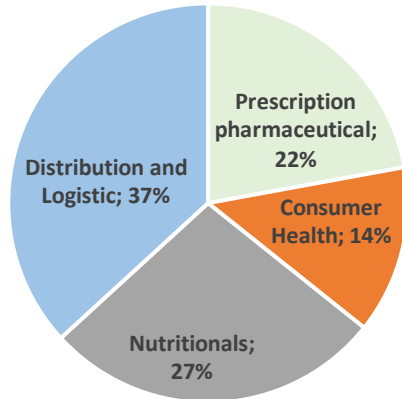
Valuation: BUY TP 1,920 with 20% upside

- We are targeting KLBF to trade at 25x PE within a year. Target Price is IDR 1,920 which represents 20% upside. We maintained our recommendation to BUY.

Financial Highlights	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Revenue (In IDR Bn)	19.374	20.182	21.074	22.633	23.113	24.791	26.537
Gross Profit (In IDR Bn)	9.488	9.812	9.848	10.243	10.246	11.203	12.177
EBITDA (In IDR Bn)	3.516	3.681	3.762	3.906	4.270	4.731	5.271
Net Profit (In IDR Bn)	2.300	2.404	2.457	2.507	2.733	3.180	3.548
EPS (In IDR)	49	51	52	53	58	68	76
GPM (%)	49%	49%	47%	45%	44%	45%	46%
OPM (%)	16%	16%	16%	15%	16%	17%	17%
NPM (%)	12%	12%	12%	11%	12%	13%	13%
EBITDA Margin (%)	18%	18%	18%	17%	18%	19%	20%
ROE (%)	19%	18%	17%	16%	16%	17%	18%
Tot. debt / equity (x)	0,23	0,20	0,20	0,22	0,25	0,24	0,21
Current Ratio (x)	4,13	4,51	4,66	4,35	4,12	3,75	4,03

Source: Company and Binaartha

Chart: Revenue Breakdown by Segment in 3Q2021



Source: Company

Table: Income Statement in IDR Billion QoQ & YoY

Income Statement (IDR.Bn)	1Q2021	2Q2021	3Q2021	QoQ	9M2020	9M2021	YoY
Revenues	6.015	6.355	6.728	6%	17.096	19.099	12%
Cost of revenues	-3.368	-3.605	-3.846	7%	-9.324	-10.819	16%
Gross Profit	2.647	2.750	2.882	5%	7.771	8.279	7%
Operating expense	-1.722	-1.748	-1.834	5%	-5.084	-5.304	4%
Pretax income(PBT)	926	1.002	1.048	5%	2.688	2.976	11%
Taxes	-202	-214	-235	10%	-616	-651	6%
NPAT	724	788	813	3%	2.072	2.324	12%
Minority interest	-7	-7	-22	215%	-45	-37	-18%
Net Profit	716	781	790	1%	2.027	2.288	13%
EPS (In IDR)	15	17	17	1%	43	49	13%

Source: Company

Table: Income Statement in IDR Billion YoY

Income Statement (IDR.Bn)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Revenues	19.374	20.182	21.074	22.633	23.113	24.791	26.537
Cost of revenues	(9.886)	(10.370)	(11.226)	(12.390)	(12.866)	(13.588)	(14.360)
Gross Profit	9.488	9.812	9.848	10.243	10.246	11.203	12.177
Operating expense	(6.397)	(6.571)	(6.542)	(6.841)	(6.619)	(7.065)	(7.563)
Pretax income(PBT)	3.091	3.241	3.306	3.403	3.627	4.138	4.614
Taxes	(740)	(788)	(809)	(865)	(828)	(910)	(1.015)
NPAT	2.351	2.453	2.497	2.538	2.799	3.227	3.599
Minority interest	(51)	(50)	(40)	(31)	(66)	(47)	(50)
Net Profit	2.300	2.404	2.457	2.507	2.733	3.180	3.548
EPS (In IDR)	49	51	52	53	58	68	76
EBITDA	3.516	3.681	3.762	3.906	4.270	4.731	5.271

Source: Company and Binaartha

Table: Statement of Financial Position in IDR Billion YoY

Statement of Financial Position (IDR. Billion)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Current Assets							
Cash and cash equivalents	2.896	2.785	3.153	3.040	5.208	4.797	5.561
Trade receivables	2.726	2.968	3.374	3.698	3.595	3.712	3.715
Inventory	3.344	3.557	3.475	3.738	3.600	4.462	4.379
Other current assets	607	734	647	746	673	744	663
Total Current Assets	9.573	10.044	10.648	11.222	13.075	13.715	14.318
Non-Current Assets							
Fixed assets	4.556	5.343	6.253	7.666	8.158	8.693	9.302
Other non-current assets	1.098	1.230	1.245	1.376	1.331	1.364	1.327
Total Non-current Assets	5.653	6.572	7.498	9.042	9.489	10.057	10.629
Total Assets	15.226	16.616	18.146	20.265	22.564	23.772	24.947
Liabilities							
Current Liabilities							
Trade payables	1.947	1.831	1.959	1.712	1.897	1.735	1.858
Short-term bank loan	135	169	96	150	344	184	100
Other current liabilities	370	396	231	716	936	1.735	1.592
Total Current Liabilities	2.317	2.227	2.286	2.577	3.177	3.654	3.550
Non-current Liabilities							
Long-term Debt Bank Loan	132	144	260	648	723	427	389
Others non-current liabilities	313	351	306	334	389	372	212
Total Non-current Liabilities	445	495	565	982	1.111	799	602
Total Liabilities	2.762	2.722	2.852	3.559	4.288	4.454	4.152
Equity	11.909	13.281	14.623	15.893	17.406	18.582	20.002
Minority Interest	555	613	671	812	871	736	794
Total Liabilities & Equity	15.226	16.616	18.146	20.265	22.564	23.772	24.947

Source: Company and Binaartha

Table: Cash Flow in IDR Billion YoY

Cash Flow (IDR. Billion)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Cash Flow From Operating Activities							
Net income	2.300	2.404	2.457	2.507	2.733	3.180	3.548
Depreciation expenses	397	403	426	463	553	536	609
Change in working capital	-696	-672	-177	-396	914	-573	56
Net Cash From Operating Activities	2.001	2.135	2.706	2.573	4.200	3.143	4.213
Cash Flow From Investing Activities							
Capex	-1.014	-1.190	-1.336	-1.876	-1.044	-1.071	-1.217
Other non-current assets	-88	-132	-15	-131	45	-32	37
Net Cash Used in Investing Activities	-1.103	-1.322	-1.352	-2.007	-1.000	-1.104	-1.180
Cash Flow From Financing Activities							
Long-term debt	126	12	115	388	75	-295	-38
Other non-current liabilities	-73	38	-45	29	54	-17	-160
Equity	-774	-973	-1.057	-1.096	-1.162	-2.138	-2.072
Net Cash Provided by (Used in) Financing Activities	-721	-924	-986	-679	-1.033	-2.450	-2.269
Net Increase In Cash and Cash Equivalent	177	-111	369	-113	2.167	-411	764
Cash and Cash Equivalents at Beginning of Period	2.719	2.896	2.785	3.153	3.040	5.208	4.797
Cash and Cash Equivalents at End of Period	2.896	2.785	3.153	3.040	5.208	4.797	5.561

Source: Company and Binaartha

Table: Ratio Highlights YoY

	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Growth (% YoY)							
Sales	8,3%	4,2%	4,4%	7,4%	2,1%	7,3%	7,0%
OP	13,6%	4,9%	2,0%	2,9%	6,6%	14,1%	11,5%
EBITDA	16,1%	4,7%	2,2%	3,8%	9,3%	10,8%	11,4%
NP	14,7%	4,5%	2,2%	2,0%	9,0%	16,4%	11,6%
EPS	14,7%	4,5%	2,2%	2,0%	9,0%	16,4%	11,6%
Profitability							
Gross Profit Margin	49,0%	48,6%	46,7%	45,3%	44,3%	45,2%	45,9%
Operating Margin	16,0%	16,1%	15,7%	15,0%	15,7%	16,7%	17,4%
EBITDA margin	18,1%	18,2%	17,9%	17,3%	18,5%	19,1%	19,9%
NET Profit margin	11,9%	11,9%	11,7%	11,1%	11,8%	12,8%	13,4%
ROA	15,1%	14,5%	13,5%	12,4%	12,1%	13,4%	14,2%
ROE	19,3%	18,1%	16,8%	15,8%	15,7%	17,1%	17,7%
Stability							
Total debt/ equity (X)	0,23	0,20	0,20	0,22	0,25	0,24	0,21
Current ratio (X)	4,13	4,51	4,66	4,35	4,12	3,75	4,03
Int. Coverage (x)	109,82	89,06	111,18	84,18	40,49	71,11	95,12
Per Share data (IDR)							
EPS	49,1	51,3	52,4	53,5	58,3	67,8	75,7
BVS	254	283	312	339	371	396	427
SPS	382	413	431	450	483	493	529
EBITDA/share	65	75	79	80	83	91	101

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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