

PT. Kalbe Farma Tbk.

BUY

Investment Consideration

1Q2021: Positive sales growth

- KLBF recorded record net sales of IDR 6.02 trillion, up 3.8% YoY in 1Q2021.
- Distribution & logistics and consumer health sectors recorded positive growth of 11.7% and 2.7% respectively in 1Q2021. Distribution and logistics was the largest contributor with 33% of total sales, IDR 2.0 trillion. Consumer health contributed 17% of total sales, IDR 1.02 trillion.
- Nutrition contributed 26% of total sales, IDR 1.58 trillion which is a slight decline of -1% YoY. Pharmaceutical was stable and contributed 23% of total sales, IDR 1.39 trillion.
- Most of KLBF segments recorded slightly lower margins YoY except distribution and logistics. Consumer health gross profit margin decreased to 53% in 1Q2021 from 54%, while distribution and logistic GPM slightly increased to 25% from 24%. Pharmaceutical and nutrition GPM was 53% from 54%.
- With the positive results and high demand in 1Q2021, we expect better growth in the next quarters. The management has revised their 2021 target growth from 5%-6% to 7%-9%. We are targeting single digit growth for KLBF sales in 2021 to reach IDR 24.2 trillion.

Stable Margin

- KLBF recorded +1.1% gross profit growth in 1Q2021 to IDR 2.65 trillion, inline with a higher cost of revenue +6% YoY. This resulted in a lower gross profit margin, and was due to higher growth in lower gross margin products.
- KLBF still maintained their overall margin though, due to efficiency at the operating level. Operating profit increased by +4.3% YoY to IDR 926 billion, while the operating profit margin was stable at 15.4% YoY in 1Q2021
- The net profit margin increased slightly to 11.9% and net income grew by a single digit +7.1% YoY to IDR 716 billion in 1Q2021.
- We are forecasting KLBF net profit to reach IDR 2.88 trillion, which is growth of +6% YoY.

Valuation: BUY TP 1,880 with 30% upside

- We are targeting KLBF to trade at 29x PE within a year. Target Price is IDR 1,880 which represents 30% upside. BUY

Financial Highlights	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Revenue (In IDR Bn)	19.374	20.182	21.074	22.633	23.113	24.251	25.500
Gross Profit (In IDR Bn)	9.488	9.812	9.848	10.243	10.246	10.671	11.220
EBITDA (In IDR Bn)	3.516	3.681	3.762	3.906	4.270	4.381	4.595
Net Profit (In IDR Bn)	2.300	2.404	2.457	2.507	2.733	2.883	3.032
EPS (In IDR)	49	51	52	53	58	62	65
GPM (%)	49%	49%	47%	45%	44%	44%	44%
OPM (%)	16%	16%	16%	15%	16%	16%	16%
NPM (%)	12%	12%	12%	11%	12%	12%	12%
EBITDA Margin (%)	18%	18%	18%	17%	18%	18%	18%
ROE (%)	19%	18%	17%	16%	16%	16%	15%
Tot. debt / equity (x)	0,23	0,20	0,20	0,22	0,25	0,23	0,18
Current Ratio (x)	4,13	4,51	4,66	4,35	4,12	3,87	4,03

Source: Company and Binaartha

2 June 2021
Consumer Goods

Price	IDR	1,450
Target Price	IDR	1,880
JKSE Index		5,947.463



Stock Information

Bloomberg Code	KLBF IJ
Market Cap (IDR bn)	67,500
52-week high (IDR)	1,960
52-week low (IDR)	1,310
Shares issued (mn)	46,875.1
6-m avg. daily Val (IDR)	1,538
Free float	43.02%

Major share holders

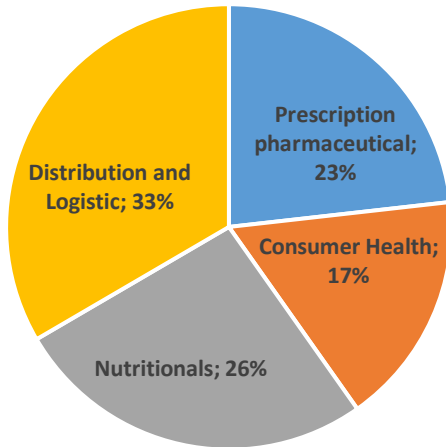
PT Gira Sole Prima	10.19%
PT Santa Seha Sanadi	9.87%
PT Diptanala Bahana	9.50%
PT Lucasta Murni Cemerlang	9.47%
PT Ladang Ira Panen	9.34%
PT Bina Arta Charisma	8.61%
Public	43.02%

USD/ IDR – YE (IDR)

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

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Chart: Revenue Breakdown by Segment in 1Q2021



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	24.251	25.500
Cost of revenues	(9.886)	(10.370)	(11.226)	(12.390)	(12.866)	(13.581)	(14.280)
Gross Profit	9.488	9.812	9.848	10.243	10.246	10.671	11.220
Operating expense	(6.397)	(6.571)	(6.542)	(6.841)	(6.619)	(6.912)	(7.267)
Pretax income(PBT)	3.091	3.241	3.306	3.403	3.627	3.759	3.952
Taxes	(740)	(788)	(809)	(865)	(828)	(827)	(870)
NPAT	2.351	2.453	2.497	2.538	2.799	2.932	3.083
Minority interest	(51)	(50)	(40)	(31)	(66)	(49)	(51)
Net Profit	2.300	2.404	2.457	2.507	2.733	2.883	3.032
EPS (In IDR)	49	51	52	53	58	62	65
EBITDA	3.516	3.681	3.762	3.906	4.270	4.381	4.595

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	5.092	5.306
Trade receivables	2.726	2.968	3.374	3.698	3.595	3.631	3.570
Inventory	3.344	3.557	3.475	3.738	3.600	3.891	3.825
Other current assets	607	734	647	746	673	728	637
Total Current Assets	9.573	10.044	10.648	11.222	13.075	13.342	13.338
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	1.334	1.402
Total Non-current Assets	5.653	6.572	7.498	9.042	9.489	10.027	10.704
Total Assets	15.226	16.616	18.146	20.265	22.564	23.369	24.043
Liabilities							
Current Liabilities							
Trade payables	1.947	1.831	1.959	1.712	1.897	1.940	2.040
Short-term bank loan	135	169	96	150	344	534	250
Other current liabilities	370	396	231	716	936	970	1.020
Total Current Liabilities	2.317	2.227	2.286	2.577	3.177	3.444	3.310
Non-current Liabilities							
Long-term Debt Bank Loan	132	144	260	648	723	377	89
Others non-current liabilities	313	351	306	334	389	364	204
Total Non-current Liabilities	445	495	565	982	1.111	741	293
Total Liabilities	2.762	2.722	2.852	3.559	4.288	4.185	3.603
Equity							
Minority Interest	555	613	671	812	871	720	763
Total Liabilities & Equity	15.226	16.616	18.146	20.265	22.564	23.369	24.043

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	2.883	3.032
Depreciation expenses	397	403	426	463	553	536	609
Change in working capital	-696	-672	-177	-396	914	-115	83
Net Cash From Operating Activities	2.001	2.135	2.706	2.573	4.200	3.304	3.724
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	-3	-69
Net Cash Used in Investing Activities	-1.103	-1.322	-1.352	-2.007	-1.000	-1.074	-1.286
Cash Flow From Financing Activities							
Long-term debt	126	12	115	388	75	-345	-288
Other non-current liabilities	-73	38	-45	29	54	-25	-160
Equity	-774	-973	-1.057	-1.096	-1.162	-1.976	-1.777
Net Cash Provided by (Used in) Financing Activities	-721	-924	-986	-679	-1.033	-2.346	-2.224
Net Increase In Cash and Cash Equivalent	177	-111	369	-113	2.167	-116	214
Cash and Cash Equivalents at Beginning of Period	2.719	2.896	2.785	3.153	3.040	5.208	5.092
Cash and Cash Equivalents at End of Period	2.896	2.785	3.153	3.040	5.208	5.092	5.306

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%	4,9%	5,1%
OP	13,6%	4,9%	2,0%	2,9%	6,6%	3,6%	5,1%
EBITDA	16,1%	4,7%	2,2%	3,8%	9,3%	2,6%	4,9%
NP	14,7%	4,5%	2,2%	2,0%	9,0%	5,5%	5,1%
EPS	14,7%	4,5%	2,2%	2,0%	9,0%	5,5%	5,1%
Profitability							
Gross Profit Margin	49,0%	48,6%	46,7%	45,3%	44,3%	44,0%	44,0%
Operating Margin	16,0%	16,1%	15,7%	15,0%	15,7%	15,5%	15,5%
EBITDA margin	18,1%	18,2%	17,9%	17,3%	18,5%	18,1%	18,0%
NET Profit margin	11,9%	11,9%	11,7%	11,1%	11,8%	11,9%	11,9%
ROA	15,1%	14,5%	13,5%	12,4%	12,1%	12,3%	12,6%
ROE	19,3%	18,1%	16,8%	15,8%	15,7%	15,6%	15,4%
Stability							
Total debt/ equity (X)	0,23	0,20	0,20	0,22	0,25	0,23	0,18
Current ratio (X)	4,13	4,51	4,66	4,35	4,12	3,87	4,03
Int. Coverage (x)	109,82	89,06	111,18	84,18	40,49	43,33	117,50
Per Share data (IDR)							
EPS	49,1	51,3	52,4	53,5	58,3	61,5	64,7
BVS	254	283	312	339	371	394	420
SPS	382	413	431	450	483	493	517
EBITDA/share	65	75	79	80	83	91	93

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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