

PT. Kalbe Farma Tbk.

BUY

Investment Consideration

Positive Growth

- KLBF recorded record sales of IDR 6.35 trillion, up +9.4% YoY or +5.6% QoQ in 2Q2021. For 1H2021, KLBF net sales increased +7% YoY to IDR 12.37 trillion.
- Distribution & logistics recorded higher growth of +19% YoY to IDR 2.33 trillion and is still the largest contributor to KLBF total sales. Consumer health and Pharmaceutical recorded positive growth of 3.6% and 12% to IDR 978 billion and IDR 1.3 trillion respectively in 2Q2021.
- Nutrition was flat at IDR 978 billion as the beverage segment sales decreased due to the implementation of PPKM restrictions in the domestic market.
- In terms of 2Q2021 gross profit margins, distribution and logistics GPM was flat at 25%. Consumer health GPM increased to 61% in 2Q2021 from 60% in 2Q2020 and 55% in 1Q2021. Pharmaceutical GPM slightly decreased to 53% from 56%. Nutrition GPM also decreased to 51% from 54%.
- As demand continues to increase in 2Q2021, we expect better growth in the next quarters. We are targeting single digit growth for KLBF sales in 2021 to reach IDR 24.2 trillion.

2Q2021: Stable Margin

- Inline with single-digit growth in sales, KLBF booked net income increase of +8.7% YoY or 9% QoQ to IDR 780 billion in 2Q2021. For 1H2021, KLBF recorded a net profit increase of +7.9% YoY to IDR 1.49 trillion. The NPM was stable at 12.3%
- KLBF gross profit increased +4.4% YoY or 4% QoQ in 2Q2021 to IDR 2.75 trillion, inline with a higher cost of revenue +13.6% YoY. This resulted in a lower gross profit margin at 43.3% from 45.4% in 2Q2020.
- KLBF still maintained their overall margin though, due to efficiency at the operating level. Operating profit increased by +8.7% YoY to IDR 1 trillion, while the operating profit margin was stable at 15.8% YoY in 2Q2021.
- We are forecasting KLBF 2021 net profit to reach IDR 2.88 trillion, which is growth of +6% YoY.

Valuation: BUY TP 1,660 with 27% upside

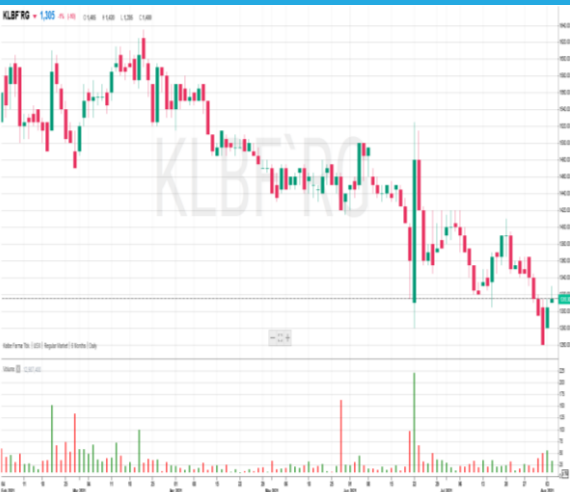
- We are targeting KLBF to trade at 26x PE within a year. Target Price is IDR 1,660 which represents 27% upside. BUY

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	4.353	4.610
Net Profit (In IDR Bn)	2.300	2.404	2.457	2.507	2.733	2.888	3.037
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	0,24	0,20
Current Ratio (x)	4,13	4,51	4,66	4,35	4,12	3,78	4,06

Source: Company and Binaartha

5 August 2021
Consumer Goods

Price	IDR	1,305
Target Price	IDR	1,660
JKSE Index		6,159.035



Stock Information

Bloomberg Code	KLBF IJ
Market Cap (IDR bn)	61,500
52-week high (IDR)	1,960
52-week low (IDR)	1,260
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

Analyst
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Chart: Revenue Breakdown by Segment in 2Q2021

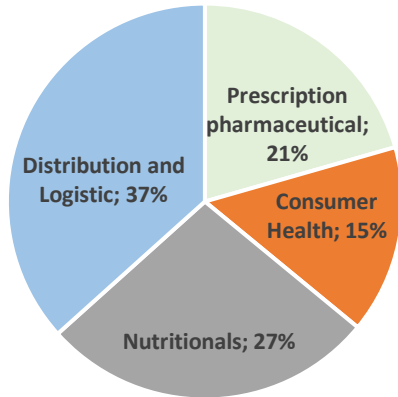


Table: Income Statement in IDR Billion QoQ & YoY

Income Statement (IDR.Bn)	1Q2021	2Q2021	QoQ	1H2020	1H2021	YoY
Revenues	6.015	6.355	6%	11.605	12.370	7%
Cost of revenues	-3.368	-3.605	7%	-6.352	-6.973	10%
Gross Profit	2.647	2.750	4%	5.253	5.397	3%
Operating expense	-1.722	-1.748	2%	-3.444	-3.470	1%
Pretax income(PBT)	926	1.002	8%	1.809	1.928	7%
Taxes	-202	-214	6%	-401	-416	4%
NPAT	724	788	9%	1.408	1.512	7%
Minority interest	-7	-7	-6%	-21	-14	-30%
Net Profit	716	781	9%	1.388	1.497	8%
EPS (In IDR)	15	17	9%	30	32	8%

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)	(44)	(46)
Net Profit	2.300	2.404	2.457	2.507	2.733	2.888	3.037
EPS (In IDR)	49	51	52	53	58	62	65
EBITDA	3.516	3.681	3.762	3.906	4.270	4.353	4.610

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	4.805	5.460
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	4.365	4.207
Other current assets	607	734	647	746	673	728	637
Total Current Assets	9.573	10.044	10.648	11.222	13.075	13.529	13.875
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	1.275
Total Non-current Assets	5.653	6.572	7.498	9.042	9.489	10.027	10.577
Total Assets	15.226	16.616	18.146	20.265	22.564	23.556	24.452
Liabilities							
Current Liabilities							
Trade payables	1.947	1.831	1.959	1.712	1.897	1.698	1.785
Short-term bank loan	135	169	96	150	344	184	100
Other current liabilities	370	396	231	716	936	1.698	1.530
Total Current Liabilities	2.317	2.227	2.286	2.577	3.177	3.579	3.415
Non-current Liabilities							
Long-term Debt Bank Loan	132	144	260	648	723	427	389
Others non-current liabilities	313	351	306	334	389	364	204
Total Non-current Liabilities	445	495	565	982	1.111	791	593
Total Liabilities	2.762	2.722	2.852	3.559	4.288	4.370	4.008
Equity	11.909	13.281	14.623	15.893	17.406	18.466	19.680
Minority Interest	555	613	671	812	871	720	763
Total Liabilities & Equity	15.226	16.616	18.146	20.265	22.564	23.556	24.452

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	2.888	3.037
Depreciation expenses	397	403	426	463	553	536	609
Change in working capital	-696	-672	-177	-396	914	-454	145
Net Cash From Operating Activities	2.001	2.135	2.706	2.573	4.200	2.970	3.791
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	59
Net Cash Used in Investing Activities	-1.103	-1.322	-1.352	-2.007	-1.000	-1.074	-1.158
Cash Flow From Financing Activities							
Long-term debt	126	12	115	388	75	-295	-38
Other non-current liabilities	-73	38	-45	29	54	-25	-160
Equity	-774	-973	-1.057	-1.096	-1.162	-1.978	-1.780
Net Cash Provided by (Used in) Financing Activities	-721	-924	-986	-679	-1.033	-2.299	-1.977
Net Increase In Cash and Cash Equivalent	177	-111	369	-113	2.167	-403	655
Cash and Cash Equivalents at Beginning of Period	2.719	2.896	2.785	3.153	3.040	5.208	4.805
Cash and Cash Equivalents at End of Period	2.896	2.785	3.153	3.040	5.208	4.805	5.460

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%	1,9%	5,9%
NP	14,7%	4,5%	2,2%	2,0%	9,0%	5,7%	5,1%
EPS	14,7%	4,5%	2,2%	2,0%	9,0%	5,7%	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%	17,9%	18,1%
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%	12,4%
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	0,24	0,20
Current ratio (X)	4,13	4,51	4,66	4,35	4,12	3,78	4,06
Int. Coverage (x)	109,82	89,06	111,18	84,18	40,49	64,61	81,49
Per Share data (IDR)							
EPS	49,1	51,3	52,4	53,5	58,3	61,6	64,8
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**.

RESEARCH TEAM
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