

Buy

(Maintained)

Kalbe Farma (KLBF IJ)

Healthy FY25 growth outlook intact despite ST Rupiah headwinds

Last Price (Rp)	1,435
Target Price (Rp)	1,800
Previous Target Price (Rp)	1,800
Upside/Downside	+25.4%

No. of Shares (mn)	46,875
Mkt Cap (Rpbn/US\$mn)	66,563/4,198
Avg, Daily T/O (Rpbn/US\$mn)	52.3/3.3
Free Float (%)	40.2

Major Shareholder (%)	
PT Gira Sole Prima	10.3
PT Santa Seha Sanadi	9.9

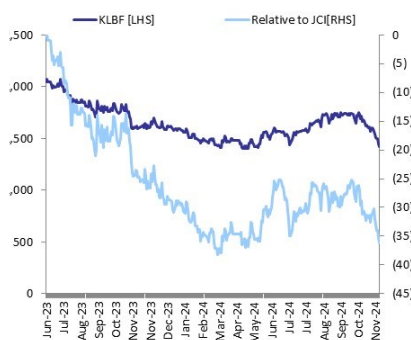
EPS Consensus (Rp)			
	2024F	2025F	2026F
BRIDS	67.4	72.3	77.6
Consensus	68.7	75.5	81.7
BRIDS/Cons (%)	(1.9)	(4.3)	(5.1)

- Solid prescription revenue and operating efficiency drove strong 9M24 net and core profit growth of 15.2%/10% yoy.
- We estimate healthy FY25 net profit growth of 7.3% yoy, supported by 7.5% rev. growth with sustained margins.
- Stronger Rupiah will provide a positive catalyst. We maintain our Buy rating with an unchanged TP at Rp1,800 (FY25F PE of 24.6x).

Solid prescription revenue and operating efficiency drove strong 9M24 net and core profit growth

KLBF delivered solid revenue growth in 3Q24 and 9M24, driven by the prescription business (+16% yoy in 3Q24, +10.4% yoy in 9M24). The Consumer Health segment also showed strong growth of 11% yoy in 3Q24, benefiting from a low base comparison. However, the 3Q24 gross margin declined to 38.6% (from 39.5% in 2Q24), primarily due to lower margins in the prescription segment. In 9M24, Nutrition and Consumer Health reported slight GPM improvement vs the same period last year, supported by lower input costs. Lower opex (particularly in A&P and Salary) contributed to solid 9M24 net profit growth of 15.2% yoy, reaching ~ Rp2.4tr. This represents 75%/73% of BRIDS/Consensus estimates and is in line with the expectation. KLBF's 9M24 core profit rose by 10% yoy, supported by an FX gain of Rp6bn (compared to an FX loss of Rp41bn in 9M23) and the absence of Covid-related inventory write-off (9M23: Rp53bn).

KLBF relative to JCI Index



Source: Bloomberg

Healthy FY25 net profit growth of 7.3% yoy

Going into FY25, we estimate the prescription segment to remain as the key growth driver (+10% yoy), primarily led by unbranded generics. KLBF anticipates increasing contribution from Biosimilar and Oncology products starting in FY26F, projected to account for 20% of total prescription revenue or 5-6% of total FY26F revenue. For FY25F, we project revenue growth of 7.2% yoy, supported by a stable gross margin of 39.2%. With opex remaining steady, we estimate FY25F net profit growth of 7.3% yoy.

Stronger Rupiah as a positive catalyst; Maintain Buy Rating

At the current price, KLBF is trading near the lower end of its YTD performance at FY25F PE of 19.7x, slightly below its -1SD avg 5y PE of 20.5x. The expectation of a 25bps rate cut by Bank Indonesia this week is expected to bolster economic activity. Despite ST headwind from a strong USD, the support or bottoming of IDR may serve as a positive catalyst for KLBF. We maintain a Buy Rating on KLBF with a TP of Rp1,800, implying FY25F PE of 24.6x.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	28,934	30,449	32,650	35,100	38,087
EBITDA (Rpbn)	4,869	4,429	4,958	5,334	5,757
EBITDA Growth (%)	5.2	(9.0)	11.9	7.6	7.9
Net Profit (Rpbn)	3,382	2,767	3,157	3,387	3,636
EPS (Rp)	72.2	59.0	67.4	72.3	77.6
EPS Growth (%)	6.2	(18.2)	14.1	7.3	7.3
BVPS (Rp)	434.9	456.9	493.2	530.0	569.5
DPS (Rp)	35.0	38.0	31.1	35.5	38.1
PER (x)	19.7	24.1	21.1	19.7	18.3
PBV (x)	3.3	3.1	2.9	2.7	2.5
Dividend yield (%)	2.5	2.7	2.2	2.5	2.7
EV/EBITDA	13.1	14.4	12.8	11.9	10.9

Source: KLBF, BRIDS Estimates

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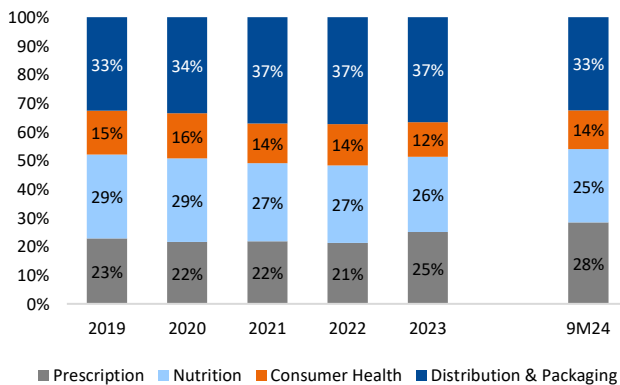
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Exhibit 1. KLBF's 3Q24/9M24 Earnings Summary

KLBF	9M23	9M24	yoy	3Q23	2Q24	3Q24	yoy	qoq	2024F	A/F	A/C
Revenue - Rpbn	22,561	24,239	7.4%	7,382	7,965	7,911	7.2%	-0.7%	32,650	74.2%	74.3%
Gross profit	8,903	9,517	6.9%	2,730	3,143	3,052	11.8%	-2.9%	12,820	74.2%	73.9%
Opex	6,188	6,515	5.3%	2,043	2,070	2,343	14.7%	13.2%	8,723		
Operating profit	2,715	3,002	10.6%	687	1,073	709	3.2%	-33.9%	4,097	73.3%	71.4%
Net profit	2,065	2,378	15.2%	536	848	573	7.0%	-32.4%	3,157	75.3%	73.0%
Core profit	2,159	2,375	10.0%	519	836	593	14.3%	-29.1%	3,135		
Gross margin	39.5%	39.3%		37.0%	39.5%	38.6%			39.3%		
Opex to revenue	27.4%	26.9%		27.7%	26.0%	29.6%			26.7%		
Operating margin	12.0%	12.4%		9.3%	13.5%	9.0%			12.5%		
Net margin	9.2%	9.8%		7.3%	10.6%	7.2%			9.7%		
By divisions											
	9M23	9M24	yoy	3Q23	2Q24	3Q24	yoy	qoq			
Revenue (Rpbn)											
Prescription	6,246	6,896	10.4%	2,050	2,320	2,380	16.1%	2.6%			
Nutrition	6,167	6,178	0.2%	2,047	1,993	2,039	-0.4%	2.3%			
Consumer Health	3,160	3,285	4.0%	867	1,075	963	11.1%	-10.4%			
Distribution	6,988	7,879	12.8%	2,418	2,577	2,528	4.5%	-1.9%			
Gross margin											
Prescription	52.2%	51.6%		49.7%	52.4%	50.1%					
Nutrition	50.1%	51.3%		50.0%	51.6%	51.2%					
Consumer Health	59.0%	60.8%		53.9%	59.7%	58.7%					
Distribution	9.8%	10.0%		9.0%	10.0%	9.9%					

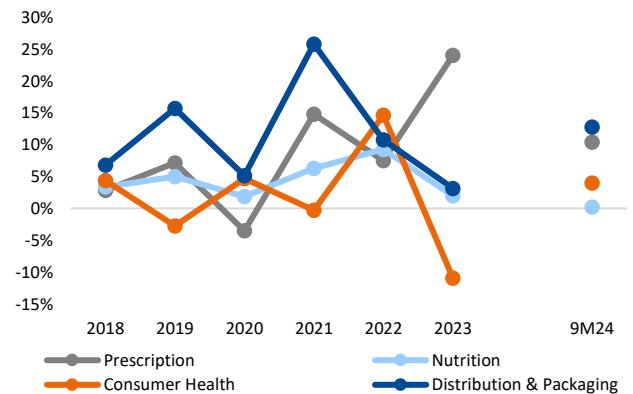
Source: Company, BRIDS Estimates

Exhibit 2. Revenue Contribution by Segment, FY19-9M24



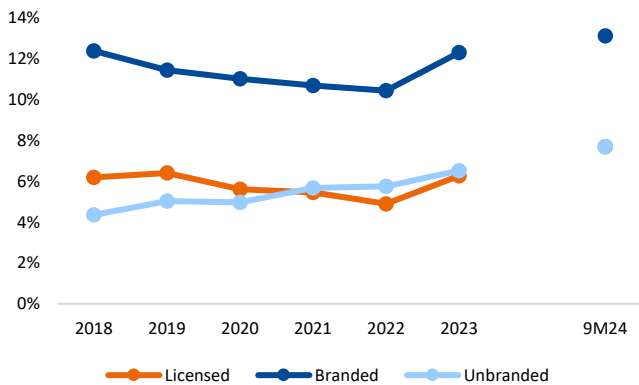
Source: Company, BRIDS

Exhibit 3. Revenue Growth (Yoy) by Segment, FY18-9M24



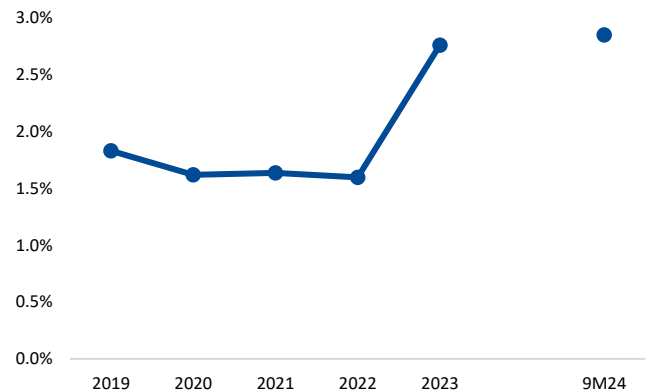
Source: Company, BRIDS Estimates

Exhibit 4. Contribution of Unbranded vs License and Branded, FY18- 9M24



Source: Company, BRIDS

Exhibit 5. Specialty products, % to Revenue, FY19-9M24



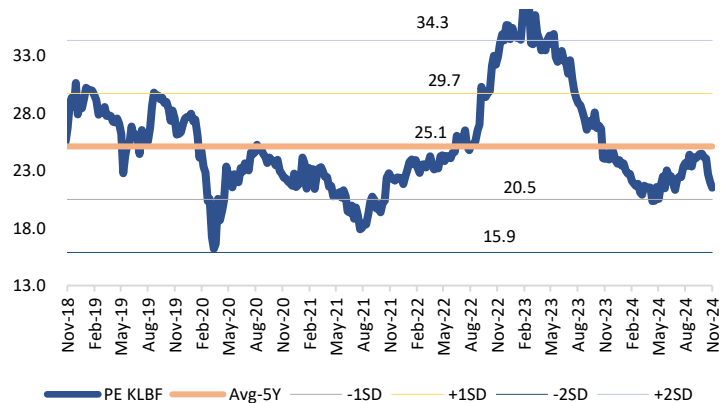
Source: Company, BRIDS

Exhibit 6. KLBF Peers Comparison

Ticker	Rec	Target	Market Cap	P/E (x)		P/BV (x)		ROE (%)	Dividend yield (%)	EPS growth (%)		Core profit growth (%)	
		(Rp)	(Rpbn)	2024F	2025F	2024F	2025F	2024F	2024F	2024F	2025F	2024F	2025F
ICBP IJ	Buy	14,000	146,940	14.8	12.2	3.0	2.6	21.6	3.2	35.1	21.2	7.1	10.8
UNVR IJ	Sell	1,900	67,910	19.1	18.9	20.4	20.4	107.1	5.2	(24.4)	1.3	(24.4)	1.3
KLBF IJ	Buy	1,800	75,000	21.3	19.9	2.9	2.7	14.2	2.2	14.1	7.3	12.3	4.8
INDF IJ	Buy	8,800	69,150	6.7	5.8	1.0	0.9	16.1	4.3	24.4	14.9	5.8	9.3
MYOR IJ	Buy	3,050	58,130	21.1	18.8	3.6	3.2	17.7	2.7	(13.6)	12.6	(20.5)	19.0
SIDO IJ	Hold	640	17,700	16.8	15.4	5.0	4.9	30.3	5.5	9.1	8.6	9.4	8.8
Sector - weighted				16.2	14.5	5.5	5.2	32.4	3.6	12.9	13.1	(0.5)	9.2

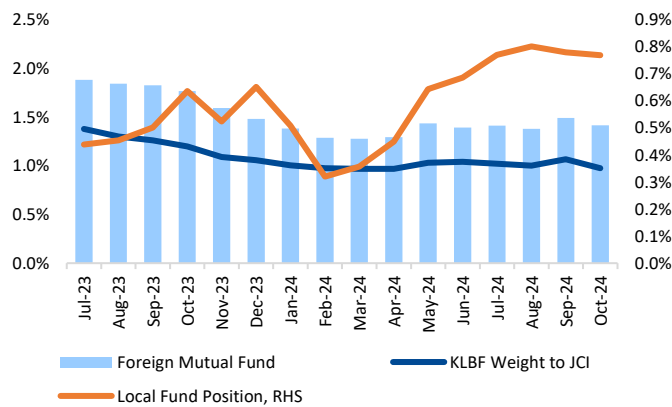
Source: Bloomberg, BRIDS Estimates

Exhibit 7. KLBF's PE Band



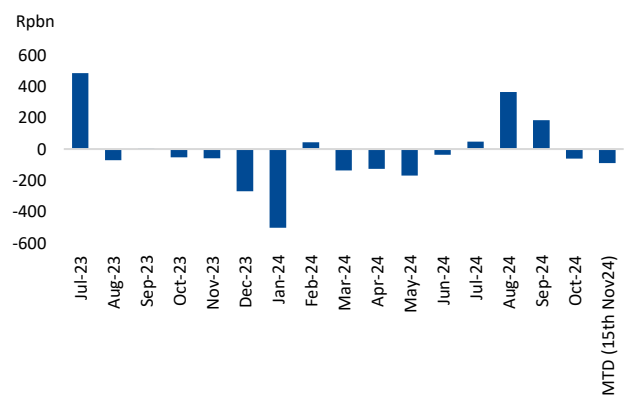
Source: Bloomberg, BRIDS Estimates

Exhibit 8. KLBF's Weighting and Fund Position



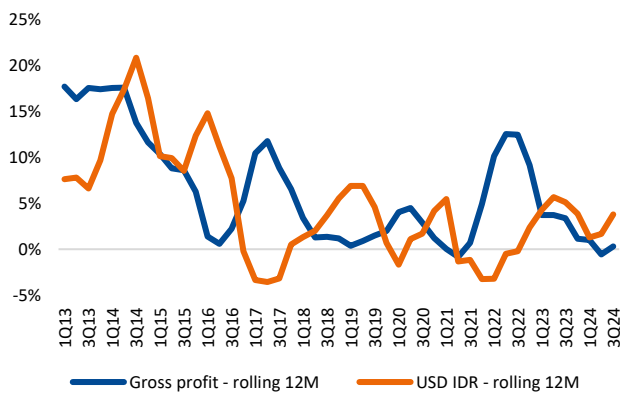
Source: IDX, BRIDS Estimates

Exhibit 9. KLBF's Historical Foreign Flows (as of 15 Nov24)



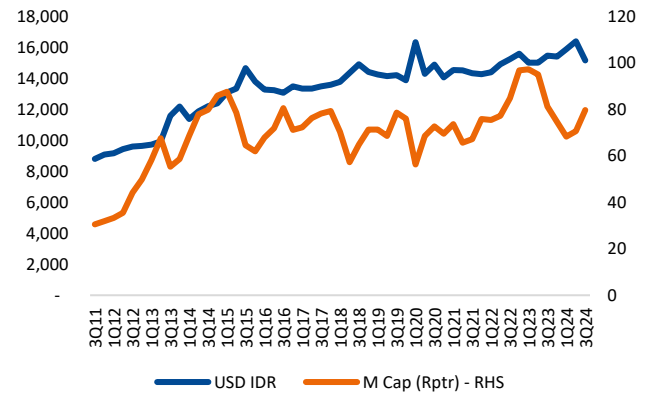
Source: KSEI, BRIDS Estimates

Exhibit 10. KLBF's Gross profit and USD IDR



Source: Company, BRIDS

Exhibit 11. KLBF's market cap and USD IDR



Source: Company, BRIDS

Exhibit 12. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	28,934	30,449	32,650	35,100	38,087
COGS	(17,229)	(18,626)	(19,830)	(21,328)	(23,150)
Gross profit	11,704	11,823	12,820	13,772	14,937
EBITDA	4,869	4,429	4,958	5,334	5,757
Oper. profit	4,231	3,694	4,097	4,395	4,723
Interest income	82	88	130	137	137
Interest expense	(55)	(95)	(73)	(73)	(73)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	201	(81)	12	10	11
Pre-tax profit	4,459	3,606	4,166	4,469	4,798
Income tax	(1,009)	(828)	(956)	(1,026)	(1,101)
Minority interest	(68)	(12)	(52)	(56)	(61)
Net profit	3,382	2,767	3,157	3,387	3,636
Core Net Profit	3,382	2,767	3,157	3,387	3,636

Exhibit 13. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	3,950	3,232	3,245	3,625	4,206
Receivables	4,788	4,820	5,260	5,753	6,242
Inventory	7,027	6,792	7,283	7,829	8,496
Other Curr. Asset	800	908	953	1,001	1,051
Fixed assets - Net	7,957	7,978	8,680	9,086	9,536
Other non-curr.asset	2,574	3,162	3,164	3,137	3,110
Total asset	27,241	27,058	28,751	30,596	32,806
ST Debt	856	300	142	142	142
Payables	2,680	2,600	2,781	2,788	3,016
Other Curr. Liabilities	895	343	386	434	492
Long Term Debt	312	319	184	184	184
Other LT. Liabilities	401	376	386	396	407
Total Liabilities	5,144	3,938	3,879	3,944	4,241
Shareholder's Funds	20,385	21,419	23,119	24,843	26,695
Minority interests	1,712	1,701	1,753	1,810	1,871
Total Equity & Liabilities	27,241	27,058	28,751	30,597	32,807

Exhibit 14. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	3,382	2,767	3,157	3,387	3,636
Depreciation and Amort.	769	580	633	675	721
Change in Working Capital	(2,883)	123	(751)	(1,032)	(928)
Other Oper. Cash Flow	(525)	(1,075)	(80)	(55)	(47)
Operating Cash Flow	743	2,395	2,959	2,975	3,383
Capex	(1,098)	(874)	(1,306)	(1,053)	(1,143)
Others Inv. Cash Flow	159	151	130	137	137
Investing Cash Flow	(939)	(723)	(1,176)	(916)	(1,006)
Net change in debt	544	(554)	(293)	0	0
New Capital	(945)	25	0	0	0
Dividend payment	1,641	1,781	1,457	1,663	1,784
Other Fin. Cash Flow	(29)	(106)	(21)	(17)	(12)
Financing Cash Flow	1,211	1,146	1,144	1,646	1,772
Net Change in Cash	1,015	2,817	2,927	3,706	4,150
Cash - begin of the year	6,216	3,950	3,232	3,245	3,625
Cash - end of the year	3,950	3,232	3,245	3,625	4,206

Exhibit 15. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	10.2	5.2	7.2	7.5	8.5
EBITDA	5.2	(9.0)	11.9	7.6	7.9
Operating profit	5.2	(12.7)	10.9	7.3	7.5
Net profit	6.2	(18.2)	14.1	7.3	7.3
Profitability (%)					
Gross margin	40.5	38.8	39.3	39.2	39.2
EBITDA margin	16.8	14.5	15.2	15.2	15.1
Operating margin	14.6	12.1	12.5	12.5	12.4
Net margin	11.7	9.1	9.7	9.7	9.5
ROAA	12.8	10.2	11.3	11.4	11.5
ROAE	16.9	13.2	14.2	14.1	14.1
Leverage					
Net Gearing (x)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Interest Coverage (x)	76.8	38.8	56.2	60.3	64.8

Source: KLBF, BRIDS Estimates

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INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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