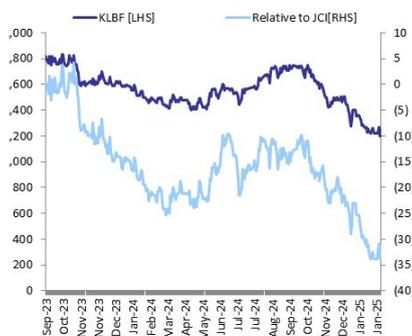


# Buy

(Maintained)

Last Price (Rp)	1,210
Target Price (Rp)	1,800
Previous Target Price (Rp)	1,800
Upside/Downside	+48.8%
No. of Shares (mn)	46,875
Mkt Cap (Rpbn/US\$m)	56,719/3,483
Avg, Daily T/O (Rpbn/US\$m)	50.9/3.1
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	68.0 74.7 80.3
BRIDS/Cons (%)	(1.0) (3.2) (3.4)

## KLBF relative to JCI Index



Source: Bloomberg

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# Kalbe Farma (KLBF IJ)

## Improving Growth Outlook at Reasonable Valuation

- KLBF targets FY25 revenue and EPS growth of 8-10% YoY, driven by growth in the Consumer Health and Nutrition divisions.
- We expect greater adoption of RMB-based API purchases and a strengthened product portfolio to improve earnings prospects in KLBF.
- We think KLBF's underperformance should have priced in concerns on Rupiah thus, current valuation is attractive; maintain our Buy rating.

### FY24 NP growth of 17% (i.e inline); FY25 EPS growth guidance of 10%

KLBF reported unaudited FY24 revenue growth of 7.2% YoY to Rp 32.6tn. On the bottom line, KLBF posted 17% YoY net profit growth in FY24. The FY24 net profit accounted for 103% of our FY24F and 102% of consensus, i.e inline. For 2025, the company projects 8% to 10% growth in revenue and EPS with a stable margin. KLBF aims for stronger growth in Consumer Health (8–10%) and mid-single-digit growth in Nutrition, while maintaining similar growth targets for the Prescription and Distribution segments.

### Cost initiatives & strengthening product portfolio will yield positive result

Greater adoption of the Renminbi-based Active Pharmaceutical Ingredient (API) purchases should pave the way for improved margins outlook, in our view. This shift will gradually reduce dependency on USD-linked raw materials, particularly APIs for the pharmaceutical and consumer health (CH) segments. On the product side, we see KLBF continuing to strengthen its portfolio through strategic partnerships in regional markets and launching new marketing campaigns for several key products, including Bejo and Ultimate Extra Joss. Meanwhile, rising demand from the National Health Program will drive a higher contribution from the lower-margin unbranded generics, potentially reaching 30% by 2030. However, this should be offset by increasing contributions from specialty products (i.e., oncology, biologics, and cell therapy). In 2025, KLBF expects specialty products to account for 10-12% of pharmaceutical revenue (or approximately 3.5% of total revenue), offering higher margins. For 2025, we estimate 7.5% yoy rev. growth with maintained margins, as we have not yet accounted for potential margin improvements from RMB adoption and a higher contribution of specialty products.

### Attractive valuation post underperformance, maintain Buy rating

Over the medium term (3 to 5 years), we believe these initiatives will yield positive results and drive strong growth for Kalbe, as reflected in our EPS CAGR of 9.5% in FY23-26. We believe recent share price underperformance has reflected concerns on Rupiah depreciation. KLBF is trading at 16.7x PE, below its -1SD five-year average PE. We maintain our Buy rating on KLBF with an unchanged TP of Rp1,800, implying a FY25F PE of 24.9x.

## 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)	16.8	20.5	18.0	16.7	15.6
PBV (x)	2.8	2.6	2.5	2.3	2.1
Dividend yield (%)	2.9	3.1	2.6	2.9	3.1
EV/EBITDA	11.1	12.2	10.9	10.0	9.2

Source: KLBF, BRIDS Estimates

## Improving Growth Outlook at Reasonable Valuation

**Unaudited FY24 result: Solid top line with improved margins and forex gain to support strong FY24F net profit growth of 17%**

KLBF reported unaudited FY24 revenue growth of 7.2% YoY to Rp 32.6tn, in line with our FY24 forecast and consensus estimates (100%). Among its business segments, the Prescription division recorded the highest growth at 12.3% YoY, primarily driven by Unbranded Generics. The Distribution segment followed with 11.2% YoY growth. Meanwhile, Consumer Health (CH) returned to normal growth at 6.6% YoY in FY24, whereas the Nutrition segment declined by 2% YoY, impacted by continued downtrading and a challenging market environment for powdered milk. To mitigate this, the company has introduced more affordable and ready-to-drink (RTD) products to drive volume growth.

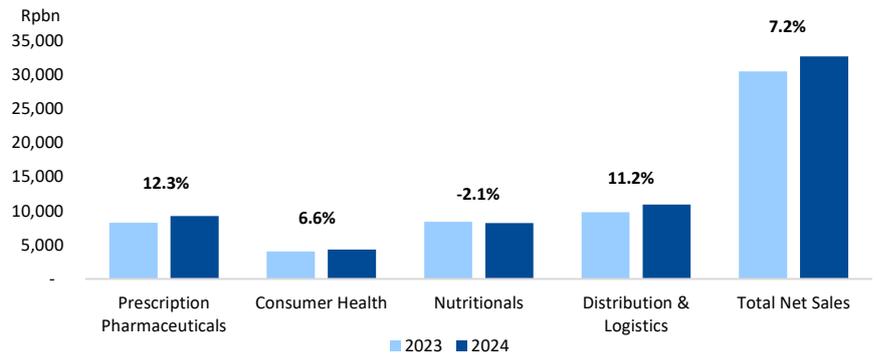
In FY24, KLBF’s gross profit margin (GPM) improved by 100 bps to 39.8%, driven by more stable API and raw material prices. However, with the commercialization of more biologic and oncology products starting in 2025, R&D expenses increased, resulting in a higher opex-to-revenue ratio of 27.1% (FY23: 26.7%). On the bottom line, KLBF posted 17% YoY net profit growth in FY24, supported by strong revenue growth, higher GPM, and forex gains (compared to a forex loss in FY23) from its USD-denominated cash balance. The FY24 net profit accounted for 103% of our FY24F and 102% of consensus, i.e inline.

**Exhibit 1. KLBF’s FY24 Indicative Result**

KLBF IJ (Rpbn)	FY23	FY24*	Yoy	FY24F	% to FY24F	% to Cons
Revenue	30,449	32,649	7%	32,650	100%	100%
Gross profit	11,823	12,993	10%	12,820	101%	101%
Operating profit	3,694	4,145	12%	4,097	101%	100%
Net profit	2,767	3,240	17%	3,157	103%	102%
Gross margin	38.8%	39.8%		39.3%		
Operating margin	12.1%	12.7%		12.5%		
Opex/revenue	26.7%	27.1%		26.7%		
Net margin	9.1%	9.9%		9.7%		

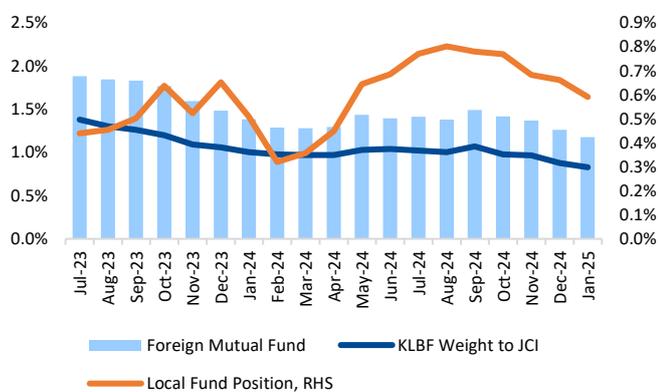
Source: \*Company Indicative Result, BRIDS Estimates

Exhibit 2. FY24 Revenue Growth by Division



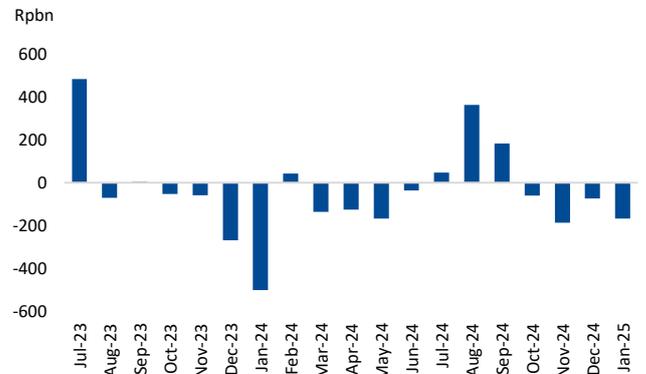
Source: \*Company Indicative Result

Exhibit 3. Weighting and Fund Position



Source: KSEI, BRIDS

Exhibit 4. Historical Foreign Flows



Source: IDX, BRIDS

Exhibit 5. KLBF Peers Comparison

Ticker	Rec	Target	Market Cap	P/E (x)		P/BV (x)		ROE (%)	Dividend yield (%)	EPS growth (%)		Core profit growth (%)	
		(Rp)	(Rpbm)	2025F	2026F	2025F	2026F	2025F	2025F	2025F	2026F	2025F	2026F
ICBP IJ	Buy	14,000	127,115	11.1	10.1	2.4	2.1	22.7	4.3	21.2	10.1	10.8	14.2
UNVR IJ	Sell	1,900	59,705	16.2	15.1	17.5	17.4	108.0	6.1	1.3	7.9	1.3	7.9
INDF IJ	Buy	8,800	66,073	5.7	5.4	0.9	0.8	16.5	5.4	14.9	5.7	9.3	9.9
<b>KLBF IJ</b>	<b>Buy</b>	<b>1,800</b>	<b>56,719</b>	<b>16.7</b>	<b>15.6</b>	<b>2.3</b>	<b>2.1</b>	<b>14.1</b>	<b>2.9</b>	<b>7.3</b>	<b>7.3</b>	<b>8.0</b>	<b>7.3</b>
MYOR IJ	Buy	3,050	52,543	16.9	14.6	2.9	2.6	18.0	2.1	12.6	15.8	19.0	13.8
SIDO IJ	Buy	640	18,645	15.0	13.8	4.8	4.7	32.1	6.1	8.6	8.8	8.8	10.5
<b>Sector - weighted</b>				<b>12.8</b>	<b>11.7</b>	<b>4.7</b>	<b>4.5</b>	<b>33.6</b>	<b>4.4</b>	<b>13.1</b>	<b>9.3</b>	<b>9.7</b>	<b>11.2</b>

Source: BRIDS Estimates, Bloomberg

**Exhibit 6. KLBF's PE Band**



Source: Bloomberg, BRIDS Estimates

**Exhibit 7. KLBF Several New Products**



Source: Company, BRIDS

**Exhibit 8. Income Statement**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
<b>Revenue</b>	<b>28,934</b>	<b>30,449</b>	<b>32,650</b>	<b>35,100</b>	<b>38,087</b>
COGS	(17,229)	(18,626)	(19,830)	(21,328)	(23,150)
<b>Gross profit</b>	<b>11,704</b>	<b>11,823</b>	<b>12,820</b>	<b>13,772</b>	<b>14,937</b>
<b>EBITDA</b>	<b>4,869</b>	<b>4,429</b>	<b>4,958</b>	<b>5,334</b>	<b>5,757</b>
<b>Oper. profit</b>	<b>4,231</b>	<b>3,694</b>	<b>4,097</b>	<b>4,395</b>	<b>4,723</b>
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
<b>Pre-tax profit</b>	<b>4,459</b>	<b>3,606</b>	<b>4,166</b>	<b>4,469</b>	<b>4,798</b>
Income tax	(1,009)	(828)	(956)	(1,026)	(1,101)
Minority interest	(68)	(12)	(52)	(56)	(61)
<b>Net profit</b>	<b>3,382</b>	<b>2,767</b>	<b>3,157</b>	<b>3,387</b>	<b>3,636</b>
<b>Core Net Profit</b>	<b>3,382</b>	<b>2,767</b>	<b>3,157</b>	<b>3,387</b>	<b>3,636</b>

**Exhibit 9. 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
<b>Total asset</b>	<b>27,241</b>	<b>27,058</b>	<b>28,751</b>	<b>30,596</b>	<b>32,806</b>
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
<b>Total Liabilities</b>	<b>5,144</b>	<b>3,938</b>	<b>3,879</b>	<b>3,944</b>	<b>4,241</b>
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
<b>Total Equity &amp; Liabilities</b>	<b>27,241</b>	<b>27,058</b>	<b>28,751</b>	<b>30,596</b>	<b>32,806</b>

**Exhibit 10. 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)
<b>Operating Cash Flow</b>	<b>743</b>	<b>2,395</b>	<b>2,959</b>	<b>2,975</b>	<b>3,383</b>
Capex	(1,098)	(874)	(1,306)	(1,053)	(1,143)
Others Inv. Cash Flow	159	151	130	137	137
<b>Investing Cash Flow</b>	<b>(939)</b>	<b>(723)</b>	<b>(1,176)</b>	<b>(916)</b>	<b>(1,006)</b>
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)
<b>Financing Cash Flow</b>	<b>1,211</b>	<b>1,146</b>	<b>1,144</b>	<b>1,646</b>	<b>1,772</b>
<b>Net Change in Cash</b>	<b>1,015</b>	<b>2,817</b>	<b>2,927</b>	<b>3,706</b>	<b>4,150</b>
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 11. Key Ratio**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
<b>Growth (%)</b>					
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
<b>Profitability (%)</b>					
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
<b>Leverage</b>					
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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<b>BUY</b>	Expected total return of 10% or more within a 12-month period
<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
<b>SELL</b>	Expected total return of -10% or worse within a 12-month period

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