

Buy

(Maintained)

Kalbe Farma (KLBF IJ)

A Beaten Down Blue Chip; Stable IDR Limits EPS Downside Risk

Last Price (Rp)	1,180
Target Price (Rp)	1,710
Previous Target Price (Rp)	1,710
Upside/Downside	+44.9%

No. of Shares (mn)	46,875
Mkt Cap (Rpbn/US\$mn)	55,313/3,370
Avg, Daily T/O (Rpbn/US\$mn)	66.7/4.1
Free Float (%)	38.5

Major Shareholder (%)	
PT GIRA SOLE PRIMA	10.3
PT SANTA SEHA SANADI	9.9

EPS Consensus (Rp)	2025F	2026F	2027F
BRIDS	75.8	80.6	88.3
Consensus	76.5	83.3	90.9
BRIDS/Cons (%)	(0.9)	(3.2)	(2.9)

- We view KLBF's share price decline over the past 3M (-24%) as unwarranted given its resilient 1H25 core profit of +6% yoy vs. peers -7%.
- KLBF indicates FY25F growth guidance to remain achievable, with our estimates suggesting minimum EPS downgrade risks post-9M25 results.
- We reiterate our Buy rating on KLBF with Rp1,710 DCF-based TP, the stock currently trades at large discount vs. historical.

Unwarranted Share Price Decline Amid Resilient 1H25 Results

We view KLBF's share price decline for the past 3M (-24%) as unwarranted given its strong 1H25 earnings run-rate to our/cons (55%/56%), with decent 6% core profit growth, compared with pharma and consumer peers' growth of -7% yoy. While management revised down its FY25F revenue/ EPS guidance to 6-8% yoy from 8-10% yoy, incorporating a more conservative outlook on the top line (vs. 1H25 5% yoy) as Nutritionals segment might take more time to recover (1H25: -3.3% yoy), consensus FY25F estimates were maintained with revenue/ EPS growth of 7.0%/ 9.5%. We believe this should reflect on track 1H25 earnings achievement (+9.4% yoy), driven by lower input costs from stable USD and API price, also a one-off gain on land sale to Livzon, expanding both GPM/NPM. Core profit, however, remain in-line with 51% to our FY25F. Incorporating new guidance, [our previous notes](#) have slightly lowered FY25F revenue/ EPS growth from 7.6%/ 11.6% to 5.1%/ 9.6%.

FY25F Guidance to Remain On-Track; Limited EPS Downgrade Risks

Our latest discussion with mgmt. indicates FY25F growth guidance remain achievable despite: 1) potential challenges in 3Q25F Nutritionals revenue, with higher input costs (skimmed milk), though impact to margins might be delayed as inventory days provide a buffer. 2) Unbranded generics (BPJS pharma) demand still increased which could pressure Prescription's margin (1H25 at -130bps). KLBF responded by being selective on entering BPJS market. Meanwhile, Consumer Health's revenue is indicated to be in-line with mgmt. guidance (~9% yoy). Overall, 3Q25 earnings growth is indicated to be at positive yoy trajectory, also given the 3Q24 low-base (-32%qoq;+7%yoy), due to post-Eid normalization in 2Q24. With these indications, we estimate 9M25 net profit to reach Rp2.6-2.8tr (at 73-79% run-rate to our/cons, i.e., In-Line) (**Exhibit 1**).

Reiterate Buy rating with DCF-based TP of Rp1,710

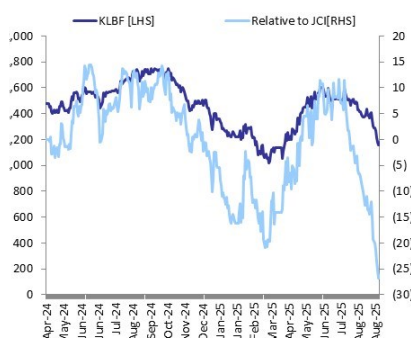
KLBF now trades at 15.6 FY25F P/E, at a 40%/ 35% discount to its 10-Yr./5-Yr. historical mean. KLBF also already budgeted up to ~Rp500bn for stock buyback in May-Dec25. Key risks: Weak top-line growth and IDR, slower cost-efficiency, higher valuation multiples vs. peers and market (**Exhibit 2**).

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (Rpbn)	30,449	32,628	34,307	36,929	39,752
EBITDA (Rpbn)	4,425	4,949	5,273	5,672	6,181
EBITDA Growth (%)	(10.8)	11.8	6.5	7.6	9.0
Net Profit (Rpbn)	2,767	3,241	3,553	3,778	4,139
EPS (Rp)	59.0	69.1	75.8	80.6	88.3
EPS Growth (%)	(18.2)	17.1	9.6	6.3	9.6
BVPS (Rp)	456.9	486.2	526.0	567.2	613.6
DPS (Rp)	31.0	36.0	39.4	41.9	45.9
PER (x)	20.0	17.1	15.6	14.6	13.4
PBV (x)	2.6	2.4	2.2	2.1	1.9
Dividend yield (%)	2.6	3.0	3.3	3.6	3.9
EV/EBITDA	11.9	10.3	9.3	8.4	7.5

Source: KLBF, BRIDS Estimates

KLBF relative to JCI Index



Source: Bloomberg

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A Beaten-Down Blue Chip; Stable IDR Translates to Limited EPS Downgrade Risks

3Q25 Earnings Estimation

We estimate KLBK's 3Q25 using several scenarios as follows:

- 1) **Base-case:** assuming historical contribution of 3Q revenue/net profit to FY trend holds, we estimate 3Q25F earnings could reach Rp822bn, implying potential 9M25 achievement at 79%/79% to our/cons. current FY25F estimates.
- 2) **Worst-case:** assuming flattish 3Q25 yoy top-line growth (despite indicated positive yoy growth), with USD appreciating by 5% impacting GPM by -50bps qoq to 40.1%, opex margin flat yoy, we estimate earnings could reach Rp634bn, implying potential 9M25 achievement at 73%/74% to our/cons.
 - We foresee the ~40-41% GPM as feasible in 3Q25, instead of going back to 39% level in 3Q24, as YTD USD/IDR has been averaging higher at 16.3k vs. 9M24 at 15.9k (-3%yoy), while GPM in 1H25 already reached 41.1% (+150bps yoy). This suggests a relatively controlled API costs in terms of value, supported by lower Oil Price (-8-9%yoy at YTD Sep25), despite depreciating IDR.
 - For opex margin, we assume flat yoy, which is its highest level over the past 12 quarters.
 - We assume lower other income items on a quarterly basis and 22.6% tax-rate for 3Q25.

Exhibit 1. 3Q25 Initial Earnings Estimates

Scenario	Assumptions	Metrics	3Q24	2Q25	3Q25F	%qoq	%yoy	9M24	9M25	%yoy	BRIDS	Cons.	% to BRIDS	% to Cons
Base-case	Historical 3Q contribution to FY trend holds (25%/23% for Revenue/EPS)	Revenue	7,911	8,234	8,663	5.2%	9.5%	24,239	25,743	6.2%	34,307	34,928	75.0%	73.7%
		Net Profit	573	898	822	-8.5%	43.3%	2,378	2,797	17.6%	3,553	3,549	78.7%	78.8%
Worst-case	3Q25 revenue flat yoy	Revenue	7,911	8,234	7,911	-3.9%	0.0%	24,239	24,990	3.1%	34,307	34,928	72.8%	71.5%
	USD +5% → GPM -50bps qoq, opex margin flat yoy	Net Profit	573	898	634	-29.4%	10.6%	2,378	2,609	9.7%	3,553	3,549	73.4%	73.5%

Source: BRIDS Estimates, Bloomberg

Exhibit 2. Peers Comparison

Key Valuation	KLBF	SIDO	INDF	ICBP	MYOR	UNVR	Peers Average	LQ45	IDX80
Mkt. Cap (Rpbn)	55,240	15,900	66,073	107,873	47,624	65,046			
1H25 Core Profit Growth (% yoy)	6.2	(3.6)	2.0	(8.3)	(31.4)	(12.6)	(7.5)		
P/E - 25F (x)	15.6	13.7	6.0	11.1	16.4	15.9	12.6	11.9	12.4
P/E - 26F (x)	14.6	13.0	5.6	9.8	14.1	15.4	11.6	10.0	9.9
Core P/E - 25F (x)	15.8	13.7	5.9	11.1	16.7	15.9	12.7	11.8	12.2
Core P/E - 26F(x)	14.4	12.9	5.7	10.2	13.7	15.4	11.6	10.1	10.0
EPS Growth - 25F (%)	9.6	(1.0)	27.2	37.7	(2.9)	21.4	16.5	(0.7)	(1.0)
EPS Growth - 26F (%)	6.3	5.7	7.8	12.7	15.9	3.5	9.1	19.5	25.8
Core Earnings Growth - 25F (%)	6.1	(1.0)	(9.8)	(6.8)	(1.2)	21.4	0.5	(13.0)	(15.1)
Core Earnings Growth - 26F (%)	9.8	5.7	3.4	8.3	21.6	3.5	8.5	16.5	21.9
PEG - 25F (x)	1.6	(14.2)	0.2	0.3	(5.5)	0.7	(3.7)	(17.5)	(12.0)
PEG - 26F (x)	2.3	2.3	0.7	0.8	0.9	4.4	1.8	0.5	0.4
Core PEG - 25F (x)	2.6	(14.1)	(0.6)	(1.6)	(14.3)	0.7	(6.0)	(0.9)	(0.8)
Core PEG - 26F (x)	1.5	2.3	1.7	1.2	0.6	4.4	2.0	0.6	0.5
P/B - 25F (x)	2.2	4.6	0.9	1.5	2.6	19.3	5.8	1.7	1.6
P/B - 26F (x)	2.1	4.5	0.8	1.4	2.3	16.2	5.0	1.5	1.4
Dividend Yield - 25F (%)	3.3	7.3	3.8	3.5	2.5	5.3	4.5	5.6	5.1
Dividend Yield - 26F (%)	3.6	7.7	4.8	4.8	2.5	5.5	5.1	6.1	5.7
ROIC/WACC- TTM 2Q25 (x)	1.2	3.2	1.1	1.1	1.2	5.6	2.4		

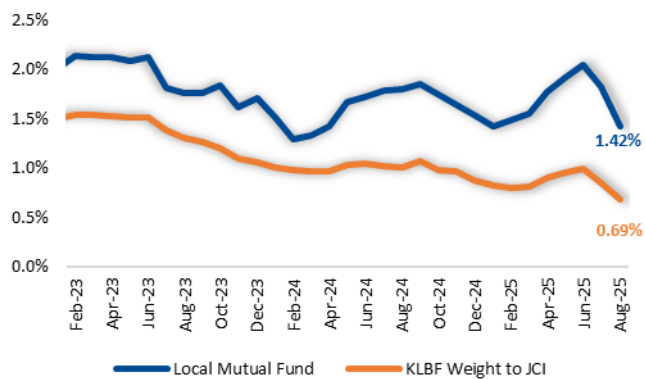
Source: BRIDS Estimates, Bloomberg

Exhibit 3. P/E Band 10 Yr.



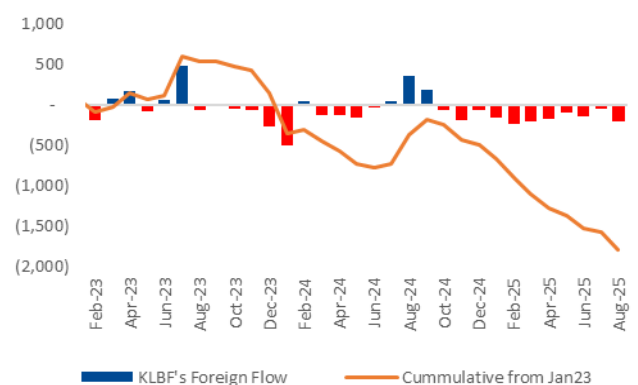
Source: Bloomberg, BRIDS

Exhibit 4. Domestic Fund Positioning



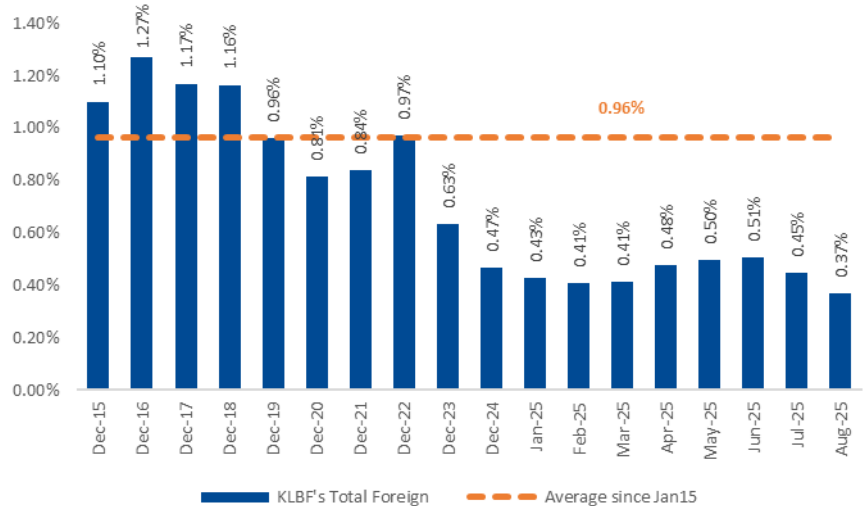
Source: KSEI, Bloomberg, BRIDS

Exhibit 5. Cumulative Foreign Flow



Source: IDX, BRIDS

Exhibit 6. Foreign Ownership at 10-Yr Low Level



Source: Bloomberg, BRIDS

Exhibit 7. USD/IDR vs. Share Price



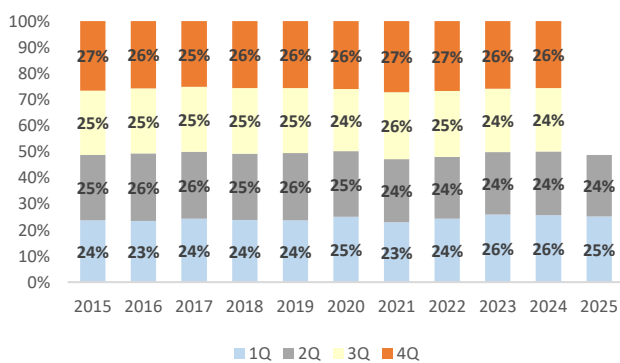
Source: Bloomberg, BRIDS

Exhibit 8. USD/IDR Sensitivity

Δ USD/IDR	USD/IDR	2025F	
		GPM	Δ GPM
-2%	16,008	39.9%	0.2%
-1%	16,172	39.8%	0.1%
0%	16,335	39.7%	0.0%
1%	16,498	39.6%	-0.1%
2%	16,662	39.5%	-0.2%

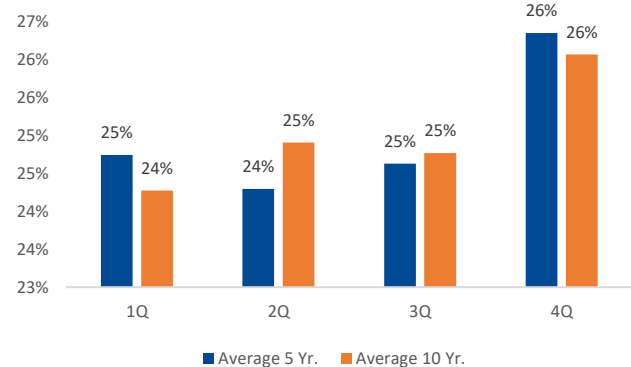
Source: BRIDS Estimates

Exhibit 9. Revenue Seasonality (%Contribution to FY Achievement)



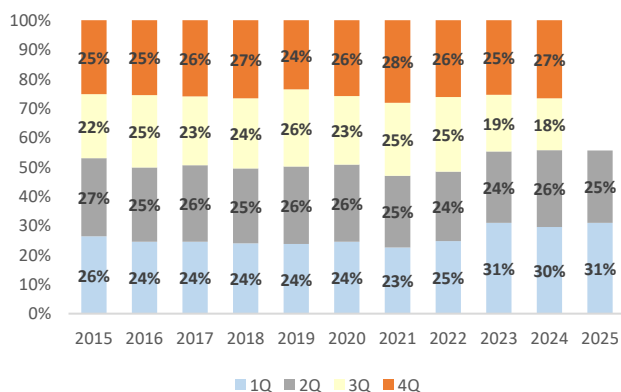
Source: Company, BRIDS

Exhibit 10. Revenue Seasonality (%Contribution to FY Achievement, Average)



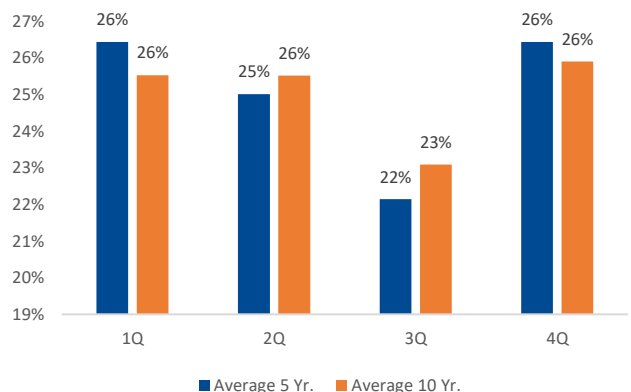
Source: Company, BRIDS

Exhibit 11. Earnings Seasonality (%Contribution to FY Achievement)



Source: Company, BRIDS

Exhibit 12. Earnings Seasonality (%Contribution to FY Achievement, Average)



Source: Company, BRIDS

Exhibit 13. KLBF's Valuation Summary

FCFF Projection KLBF		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
		1	2	3	4	5	6	7	8	9	10
EBIT * (1-tax)	+	3,412	3,679	4,026	4,519	5,060	5,655	7,168	8,060	9,050	10,147
Depreciation	+	870	926	986	1,050	1,119	1,194	1,258	1,328	1,404	1,486
Change in working capital	+	305	(596)	(639)	(685)	(735)	(788)	(927)	(1,007)	(1,088)	(1,176)
Capex	-	1,029	1,108	1,193	1,284	1,382	1,488	1,130	1,226	1,330	1,443
FCFF		3,558	2,901	3,181	3,600	4,063	4,573	6,370	7,156	8,036	9,014
<i>Growth</i>		15%	-18%	10%	13%	13%	13%	39%	12%	12%	12%
Discount factor		1.10	1.22	1.34	1.48	1.64	1.81	1.99	2.20	2.43	2.68
Present value of FCFF		3,224	2,382	2,367	2,428	2,483	2,533	3,197	3,255	3,312	3,367
Terminal value											126,323
PV of terminal value											47,181
NPV	Rpbn	75,729	Assumptions								
Net debt (as of end 2025)	Rpbn	(6,424)	Market return (Rm)		%	12.4%					
Minority Interest	Rpbn	1,802	Risk free rate		%	6.9%					
Equity value	Rpbn	80,351	Market risk premium		%	5.5%					
Outstanding share	Bn sh	47	Tax rate		%	23.0%					
Equity value per share	Rp/sh	1,714	Adjusted Beta		%	66.3%					
Target price	Rp/sh	1,710	Debt portion 2025		%	2.8%					
Current price	Rp/sh	1,180	Cost of equity		%	10.5%					
% upside/(downside)	%	44.9%	Cost of debt		%	6.4%					
Rating		BUY	WACC		%	10.3%					
			Terminal growth		%	3.0%					

Source: BRIDS Estimates

Exhibit 14. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Revenue	30,449	32,628	34,307	36,929	39,752
COGS	(18,626)	(19,671)	(20,694)	(22,064)	(23,525)
Gross profit	11,823	12,957	13,613	14,865	16,226
EBITDA	4,425	4,949	5,273	5,672	6,181
Oper. profit	3,694	4,170	4,403	4,747	5,195
Interest income	88	179	194	272	314
Interest expense	(95)	(69)	(55)	(67)	(86)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	27	28	69	32	34
Other Income (Expenses)	(108)	(89)	(17)	(101)	(108)
Pre-tax profit	3,606	4,219	4,593	4,883	5,350
Income tax	(828)	(972)	(1,033)	(1,099)	(1,204)
Minority interest	(12)	(6)	(7)	(7)	(8)
Net profit	2,767	3,241	3,553	3,778	4,139
Core Net Profit	2,767	3,241	3,553	3,778	4,139

Exhibit 15. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	3,232	4,723	7,175	8,292	9,715
Receivables	4,820	5,013	4,857	5,228	5,628
Inventory	6,792	6,502	6,578	7,013	7,478
Other Curr. Asset	908	806	879	946	1,019
Fixed assets - Net	7,978	8,269	8,195	8,135	8,093
Other non-curr.asset	3,162	3,973	3,915	4,305	4,721
Total asset	27,058	29,430	31,824	34,163	36,915
ST Debt	300	339	511	696	895
Payables	2,239	2,824	3,050	3,260	3,486
Other Curr. Liabilities	704	1,022	1,134	1,221	1,314
Long Term Debt	319	220	240	132	154
Other LT. Liabilities	376	433	454	489	526
Total Liabilities	3,938	4,839	5,389	5,798	6,376
Shareholder's Funds	21,419	22,789	24,657	26,587	28,761
Minority interests	1,701	1,802	1,802	1,802	1,802
Total Equity & Liabilities	27,058	29,430	31,847	34,186	36,938

Exhibit 16. Cash Flow

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Net income	2,767	3,241	3,553	3,778	4,139
Depreciation and Amort.	731	785	870	926	986
Change in Working Capital	(239)	683	305	(596)	(639)
Other Oper. Cash Flow	(318)	441	(43)	2	2
Operating Cash Flow	2,942	5,150	4,685	4,110	4,488
Capex	(990)	(1,570)	(1,029)	(1,108)	(1,193)
Others Inv. Cash Flow	(360)	(319)	292	(148)	(167)
Investing Cash Flow	(1,350)	(1,889)	(738)	(1,256)	(1,360)
Net change in debt	(549)	(59)	192	77	222
New Capital	37	(317)	0	0	0
Dividend payment	(1,781)	(1,453)	(1,685)	(1,848)	(1,964)
Other Fin. Cash Flow	(25)	57	21	35	37
Financing Cash Flow	(2,318)	(1,772)	(1,473)	(1,736)	(1,705)
Net Change in Cash	(727)	1,489	2,475	1,117	1,423
Cash - begin of the year	3,950	3,232	4,723	7,175	8,292
Cash - end of the year	3,232	4,723	7,175	8,292	9,715

Exhibit 17. Key Ratio

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	5.2	7.2	5.1	7.6	7.6
EBITDA	(10.8)	11.8	6.5	7.6	9.0
Operating profit	(12.7)	12.9	5.6	7.8	9.5
Net profit	(18.2)	17.1	9.6	6.3	9.6
Profitability (%)					
Gross margin	38.8	39.7	39.7	40.3	40.8
EBITDA margin	14.5	15.2	15.4	15.4	15.5
Operating margin	12.1	12.8	12.8	12.9	13.1
Net margin	9.1	9.9	10.4	10.2	10.4
ROAA	10.2	11.5	11.6	11.4	11.6
ROAE	13.2	14.7	15.0	14.7	15.0
Leverage					
Net Gearing (x)	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)
Interest Coverage (x)	38.8	60.2	80.6	70.8	60.4

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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