

Kalbe Farma Tbk (KLBF)

Berharap pada Penguatan Rupiah

Company Report | Dec 04 2018

Buy

Dec 2019 TP (IDR)	1,840
Consensus Price (IDR)	1,400
TP to Consensus Price	+31.4%
vs. Last Price	+20.7%

Shares data

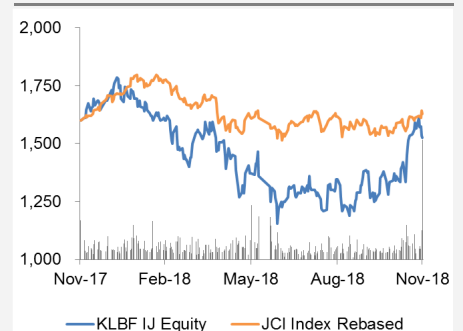
Last Price (IDR)	1,525
Price date as of	Nov 30, 2018
52 wk range (Hi/Lo)	1,785 / 1,155
Free float (%)	43.2
Outstanding sh.(mn)	46,875
Market Cap (IDR bn)	74,297
Market Cap (USD mn)	5,219
Avg. Trd Vol - 3M (mn)	22.70
Avg. Trd Val - 3M (bn)	31.58
Foreign Ownership	18.9%

Consumer Health

Pharmaceutical & Nutritional Products

Bloomberg	KLBF IJ
Reuters	KLBF.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-9.8%	13.0%	10.5%	-4.7%
Rel. Ret.	-5.1%	8.4%	9.2%	-6.4%

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Penjualan KLBF Tumbuh 5,5% y-y

KLBF terus menunjukkan perbaikan kinerja dengan berhasil mencatatkan pertumbuhan penjualan sebesar 5,5% dari Rp5 triliun pada 3Q17 menjadi Rp5,29 triliun pada 3Q18 dibandingkan dengan pertumbuhan penjualan sebesar 2,4% y-y pada 1Q18 dan 3,8% y-y pada 2Q18. **Penopang pertumbuhan berasal dari divisi distribusi yang berhasil meningkat 9%** pada 3Q18 dari Rp1,47 triliun pada 3Q17 menjadi Rp1,6 triliun pada 3Q18. Divisi lainnya juga berhasil mencetak pertumbuhan di kisaran 3-5% y-y.

Margin Tertekan Akibat Pelemahan Rupiah

Laba bersih KLBF meningkat 4,5% dari Rp563 miliar pada 3Q17 menjadi Rp589 miliar pada 3Q18, tetapi margin laba kotor KLBF menurun dari 48,6% pada 3Q17 menjadi 47,0% pada 3Q18. **Pelemahan rupiah yang terjadi secara konsisten sepanjang tahun 2018**, secara kuartalan, menyebabkan margin laba kotor KLBF menurun dari 48,4% pada 1Q18 menjadi 47,8% pada 2Q18 dan 47,0% pada 3Q18.

Kinerja KLBF Dipengaruhi Kurs Rupiah

Kinerja KLBF sangat dipengaruhi oleh fluktuasi kurs rupiah terhadap mata uang lainnya. Hal ini disebabkan, sebagian besar pasokan bahan baku KLBF masih berasal dari luar negeri. Dengan asumsi **rupiah akan mengalami penguatan**, margin KLBF diperkirakan membaik pada 2019.

Target Harga Rp1.840

Kami menggunakan estimasi *forward* P/E sebesar 31,0x (0,5SD diatas rata-rata selama 3 tahun sebesar 29,3x) sebagai basis metode valuasi untuk memperoleh target harga pada Desember 2019. Target harga ini mengimplikasikan P/E 2019/E sebesar 32,9x. Saat ini, KLBF diperdagangkan secara diskon pada P/E 2018/E sebesar 29,6x.

Kalbe Farma Tbk | Summary (IDR bn)

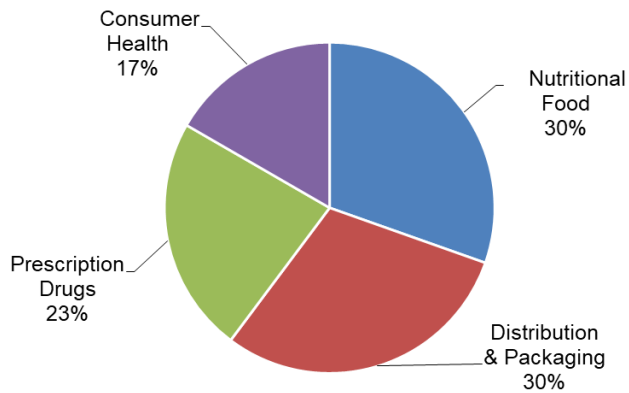
	2017	2018E	2019F	2020F
Sales	20,182	21,012	22,026	23,244
<i>Sales growth</i>	4.2%	4.1%	4.8%	5.5%
EBITDA	3,608	3,531	3,761	4,045
Net Profit	2,404	2,417	2,619	2,795
EPS (IDR)	51	52	56	60
<i>EPS growth</i>	4.5%	0.6%	8.4%	6.7%
BVPS (IDR)	296	324	355	387
EBITDA margin	17.9%	16.8%	17.1%	17.4%
NPM	11.9%	11.5%	11.9%	12.0%
ROE	17.3%	15.9%	15.7%	15.4%
ROA	14.5%	13.2%	13.2%	13.0%
ROIC	16.8%	15.2%	15.1%	14.8%
P/E	33.0x	29.6x	27.3x	25.6x
P/BV	5.7x	4.7x	4.3x	3.9x
EV/EBITDA	21.5x	19.7x	18.4x	17.1x
DPS (IDR)	25	25	27	29
<i>Dividend yield</i>	1.5%	1.6%	1.8%	1.9%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

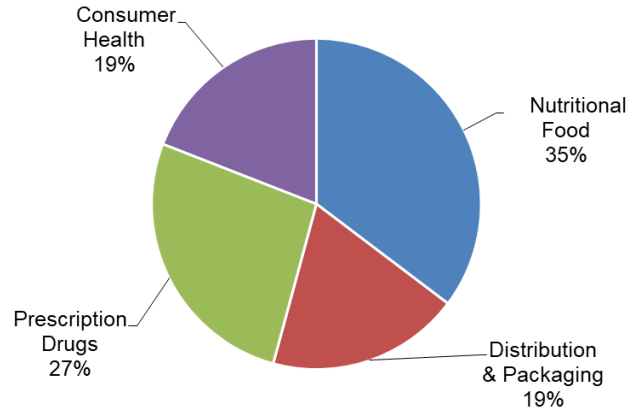
Performance Highlights

KLBF Sales Breakdown | FY2018E



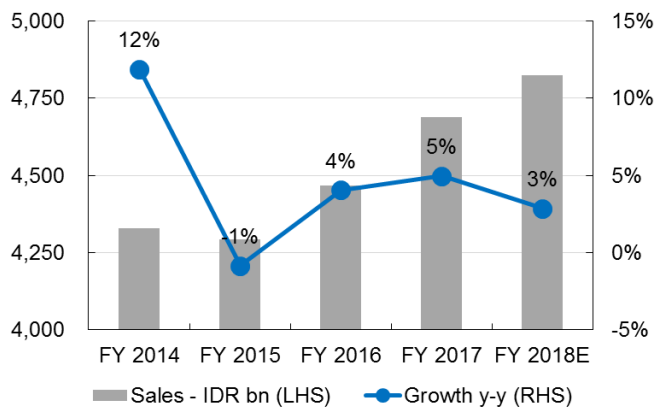
Source: Company, NHKS Research

KLBF Gross Profit Breakdown | FY2018E



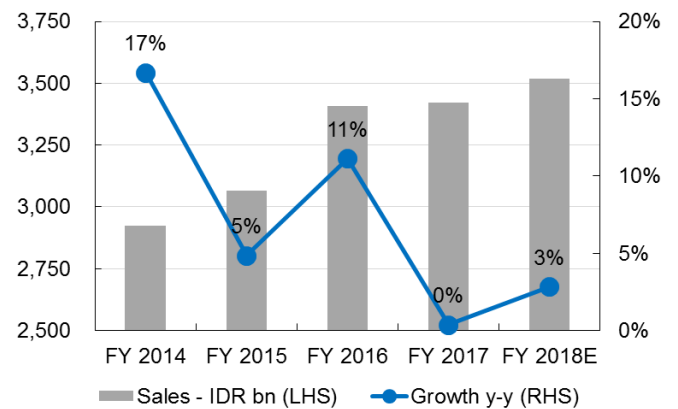
Source: Company, NHKS Research

Prescription Sales Growth | FY2014 - FY2018E



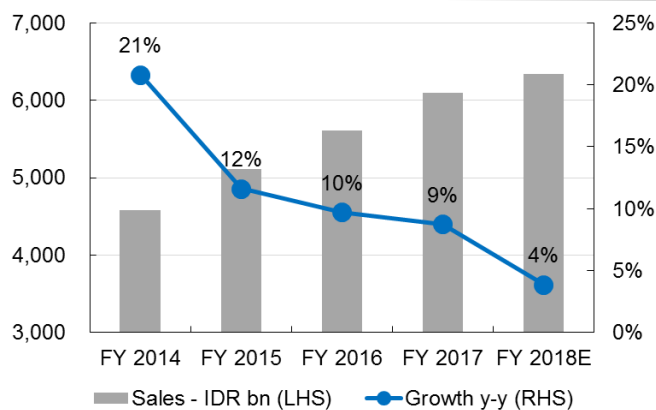
Source: Company, NHKS Research

Consumer Health Sales Growth | FY2014 - FY2018E



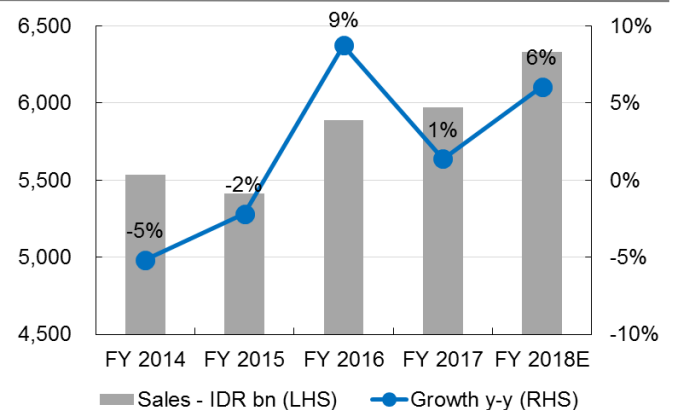
Source: Company, NHKS Research

Nutritional Sales Growth | FY2014 - FY2018E



Source: Company, NHKS Research

Distribution Division Sales Growth | FY2014 - FY2018E



Source: Company, NHKS Research

3Q18 review (IDR bn)

	3Q17	4Q17	1Q18	2Q18	3Q18					4Q18E
					Actual	Estimate	y-y	q-q	surprise	
Sales	5,024	5,092	5,015	5,366	5,298	5,188	5.5%	-1.3%	2.1%	5,333
Gross Profit	2,439	2,448	2,428	2,566	2,490	2,491	2.1%	-2.9%	0.0%	2,537
<i>Gross Margin</i>	48.6%	48.1%	48.4%	47.8%	47.0%	48.0%	-1.5%	-0.8%	-1.0%	47.6%
EBIT	746	836	758	799	747	773	0.2%	-6.5%	-3.3%	781
<i>EBIT Margin</i>	14.9%	16.4%	15.1%	14.9%	14.1%	14.9%	-0.7%	-0.8%	-0.8%	14.7%
EBITDA	936	953	871	915	867	883	-7.4%	-5.3%	-1.8%	879
<i>EBITDA Margin</i>	18.6%	18.7%	17.4%	17.0%	16.4%	17.0%	-2.3%	-0.7%	-0.7%	16.5%
Net Profit	563	624	589	626	589	595	4.5%	-6.0%	-1.1%	613
<i>Net Margin</i>	11.2%	12.3%	11.8%	11.7%	11.1%	11.5%	-0.1%	-0.6%	-0.4%	11.5%

Source: Bloomberg, NHKS research

Earnings revision (IDR bn)

		2018E	2019F	2020F
Sales	-Revised	21,012	22,026	23,244
	-Previous	20,876	21,743	22,799
	-Change	0.6%	1.3%	2.0%
Gross Profit	-Revised	10,020	10,613	11,237
	-Previous	10,017	10,555	11,078
	-Change	0.0%	0.5%	1.4%
Gross Margin	-Revised	47.7%	48.2%	48.3%
	-Previous	48.0%	48.5%	48.6%
EBIT	-Revised	3,086	3,344	3,566
	-Previous	3,111	3,362	3,535
	-Change	-0.8%	-0.5%	0.9%
EBIT Margin	-Revised	14.7%	15.2%	15.3%
	-Previous	14.9%	15.5%	15.5%
EBITDA	-Revised	3,531	3,761	4,045
	-Previous	3,545	3,799	4,034
	-Change	-0.4%	-1.0%	0.3%
EBITDA Margin	-Revised	16.8%	17.1%	17.4%
	-Previous	17.0%	17.5%	17.7%
Net Profit	-Revised	2,417	2,619	2,795
	-Previous	2,418	2,611	2,749
	-Change	-0.1%	0.3%	1.7%
Net Margin	-Revised	11.5%	11.9%	12.0%
	-Previous	11.6%	12.0%	12.1%

Source: NHKS research

Sekilas Tentang KLBF

Didirikan pada 1966, KLBF telah jauh berkembang dari usaha sederhana di sebuah garasi menjadi perusahaan farmasi terdepan di Indonesia. Di pasar internasional, KLBF telah merambah di negara-negara ASEAN, Nigeria, dan Afrika Selatan, dan menjadi perusahaan produk kesehatan nasional yang dapat bersaing di pasar ekspor.

Melalui proses pertumbuhan organik, penggabungan usaha, dan akuisisi, KLBF telah tumbuh dan bertransformasi menjadi penyedia solusi kesehatan terpadu melalui 4 kelompok divisi usahanya yang terdiversifikasi dengan baik: Divisi Obat Resep (kontribusi 23%), Divisi Produk Kesehatan (kontribusi 17%), Divisi Nutrisi (kontribusi 30%), dan Divisi Distribusi & Logistik (kontribusi 30%). Keempat divisi usaha tersebut mengelola portofolio obat resep dan obat bebas yang komprehensif, pelbagai produk minuman energi dan nutrisi, serta usaha distribusi yang menjangkau lebih dari satu juta outlet di seluruh kepulauan Indonesia.

Sejak awal pendiriannya, KLBF memafhumi signifikansi inovasi guna menstimulasi pertumbuhan usaha sehingga KLBF tidak hanya membangun kekuatan riset dan pengembangan dalam bidang formulasi obat generik, tetapi juga gencar meluncurkan pelbagai produk konsumen dan nutrisi yang inovatif. Melalui aliansi strategis dengan kartel internasional, KLBF telah merintis beberapa prakarsa riset dan pengembangan mutakhir, seperti obat kanker, sel punca, dan bioteknologi. Didukung oleh lebih dari 17.000 karyawan, kini KLBF bertumbuh menjadi penyedia layanan kesehatan terbesar dan terunggul di bidang pemasaran, *branding*, distribusi, keuangan, serta riset dan pengembangan.

Daya Saing KLBF di Asia Pasifik

KLBF sebagai perusahaan produk kesehatan publik terbesar di Asia Tenggara memiliki kapitalisasi pasar senilai USD5,1 miliar. Dengan kapitalisasi pasar sebesar itu, KLBF masih mampu menjaga margin laba bersih LTM dua digit hingga sebesar 11,7%. Selain itu, dengan laba bersih LTM sebesar USD175 juta, ROE LTM KLBF berada pada posisi 18,3%.

Asia Pacific Pharmaceutical Company

Company	Market Cap (USD mn)	Asset (USD mn)	Sales LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Margin	ROE LTM	P/E LTM	P/BV
Indonesia									
Kalbe Farma	5,115	1,223	1,493	175	2.19%	11.7%	18.3%	30.0x	5.2x
Kimia Farma	974	449	513	26	26.11%	5.0%	14.5%	38.6x	5.3x
Indofarma	996	113	114	(1)	66.29%	-1.1%	-3.4%	N/A	28.9x
Tempo Scan Pacific	441	547	716	38	1.07%	5.3%	10.7%	12.0x	1.2x
Merck	162	62	85	9	-26.36%	11.2%	21.2%	17.4x	3.6x
Darya Varia Laboratoria	156	121	115	11	-18.15%	9.6%	13.2%	14.5x	1.8x
Millennium Pharmacon Intl	8	69	165	1	50.84%	0.9%	10.2%	5.3x	0.5x
Pyridam Farma	7	12	17	0	-15.18%	2.6%	7.0%	15.3x	0.9x
India									
Merck Ltd	668	155	165	14	18.68%	8.8%	13.4%	50.0x	6.9x
Laurus Labs	592	463	310	26	-11.91%	8.4%	11.9%	24.7x	2.8x
South Korea									
Dongkook Pharmaceutical	504	350	358	42	20.03%	11.7%	16.5%	12.1x	1.8x
Hugel Inc	1,366	769	159	69	11.66%	43.5%	10.5%	19.2x	2.0x
CMG Pharmaceutical	476	106	43	(1)	N/A	-1.5%	-0.7%	N/A	5.3x
Daewoong	893	1,451	1,083	62	27.71%	5.8%	12.5%	10.8x	1.3x
Sam Chun Dang Pharm	854	220	147	13	50.87%	9.0%	10.2%	63.2x	6.1x
Bukwang Pharmaceutical	1,182	221	175	137	1755.88%	78.4%	46.6%	8.6x	3.0x
Taiwan									
Center Laboratories	859	1,291	831	80	N/A	9.7%	31.8%	10.7x	3.0x
TTY Biopharm	661	320	137	57	55.91%	41.4%	32.5%	12.0x	3.7x

Source: Bloomberg

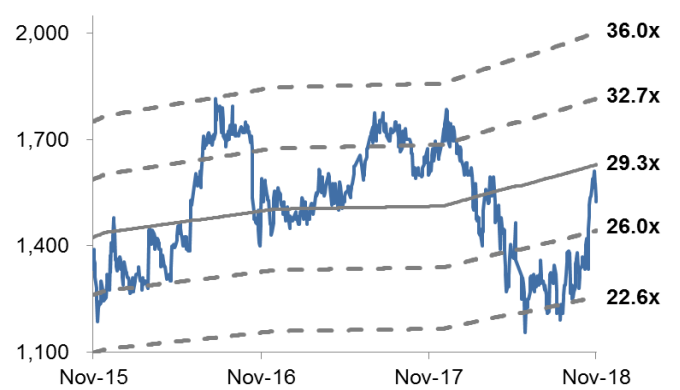
Multiple Valuation

Forward P/E band | Last 3 years



Source: NHKS research

Dynamic Forward P/E band | Last 3 years



Source: NHKS research

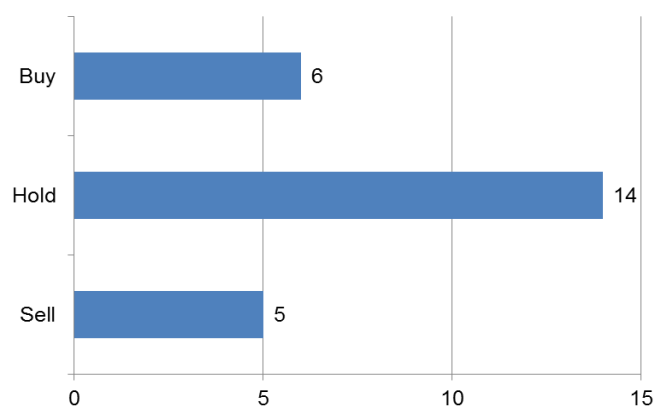
Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
12/15/2017	Buy	2,020 (Dec 2018)	1,695	1,711	+19.2%	+18.0%
05/04/2018	Hold	1,730 (Dec 2018)	1,515	1,647	+14.2%	+5.0%
10/26/2018	Buy	1,730 (Dec 2019)	1,340	1,399	+29.1%	+23.7%
12/04/2018	Buy	1,840 (Dec 2019)	1,525	1,400	+20.7%	+31.4%

Source: NHKS research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

1. Period: End of year target price
2. Rating system based on a stock's absolute return from the date of publication
 - Buy : Greater than +15%
 - Hold : -15% to +15%
 - Sell : Less than -15%

Summary of Financials

INCOME STATEMENT

(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E
Sales	20,182	21,012	22,026	23,244
<i>Growth</i>	4.2%	4.1%	4.8%	5.5%
COGS	(10,370)	(10,991)	(11,413)	(12,007)
Gross Profit	9,812	10,020	10,613	11,237
<i>Gross Margin</i>	48.6%	47.7%	48.2%	48.3%
Operating Expenses	(6,653)	(6,934)	(7,269)	(7,671)
EBIT	3,159	3,086	3,344	3,566
<i>EBIT Margin</i>	15.7%	14.7%	15.2%	15.3%
Depreciation	449	445	417	479
EBITDA	3,608	3,531	3,761	4,045
<i>EBITDA Margin</i>	17.9%	16.8%	17.1%	17.4%
Interest Expenses	(26)	(19)	(14)	(11)
EBT	3,241	3,235	3,506	3,741
Income Tax	(788)	(779)	(844)	(901)
Minority Interest	(50)	(39)	(42)	(45)
Net Profit	2,404	2,417	2,619	2,795
<i>Growth</i>	4.5%	0.6%	8.4%	6.7%
<i>Net Profit Margin</i>	11.9%	11.5%	11.9%	12.0%

PROFITABILITY & STABILITY

	2017/12A	2018/12E	2019/12E	2020/12E
ROE	17.3%	15.9%	15.7%	15.4%
ROA	14.5%	13.2%	13.2%	13.0%
ROIC	16.8%	15.2%	15.1%	14.8%
Cash Dividend (IDR bn)	1,172	1,178	1,277	1,363
Dividend Yield	1.5%	1.6%	1.8%	1.9%
Payout Ratio	48.8%	48.8%	48.8%	48.8%
DER	2.3%	1.6%	1.1%	0.6%
Net Gearing	2.4%	1.7%	1.1%	0.6%
LT Debt to Equity	1.0%	1.0%	0.6%	0.3%
Capitalization Ratio	2.2%	1.6%	1.1%	0.6%
Equity Ratio	83.6%	82.8%	83.8%	84.7%
Debt Ratio	1.9%	1.3%	0.9%	0.5%
Financial Leverage	115.5%	114.3%	115.3%	114.1%
Current Ratio	450.9%	407.0%	405.4%	412.4%
Par Value (IDR)	10	10	10	10
Total Shares (mn)	46,875	46,875	46,875	46,875
Share Price (IDR)	1,690	1,525	1,525	1,525
Market Cap (IDR tn)	79.2	71.5	71.5	71.5

BALANCE SHEET

(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E
Cash	2,785	2,947	3,140	3,287
Receivables	2,876	3,143	3,408	3,506
Inventories	3,557	3,758	3,838	4,154
Total Current Assets	10,044	10,733	11,241	11,816
Net Fixed Assets	5,343	6,330	7,324	8,334
Other Non Current Asset	1,230	1,278	1,278	1,278
Total Assets	16,616	18,341	19,843	21,427
Payables	1,109	1,169	1,244	1,295
ST Bank Loan	173	88	82	43
LT Debt	146	153	99	63
Total Liabilities	2,722	3,150	3,211	3,278
Capital Stock & APIC	435	435	435	435
Retained Earnings	12,788	14,033	15,474	16,992
Shareholders' Equity	13,894	15,191	16,632	18,150

VALUATION INDEX

	2017/12A	2018/12E	2019/12E	2020/12E
Price /Earnings	33.0x	29.6x	27.3x	25.6x
Price /Book Value	5.7x	4.7x	4.3x	3.9x
Price/Sales	3.9x	3.4x	3.2x	3.1x
PE/EPS Growth	7.3x	52.4x	3.3x	3.8x
EV/EBITDA	21.5x	19.7x	18.4x	17.1x
EV/EBIT	24.5x	22.5x	20.7x	19.4x
EV (IDR bn)	77,425	69,501	69,248	69,026
Sales CAGR (3-Yr)	5.1%	5.5%	4.4%	4.8%
EPS CAGR (3-Yr)	5.2%	6.4%	4.4%	5.2%
Basic EPS (IDR)	51	52	56	60
Diluted EPS (IDR)	51	52	56	60
BVPS (IDR)	296	324	355	387
Sales PS (IDR)	431	448	470	496
DPS (IDR)	25	25	27	29

CASH FLOW STATEMENT

(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E
Operating Cash Flow	2,080	2,832	2,862	2,978
Investing Cash Flow	(1,221)	(1,383)	(1,431)	(1,479)
Financing Cash Flow	(932)	(1,199)	(1,239)	(1,351)
Net Changes in Cash	(73)	249	193	147

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	81.1	Gira Sole Prima 10.2
United States	7.6	Santa Seha Sanadi 9.7
United Kingdom	4.3	Diptanala Bahana 9.5
Canada	2.2	Lucasta Murni C. 9.5

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