

Kalbe Farma Tbk (KLBF)

Pertumbuhan Stabil

Company Report | Oct 26 2018

Buy

Dec 2019 TP (IDR) 1,730

Consensus Price (IDR)	1,399
TP to Consensus Price	+23.7%
vs. Last Price	+29.1%

Shares data

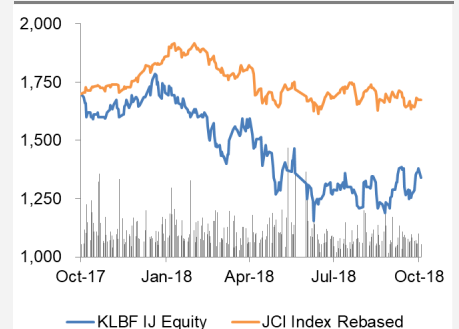
Last Price (IDR)	1,340
Price date as of	Oct 22, 2018
52 wk range (Hi/Lo)	1,785 / 1,155
Free float (%)	43.2
Outstanding sh.(mn)	46,875
Market Cap (IDR bn)	62,812
Market Cap (USD mn)	4,134
Avg. Trd Vol - 3M (mn)	16.30
Avg. Trd Val - 3M (bn)	20.98
Foreign Ownership	18.1%

Consumer Health

Pharmaceutical & Nutritional Products

Bloomberg	KLBF IJ
Reuters	KLBF.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-20.7%	3.9%	3.9%	-21.2%
Rel. Ret.	-12.6%	5.8%	4.4%	-19.7%

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Penjualan KLBF Mencetak Pertumbuhan *Single Digit*

KLBF diperkirakan mampu mencatatkan pertumbuhan penjualan sebesar 3,4% pada 2018. Pertumbuhan ini lebih rendah dibandingkan pertumbuhan sebesar 4,2% pada 2017. Hal ini seiring dengan survei pertumbuhan penjualan ritel di Indonesia yang juga menurun dari 3,5% pada 2017 menjadi 3,03% y-t-d pada 2018.

Penyesuaian Harga Jual Obat Farmasi

Penguatan dolar Amerika terhadap rupiah yang terjadi secara konsisten sepanjang 2018 berujung pada penyesuaian harga jual oleh industri farmasi. KLBF pun telah melakukan **penyesuaian dengan menaikkan harga jual produk, berkisar 3%-4% pada 3Q18.**

Penjualan Obat Generik Mencetak Pertumbuhan *Double-Digit*

KLBF menargetkan **penjualan obat untuk BPJS kesehatan mampu tumbuh 10%-15% pada 2019.** Kontribusi penjualan tersebut masih berkisar 3%-4% terhadap total penjualan KLBF atau berkontribusi 15-16% terhadap divisi obat resep KLBF. Namun pertumbuhan yang dicapai masih mampu bertengger di angka *double digit*. Obat generik KLBF diproduksi oleh anak usaha KLBF, yakni PT Hexpharm Jaya (HJ). HJ memiliki pabrik seluas 19,000 m2 dan beroperasi dengan kapasitas produksi 300 juta tablet per bulan. HJ mendukung program Jaminan Kesehatan Nasional (JKN) dengan penyediaan obat generik berkualitas dengan harga terjangkau.

Target Harga Rp1.730

Kami menggunakan estimasi *forward* P/E sebesar 29,5x (rata-rata selama 3 tahun) sebagai basis metode valuasi untuk memperoleh target harga pada Desember 2019. Target harga ini mengimplikasikan P/E 2019/E sebesar 31,1x. Saat ini, KLBF diperdagangkan secara diskon pada P/E 2018/E sebesar 26,0x.

Kalbe Farma Tbk | Summary (IDR bn)

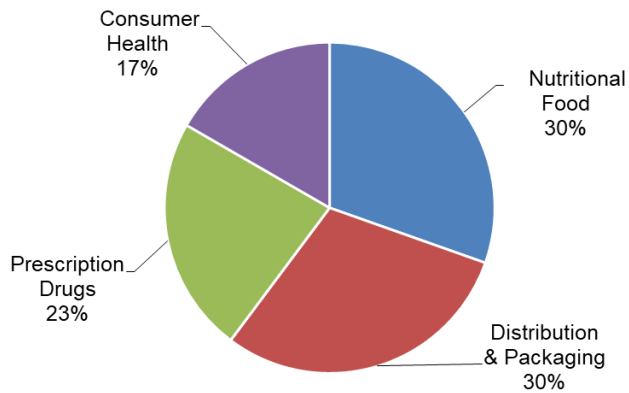
	2017	2018E	2019F	2020F
Sales	20,182	20,876	21,743	22,799
<i>Sales growth</i>	4.2%	3.4%	4.2%	4.9%
EBITDA	3,608	3,545	3,799	4,034
Net Profit	2,404	2,418	2,611	2,749
EPS (IDR)	51	52	56	59
<i>EPS growth</i>	4.5%	0.6%	7.9%	5.3%
BVPS (IDR)	296	324	354	386
EBITDA margin	17.9%	17.0%	17.5%	17.7%
NPM	11.9%	11.6%	12.0%	12.1%
ROE	17.3%	15.9%	15.7%	15.2%
ROA	14.5%	13.1%	13.1%	12.8%
ROIC	16.8%	15.2%	15.1%	14.6%
P/E	33.0x	26.0x	24.1x	22.9x
P/BV	5.7x	4.1x	3.8x	3.5x
EV/EBITDA	21.5x	17.2x	15.9x	14.9x
DPS (IDR)	25	25	27	29
<i>Dividend yield</i>	1.5%	1.9%	2.0%	2.1%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

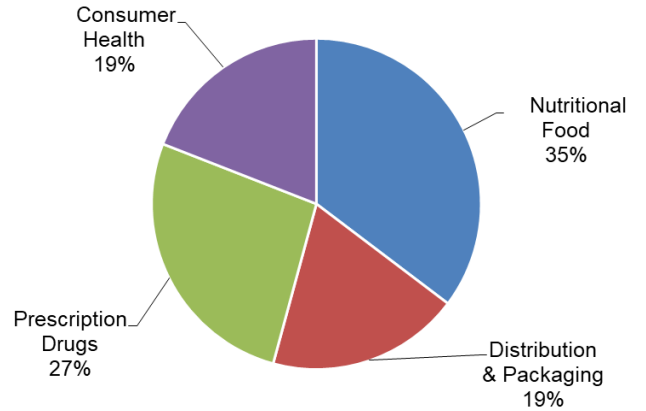
Performance Highlights

KLBF Sales Breakdown | 2Q16 - 2Q18



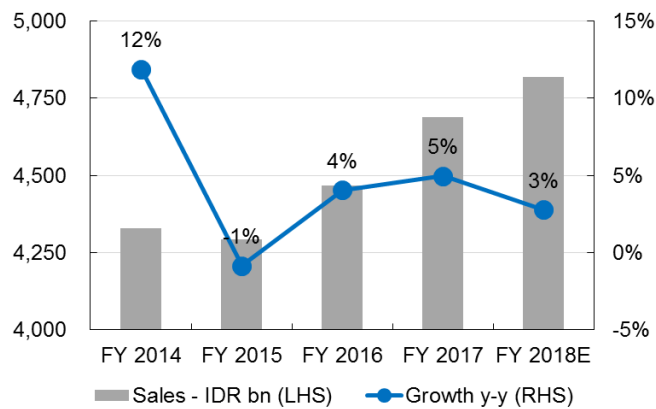
Source: Company, NHKS Research

KLBF Gross Profit Breakdown | 2Q16 - 2Q18



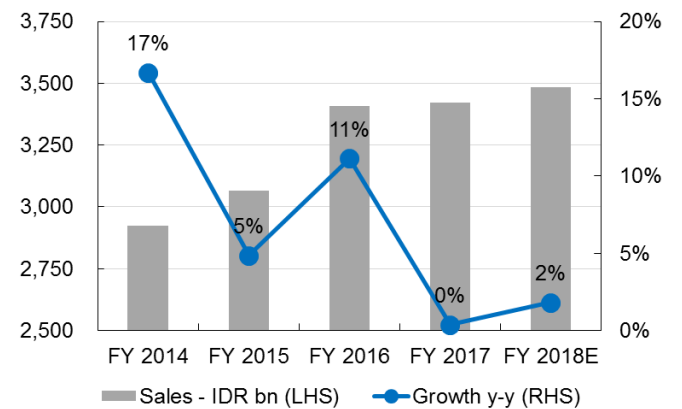
Source: Company, NHKS Research

Prescription Sales Growth | FY2014 - FY2018E



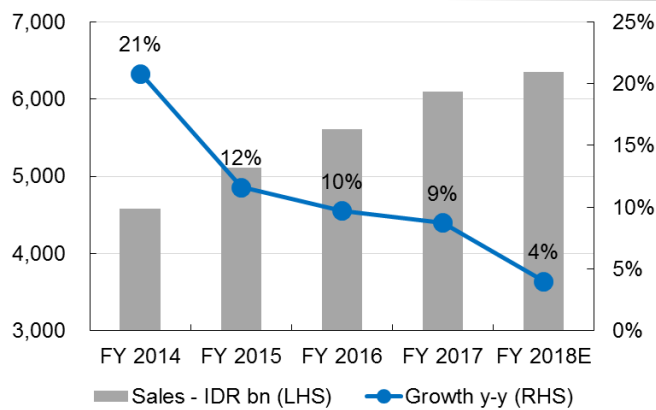
Source: Company, NHKS Research

Consumer Health Sales Growth | FY2014 - FY2018E



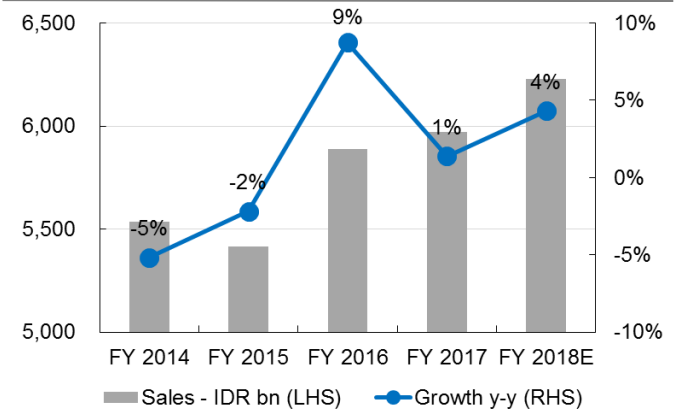
Source: Company, NHKS Research

Nutritional Sales Growth | FY2014 - FY2018E



Source: Company, NHKS Research

Distribution Division Sales Growth | FY2014 - FY2018E



Source: Company, NHKS Research

2Q18 review (IDR bn)

	2Q17	3Q17	4Q17	1Q18	2Q18					3Q18E
					Actual	Estimate	y-y	q-q	surprise	
Sales	5,168	5,024	5,092	5,015	5,366	5,447	3.8%	7.0%	-1.5%	5,188
Gross Profit	2,514	2,439	2,448	2,428	2,566	2,645	2.0%	5.7%	-3.0%	2,491
<i>Gross Margin</i>	48.7%	48.6%	48.1%	48.4%	47.8%	48.6%	-0.8%	-0.6%	-0.7%	48.0%
EBIT	818	746	836	758	799	876	-2.3%	5.4%	-8.8%	773
<i>EBIT Margin</i>	15.8%	14.9%	16.4%	15.1%	14.9%	16.1%	-0.9%	-0.2%	-1.2%	14.9%
EBITDA	889	936	953	871	915	979	2.9%	5.0%	-6.5%	883
<i>EBITDA Margin</i>	17.2%	18.6%	18.7%	17.4%	17.0%	18.0%	-0.2%	-0.3%	-0.9%	17.0%
Net Profit	628	563	624	589	626	665	-0.3%	6.3%	-5.9%	595
<i>Net Margin</i>	12.2%	11.2%	12.3%	11.8%	11.7%	12.2%	-0.5%	-0.1%	-0.5%	11.5%

Source: Bloomberg, NHKS research

Earnings revision (IDR bn)

		2018E	2019F	2020F
Sales	-Revised	20,876	21,743	22,799
	-Previous	21,034	21,926	22,858
	-Change	-0.8%	-0.8%	-0.3%
Gross Profit	-Revised	10,017	10,555	11,078
	-Previous	10,181	10,638	11,116
	-Change	-1.6%	-0.8%	-0.3%
Gross Margin	-Revised	48.0%	48.5%	48.6%
	-Previous	48.4%	48.5%	48.6%
EBIT	-Revised	3,111	3,362	3,535
	-Previous	3,276	3,440	3,612
	-Change	-5.1%	-2.3%	-2.1%
EBIT Margin	-Revised	14.9%	15.5%	15.5%
	-Previous	15.6%	15.7%	15.8%
EBITDA	-Revised	3,545	3,799	4,034
	-Previous	3,697	3,884	4,117
	-Change	-4.1%	-2.2%	-2.0%
EBITDA Margin	-Revised	17.0%	17.5%	17.7%
	-Previous	17.6%	17.7%	18.0%
Net Profit	-Revised	2,418	2,611	2,749
	-Previous	2,511	2,639	2,774
	-Change	-3.7%	-1.1%	-0.9%
Net Margin	-Revised	11.6%	12.0%	12.1%
	-Previous	11.9%	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 USD4,1 miliar. KLBF masih cukup mumpuni dalam mempertahankan margin laba bersih *double digit*, mencapai 11,7% sehingga akan sukses dalam menjaga margin keuntungan bersih stabil di kisaran 12%.

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	4,133	1,223	1,507	177	1.41%	11.7%	18.9%	26.1x	4.7x
Kimia Farma	914	449	507	26	31.54%	5.1%	14.9%	39.3x	5.5x
Indofarma	907	113	115	1	N/A	0.5%	1.4%	1838.1x	26.2x
Tempo Scan Pacific	412	547	719	40	1.76%	5.6%	11.3%	11.5x	1.3x
Merck	156	62	85	10	-14.70%	11.6%	23.4%	17.6x	4.0x
Darya Varia Laboratoria	141	121	117	11	-21.22%	9.4%	13.2%	14.4x	1.9x
Millennium Pharmacon Intl	8	69	163	1	92.83%	0.8%	9.4%	5.1x	0.6x
Pyridam Farma	7	12	18	1	103.90%	3.2%	7.0%	13.4x	0.9x
India									
Merck Ltd	633	155	165	14	18.68%	8.8%	13.4%	49.5x	6.9x
Laurus Labs	554	463	310	26	-11.91%	8.4%	11.9%	24.3x	2.7x
South Korea									
Dongkook Pharmaceutical	484	350	345	39	7.19%	11.3%	16.2%	12.7x	1.9x
Hugel Inc	1,211	769	164	64	11.05%	38.8%	13.6%	18.0x	1.9x
CMG Pharmaceutical	500	106	42	1	-79.93%	1.2%	0.5%	1039.2x	5.6x
Daewoong	826	1,451	1,067	62	39.07%	5.8%	12.8%	10.2x	1.2x
Sam Chun Dang Pharm	789	220	150	14	67.04%	9.2%	10.6%	57.4x	5.7x
Bukwang Pharmaceutical	1,055	221	140	9	133.59%	6.2%	4.2%	116.9x	4.8x
Taiwan									
Center Laboratories	660	1,291	802	29	869.66%	3.7%	13.1%	23.3x	2.9x
TTY Biopharm	651	320	142	55	59.50%	38.5%	32.9%	12.3x	3.9x

Source: Bloomberg

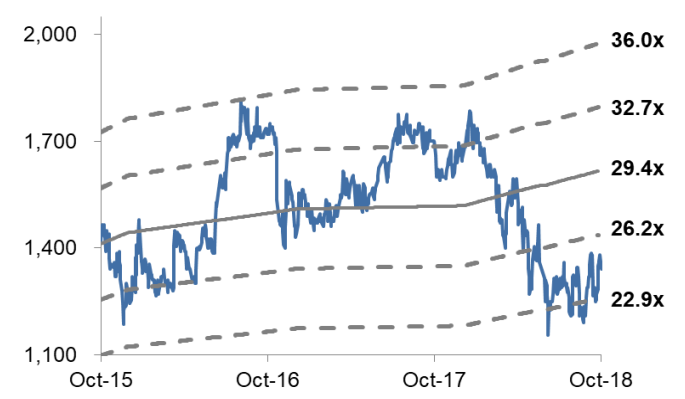
Multiple Valuation

Forward P/E band | Last 3 years



Source: NHKS research

Dynamic Forward P/E band | Last 3 years



Source: NHKS research

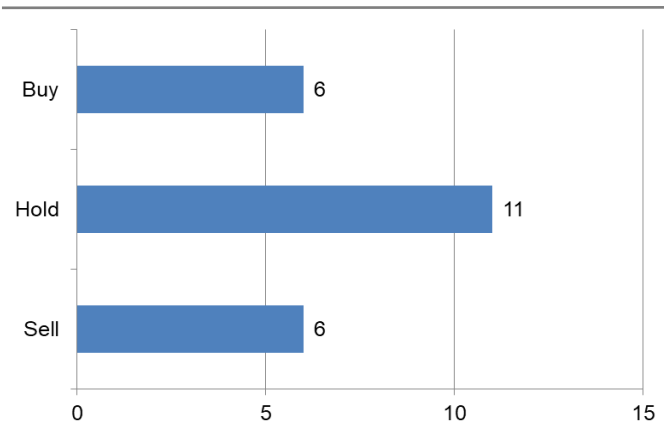
Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
09/18/2017	Buy	2,020 (Dec 2018)	1,725	1,812	+17.1%	+11.5%
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%

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					PROFITABILITY & STABILITY				
(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E		2017/12A	2018/12E	2019/12E	2020/12E
Sales	20,182	20,876	21,743	22,799	ROE	17.3%	15.9%	15.7%	15.2%
<i>Growth</i>	4.2%	3.4%	4.2%	4.9%	ROA	14.5%	13.1%	13.1%	12.8%
COGS	(10,370)	(10,859)	(11,187)	(11,721)	ROIC	16.8%	15.2%	15.1%	14.6%
Gross Profit	9,812	10,017	10,555	11,078	Cash Dividend (IDR bn)	1,172	1,179	1,273	1,340
<i>Gross Margin</i>	48.6%	48.0%	48.5%	48.6%	Dividend Yield	1.5%	1.9%	2.0%	2.1%
Operating Expenses	(6,653)	(6,907)	(7,193)	(7,543)	Payout Ratio	48.8%	48.8%	48.8%	48.8%
EBIT	3,159	3,111	3,362	3,535	DER	2.3%	2.1%	1.6%	1.1%
<i>EBIT Margin</i>	15.7%	14.9%	15.5%	15.5%	Net Gearing	2.4%	2.2%	1.7%	1.1%
Depreciation	449	435	437	499	LT Debt to Equity	1.0%	1.1%	0.8%	0.6%
EBITDA	3,608	3,545	3,799	4,034	Capitalization Ratio	2.2%	2.1%	1.6%	1.1%
<i>EBITDA Margin</i>	17.9%	17.0%	17.5%	17.7%	Equity Ratio	83.6%	82.5%	83.3%	84.4%
Interest Expenses	(26)	(23)	(23)	(19)	Debt Ratio	1.9%	1.7%	1.3%	0.9%
EBT	3,241	3,250	3,508	3,693	Financial Leverage	115.5%	114.3%	115.8%	114.9%
Income Tax	(788)	(793)	(856)	(901)	Current Ratio	450.9%	397.1%	398.4%	413.8%
Minority Interest	(50)	(38)	(41)	(43)	Par Value (IDR)	10	10	10	10
Net Profit	2,404	2,418	2,611	2,749	Total Shares (mn)	46,875	46,875	46,875	46,875
<i>Growth</i>	4.5%	0.6%	7.9%	5.3%	Share Price (IDR)	1,690	1,340	1,340	1,340
<i>Net Profit Margin</i>	11.9%	11.6%	12.0%	12.1%	Market Cap (IDR tn)	79.2	62.8	62.8	62.8

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E		2017/12A	2018/12E	2019/12E	2020/12E
Cash	2,785	2,979	3,380	3,560	Price /Earnings	33.0x	26.0x	24.1x	22.9x
Receivables	2,876	3,200	3,367	3,519	Price /Book Value	5.7x	4.1x	3.8x	3.5x
Inventories	3,557	3,670	3,776	4,025	Price/Sales	3.9x	3.0x	2.9x	2.8x
Total Current Assets	10,044	10,747	11,385	11,984	PE/EPS Growth	7.3x	42.1x	3.0x	4.3x
Net Fixed Assets	5,343	6,240	7,132	8,027	EV/EBITDA	21.5x	17.2x	15.9x	14.9x
Other Non Current Asset	1,230	1,416	1,416	1,416	EV/EBIT	24.5x	19.6x	18.0x	17.0x
Total Assets	16,616	18,403	19,932	21,427	EV (IDR bn)	77,425	60,858	60,404	60,157
Payables	1,109	1,123	1,232	1,236	Sales CAGR (3-Yr)	5.1%	5.3%	3.9%	4.1%
ST Bank Loan	173	152	136	98	EPS CAGR (3-Yr)	5.2%	6.5%	4.3%	4.6%
LT Debt	146	166	130	101	Basic EPS (IDR)	51	52	56	59
Total Liabilities	2,722	3,229	3,327	3,345	Diluted EPS (IDR)	51	52	56	59
Capital Stock & APIC	435	435	435	435	BVPS (IDR)	296	324	354	386
Retained Earnings	12,788	14,034	15,466	16,942	Sales PS (IDR)	431	445	464	486
Shareholders' Equity	13,894	15,174	16,606	18,081	DPS (IDR)	25	25	27	29

CASH FLOW STATEMENT					OWNERSHIP			
(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E	By Geography	% Shareholders	%	
Operating Cash Flow	2,080	2,843	2,980	2,904	Indonesia	81.1	Gira Sole Prima	10.2
Investing Cash Flow	(1,221)	(1,454)	(1,347)	(1,384)	United States	7.6	Santa Seha Sanadi	9.7
Financing Cash Flow	(932)	(1,138)	(1,232)	(1,340)	United Kingdom	4.3	Diptanala Bahana	9.5
Net Changes in Cash	(73)	251	401	180	Canada	2.2	Lucasta Murni C.	9.5

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