

Kalbe Farma Tbk (KLBF IJ)

Efisiensi Biaya: Vital bagi Laba Bersih

Kalbe Farma merupakan salah satu perusahaan di industri farmasi yang berhasil mempertahankan pertumbuhan yang solid laba bersih dengan langkah-langkah perbaikan seperti pengendalian biaya, peningkatan kualitas, konsistensi inovasi, dan ekspansi di berbagai negara. Kami mengestimasi katalis ini akan menstimulasi outlook positif KLBF dalam jangka panjang.

Efisiensi Biaya Pacu Laba Bersih 3Q19

Pendapatan 3Q19 tercatat sebesar Rp5,6 triliun (+6,6% y-y, -3% q-q). Top line yang terkontraksi itu juga diikuti dengan penurunan gross profit yang mencapai Rp2,5 triliun. GPM tercatat sebesar 45,8%. Selain itu, bottom line KLBF pada 3Q19 mencapai Rp657 miliar (+11,7% y-y, -1% q-q). Berdasarkan quarterly basis, top line KLBF tercatat mengalami kontraksi, tetapi EBIT berhasil membukukan pendapatan sebesar Rp878 miliar dengan OPM 15,5%. Peningkatan EBIT disebabkan oleh penurunan opex yang mencapai Rp1,7 triliun (-6% q-q) dari Rp1,8 triliun pada 2Q19. Secara kumulatif, biaya A&P 9M19 tercatat mengalami penurunan mencapai Rp1,34 triliun (-3% q-q) dari Rp1,39 triliun pada 9M18. KLBF mencatatkan pertumbuhan pendapatan Rp16 triliun secara kumulatif (+7,3% y-y) atau sejalan dengan target perusahaan sebesar 6% - 8%.

Segmental Highlight

Berdasarkan sales breakdown 3Q19, semua segmen tercatat mengalami pertumbuhan kecuali segmen produk kesehatan yang mencatatkan penjualan sebesar Rp820 miliar (-5,9% y-y) dari 3Q18 mencapai Rp871 miliar. Selain itu, segmen distribusi dan logistik mencatatkan kontribusi terbesar bagi pendapatan mencapai Rp 1,8 triliun (+18,0% y-y) dari 3Q18 mencapai Rp1,6 triliun. Segmen nutrisi dan obat resep masing-masing mencatatkan pendapatan sebesar Rp1,6 triliun dan Rp1,2 triliun. Menyadari kontribusi kinerja segmen distribusi dan logistik, KLBF dengan PT Enseval Putera Megatrading Tbk (Enseval) meluncurkan platform transportasi digital—MONSTRANS. Platform ini juga menjadi bentuk inovasi KLBF untuk meningkatkan layanan yang berkualitas bagi masyarakat terlebih pada era digital. Kami optimis KLBF dapat menjaga pertumbuhan double digit di segmen distribusi dan logistik dengan dibentuknya platform ini.

Penjualan Domestik Mendominasi

Secara kumulatif, penjualan domestik masih mendominasi penjualan KLBF dengan pencapaian sebesar Rp15triliun (+8% y-y), sebaliknya penjualan ekspor tercatat mengalami penurunan sebesar Rp845 miliar (-4% y-y). Selain itu, KLBF juga masih gencar melakukan ekspansi; pada 3Q19 melalui anak usahanya, yaitu Kalbe International Ltd dan PT Dankos Farma yang membentuk perusahaan patungan, Kalbe Lanka (Pvt) Ltd untuk mendukung pengembangan ekspor dengan kontribusi masih ~5% terhadap total pendapatan.

Rating BUY dengan TP Rp1.780

Kami menaikkan rekomendasi KLBF dari HOLD menjadi BUY dengan target harga Rp1.780 berdasarkan estimasi valuasi P/E forward sebesar 30,2x dengan potensi upside imbal hasil 16,7% dari harga saham saat ini. Outlook positif ini didasari efisiensi biaya, penguatan nilai tukar rupiah, inovatif, ekspansi agresif, serta kebijakan peningkatan iuran BPJS. Sebaliknya, risiko target harga adalah depresiasi nilai tukar rupiah, ketidakberhasilan implementasi peningkatan iuran BPJS, penurunan daya beli masyarakat.

Kalbe Farma Tbk | Summary

	2018A	2019E	2020F	2021F
Net Sales	21,074	22,495	23,744	25,060
Sales Growth	4.4%	6.7%	5.6%	5.5%
EBITDA	3,676	3,945	4,130	4,560
Net Profit	2,475	2,651	2,771	2,982
EPS (IDR)	52	57	59	64
EPS Growth	2.2%	7.9%	4.5%	7.6%
BVPS	326	360	391	426
EBITDA ,margin	17.4%	17.5%	17.4%	18.2%
NPM	11.7%	11.8%	11.7%	11.9%
ROE	16.1%	15.7%	15.1%	14.9%
ROA	13.5%	13.2%	12.8%	12.8%
ROIC	15.5%	14.9%	14.7%	14.5%
P/E	32.2x	26.9x	25.3x	23.5x
P/BV	5.2x	4.2x	3.8x	3.5x
EV/EBITDA	21.0x	17.6x	16.4x	14.7x
DPS (IDR)	25	26	28	29
Dividend Yield	1.5%	1.7%	1.9%	1.9%

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

Hold

Dec 2020 TP (IDR)	1,780
Consensus Price (IDR)	1,737
TP to Consensus Price	+2.5%
vs. Last Price	+16.7%

Shares data

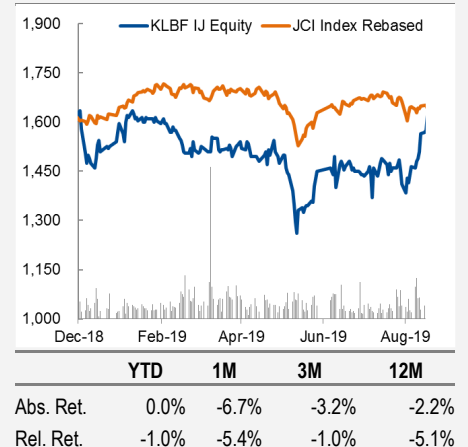
Last Price (IDR)	1,525
Price date as of	Nov 21, 2019
52 wk range (Hi/Lo)	1,690 / 1,190
Free float (%)	42.8
Outstanding sh.(mn)	46,875
Market Cap (IDR bn)	73.594
Market Cap (USD mn)	5,158
Avg. Trd Vol - 3M (mn)	22.64
Avg. Trd Val - 3M (bn)	32.75
Foreign Ownership	19.9%

Consumer Health

Pharmaceutical & Nutritional Products

Bloomberg	KLBF IJ
Reuters	KLBF.JK

Share Price Performance

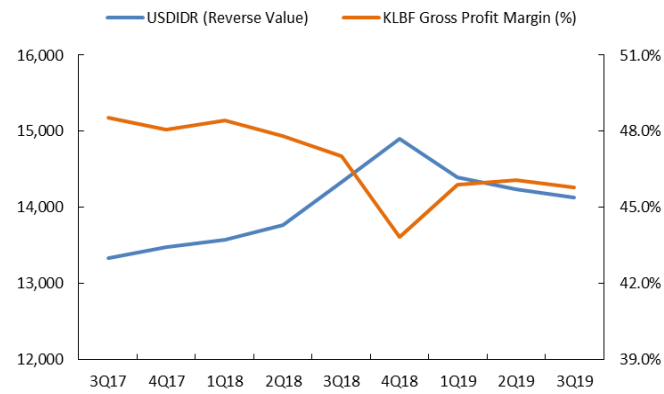


Putu Chantika Putri Dhammayanti

(021)797-6202, ext:114, putu.chantika@nhsec.co.id

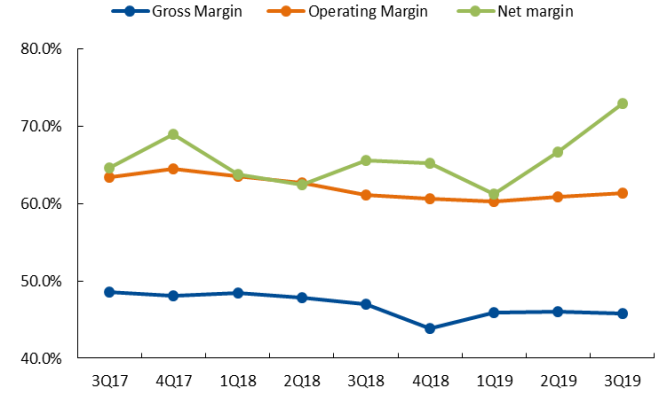
Performance highlights in chart

Steady USDIDR will minimize pressure on gross margin



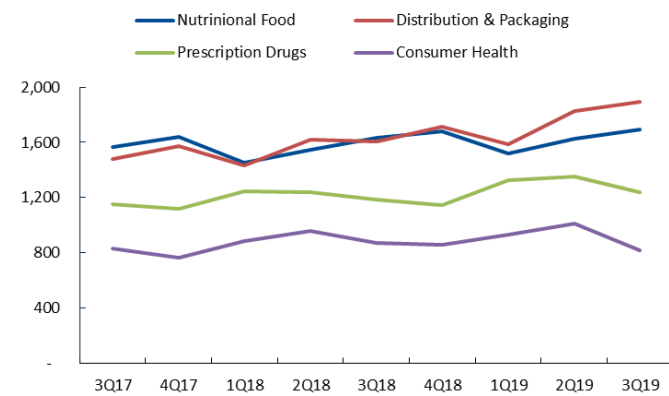
Source: JPMorgan, Bloomberg, NHKS Research

KLBF's Margin Ratio



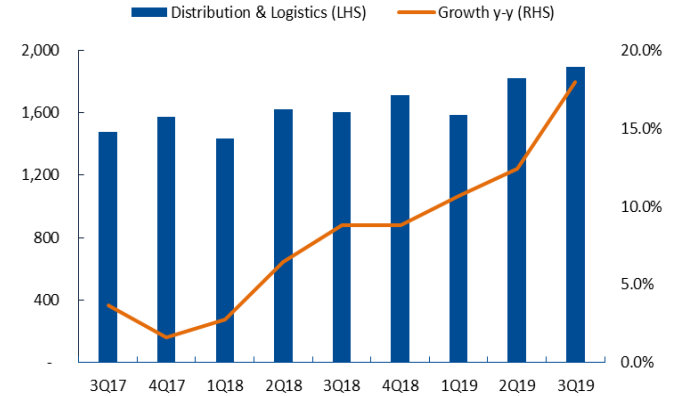
Source: Company Data, NHKS Research

Increasing distribution and nutritional segments contribution (Bn)



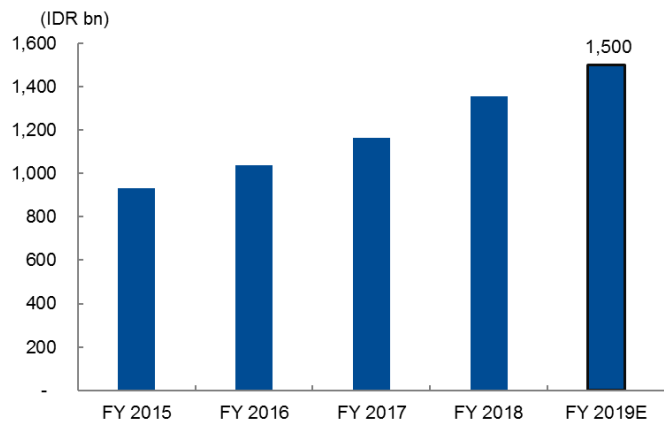
Source: Company Data, NHKS Research

Distribution & Logistic (IDR bn) | 3Q17– 3Q19



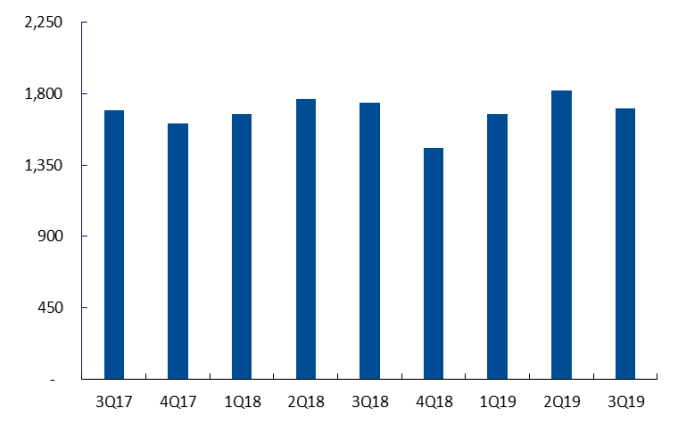
Source: Company Data, NHKS Research

Upward trend of KLBF capital expenditure



Source: Company Data, NHKS Research

Operating Expenses (IDR bn) | 3Q17–3Q19



Source: Company Data, NHKS Research

Valuation highlights in chart

3-year forward P/E band



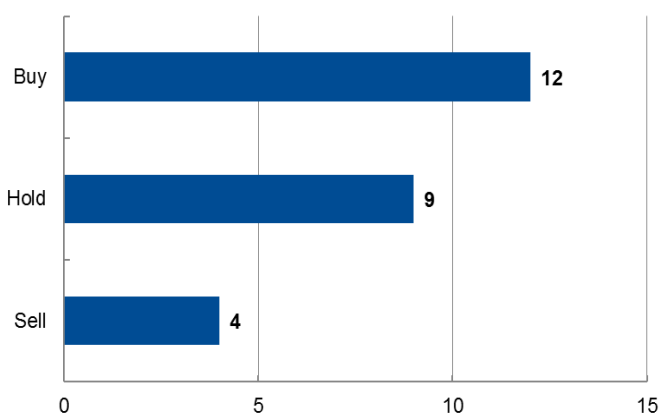
Source: Company Data, NHKS Research

3-year dynamic forward P/E band



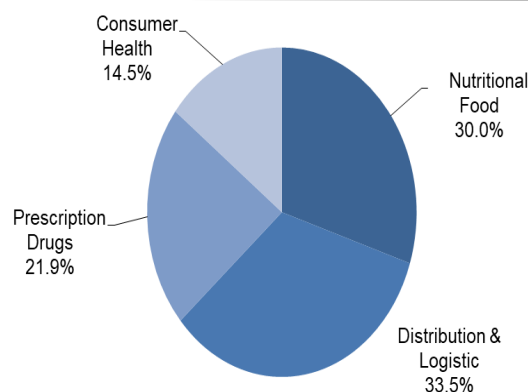
Source: Company Data, NHKS Research

Consensus of analyst recommendation



Source: Bloomberg, NHKS Research

3Q19 Revenue Breakdown



Source: Company Data, NHKS Research

Quarterly review

	3Q18	4Q18	1Q18	2Q19	3Q19					4Q19E
					Actual	Estimate	Y-Y	Q-Q	Surprise	
Income statement										
Net Sales	5,298	5,396	5,301	5,301	5,813	5,545	6.6	-2.8	1.9%	5,733
Gross Profit	2,490	2,364	2,433	2,433	2,679	2,612	3.9	-3.5	-1.0%	2,669
EBIT	747	908	764	764	858	854	17.4	2.3	2.8%	983
EBITDA	867	1,024	884	884	983	957	16.4	11.2	5.4%	1,069
Net Profit	589	653	595	595	657	674	11.7	11.4	-2.5%	736
Margin										
Gross Margin	47.0	43.8	45.9	45.9	46.1	47.1	-1.2	-0.3	-2.8%	46.5
EBIT Margin	14.1	16.8	14.4	14.4	14.8	15.4	1.4	0.8	0.9%	17.1
EBITDA Margin	16.4	19.0	16.7	16.7	16.9	17.3	1.5	0.9	3.5%	18.6
Net Profit Margin	11.1	12.1	11.2	11.2	11.4	12.2	0.5	0.2	-4.3%	12.6

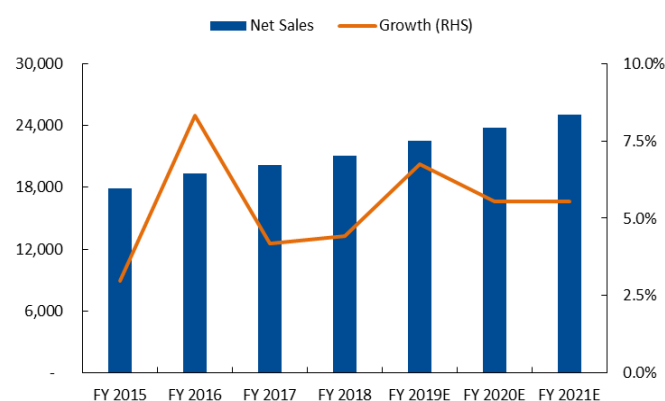
Unit: IDR bn, %, USD/ton

Source: Company Data, NHKS Research

Sekilas tentang Perusahaan

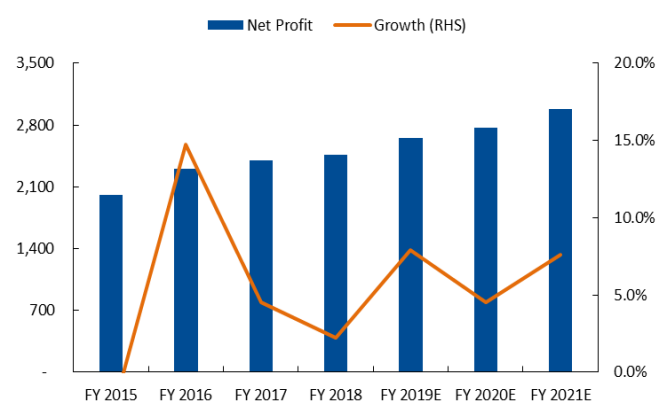
- PT Kalbe Farma Tbk (KLBF IJ) yang didirikan pada 1966 adalah perusahaan swasta Indonesia yang bergerak di industri farmasi.
- Pendapatan KLBF berkontribusi oleh 4 segmen, yakni obat resep, produk kesehatan, nutrisi, serta distribusi dan logistik.
- Beberapa anak KLBF yang cukup dikenal seperti: Bintang Toedjoe, Saka Farma, Enseval Putera Megatrading (EPMT IJ), Kalbe Morinaga, Sanghiang Perkasa, Kalbe Blackmores Nutrition, Kalbe International Pte. Ltd.
- Selain ekspansi pembangunan dua pabrik baru pada awal 2019, KLBF juga mendorong pengembangan ekosistem di bidang kesehatan. KLBF menggandeng Grab Indonesia untuk mendukung sinergi antara layanan-layanan berbasis digital milik KLBF seperti Kalbe Home Delivery, klikdokter.com, dan kalbestore.com.

Revenue and growth movement



Source: Company Data, NHKS Research

Earnings and growth movement



Source: Company Data, NHKS Research

Asia pharmaceutical companies peers analysis

Company	Market Cap	Asset	Sales	Net Profit LTM	Net Profit Growth LTM	Net Profit Margin	ROE	P/E LTM	P/BV
Indonesia									
Kalbe Farma	5,217	1,258	1,552	179	5.8	11.6	17.6	28.7	4.8
Kimia Farma	707	785	582	16	-35.5	2.8	4.7	42.9	1.4
India									
Laurus Labs Ltd	504	481	320	13	-44.06	4.2	6.2	38.3	2.3
Wockhardt Ltd	384	1,130	595	(28)	68.0	-4.7	-7.0	N/A	1.0
South Korea									
Hugel Inc	1,600	825	182	42	-36.4	22.9	7.4	29.1	2.2
Bukwang Pharmaceutical Co	782	443	138	(15)	N/A	-11.0	-5.1	N/A	2.8
Daewoong Co Ltd	606	1,430	1,162	36	-38.9	3.1	7.0	12.9	0.9
Sam Chun Dang Pharm Co Ltd	566	235	156	10	-12.0	6.4	7.4	56.8	4.1
Taiwan									
Center Laboratories Inc.	812	666	303	122	56.57	102.1	36.3	7.0	2.0
Bangladesh									
Renata Ltd	1,222	255	246	41	13.2	16.7	21.6	31.0	6.0

Unit: IDR bn, %, X

Source: Bloomberg, NHKS Research

Summary of Financials

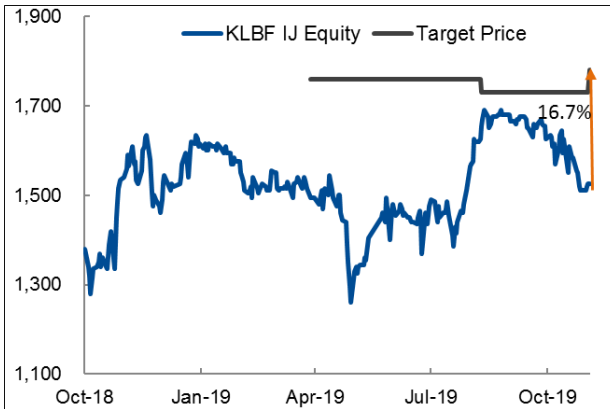
INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2018/12A	2019/12E	2020/12E	2021/12E		2018/12A	2019/12E	2020/12E	2021/12E
Net Sales	21,074	22,495	23,744	25,060	ROE	16.1%	15.7%	15.1%	14.9%
<i>Growth</i>	4.4%	6.7%	5.6%	5.5%	ROA	13.5%	13.2%	12.8%	12.8%
COGS	(11,226)	(12,128)	(12,573)	(13,264)	ROIC	15.5%	14.9%	14.7%	14.5%
Gross Profit	9,848	10,367	11,171	11,795	Cash Dividend (IDR bn)	1,172	1,219	1,293	1,351
<i>Gross Margin</i>	46.7%	46.1%	47.0%	47.1%	Dividend Yield	1.5%	1.7%	1.8%	1.9%
Operating Expenses	(6,635)	(6,884)	(7,503)	(7,869)	Payout Ratio	47.7%	46.0%	46.7%	45.3%
EBIT	3,213	3,483	3,668	3,927	DER	2.3%	4.2%	2.8%	2.3%
<i>EBIT Margin</i>	15.2%	15.5%	15.4%	15.7%	Net Gearing	2.5%	4.5%	3.0%	2.4%
Depreciation	463	462	462	634	LT Debt to Equity	1.7%	3.4%	1.6%	1.3%
EBITDA	3,676	3,945	4,130	4,560	Capitalization Ratio	2.3%	4.1%	2.7%	2.3%
<i>EBITDA Margin</i>	17.4%	17.5%	17.4%	18.2%	Equity Ratio	84.3%	84.0%	85.0%	85.7%
Interest Expenses	(20)	(31)	(61)	(42)	Debt Ratio	2.0%	3.6%	2.4%	2.0%
EBT	3,306	3,568	3,729	4,014	Financial Leverage	99.2%	100.3%	98.9%	99.1%
Income Tax	(809)	(875)	(915)	(984)	Current Ratio	465.8%	484.9%	449.1%	466.0%
Minority Interest	(40)	(42)	(44)	(47)	Par Value (IDR)	10	10	10	10
Net Profit	2,457	2,651	2,771	2,982	Total Shares (mn)	46,875	46,875	46,875	46,875
<i>Growth</i>	2.2%	7.9%	4.5%	7.6%	Share Price (IDR)	1,690	1,520	1,495	1,495
<i>Net Profit Margin</i>	11.7%	11.8%	11.7%	11.9%	Market Cap (IDR tn)	79.2	71.3	70.1	70.1

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2018/12A	2019/12E	2020/12E	2021/12E		2018/12A	2019/12E	2020/12E	2021/12E
Cash	3,153	3,414	3,693	4,314	Price /Earnings	32.2x	26.9x	25.3x	23.5x
Receivables	3,256	3,585	3,240	3,419	Price /Book Value	5.2x	4.2x	3.8x	3.5x
Inventories	3,475	3,716	4,184	4,414	Price/Sales	3.8x	3.2x	3.0x	2.8x
Total Current Assets	10,648	11,246	11,861	12,785	PE/EPS Growth	14.5x	3.4x	5.6x	3.1x
Net Fixed Assets	6,253	7,607	8,509	9,299	EV/EBITDA	21.0x	17.6x	16.4x	14.7x
Other Non Current Assets	1,245	1,231	1,225	1,221	EV/EBIT	24.0x	19.9x	18.5x	17.1x
Total Assets	18,146	20,085	21,595	23,305	EV (IDR bn)	77,210	69,482	67,835	67,160
Payables	1,290	1,175	1,343	1,417	Sales CAGR (3-Yr)	5.6%	5.1%	5.6%	5.9%
ST Bank Loan	97	135	229	199	EPS CAGR (3-Yr)	7.0%	4.9%	4.9%	6.7%
LT Debt	260	579	289	266	Basic EPS (IDR)	52	57	59	64
Total Liabilities	2,852	3,213	3,245	3,324	Diluted EPS (IDR)	52	57	59	64
Capital Stock & APIC	435	435	435	435	BVPS (IDR)	326	360	391	426
Retained Earnings	14,073	15,506	16,984	18,615	Sales PS (IDR)	450	480	507	535
Shareholders' Equity	15,295	16,872	18,350	19,981	DPS (IDR)	25	26	28	29

CASH FLOW STATEMENT					OWNERSHIP			
(IDR bn)	2018/12A	2019/12E	2020/12E	2021/12E	By Geography	% Shareholders	%	
Operating Cash Flow	2,843	2,765	3,125	3,445	Indonesia	80.1	Gira Sole Prima	10.2
Investing Cash Flow	(1,400)	(1,770)	(1,356)	(1,420)	United States	7.3	Santa Seha Sanadi	9.7
Financing Cash Flow	(1,074)	(734)	(1,489)	(1,405)	United Kingdom	5.6	Diptanala Bahana	9.5
Net Changes in Cash	369	260	280	621	Canada	2.5	Ladang Ira Panen	9.5

Source: Company data, NHKS Research

Closing and target price update



Source: NHKS Research

Rating and target price update

Date	Rating	Target price	Consensus
2019.04.15	Buy	IDR1,730 (12M)	IDR1,543
2019.08.19	Hold	IDR1,730 (12M)	IDR1,565
2019.11.22	Buy	IDR1,780 (12M)	IDR1,737

Source: NHKS Research

NHKS stock ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Buy: greater than +15%, Hold: -15% to +15%, Sell: less than -15%.
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