

# Kalbe Farma

**BUY** (unchanged)

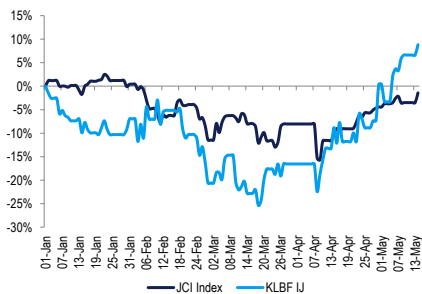
Company Update / Consumer Staples / KLBF IJ / 14 May 2025

## Stock Data

Target price	Rp1,780
Prior TP	Rp1,780
Current price	Rp1,480
Upside/downside	+20.3%
Shares outstanding (mn)	46,813
Marketcap (Rpbn)	69,284
Free float	39%
Avg. 6m daily T/O (Rpbn)	58

## Price Performance

	3M	6M	12M
Absolute	18.4%	-1.3%	2.4%
Relative to JCI	11.5%	3.3%	6.1%
52w low/high (Rp)	1,015 – 1,750		



## Major Shareholders

PT Ladang Ira Panen	10.5%
PT Gira Sole Prima	10.3%
PT Santa Seha Sanadi	10.1%
PT Diptanala Bahana	9.5%
PT Lucasta Murni Cemerlang	9.5%
PT Bina Arta Charisma	8.2%

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## GPM improvement to sustain in FY25F amid favourable raw material trend

- 2Q25F indicative sales of mid-high single digit and shall be driven by pharma and consumer health segment.
- We expect consensus have to upgrade FY25F earnings by c.7% amid GPM improvement (since 4Q24) from favorable raw material price.
- Maintain BUY rating with a TP of Rp1,780/sh amid ROE improvement.

### 2Q25F sales growth to be driven by pharma and consumer health

Taking cues from our discussion with management, the overall Apr25 run-rate was similar to 1Q25's with mid-high single digit yoy growth. This suggests the 2Q25F run-rate is estimated to be in-line with FY25F company guidance of 8-10%. 2Q25F sales growth is expected to be driven by unbranded generics (pharma), biologic product (pharma) and consumer health segments. In addition, we expect consumer health sales growth of high-single digit to continue in FY25F (vs. FY24's +6.5% yoy and CAGR FY15-21: +2.8% yoy) amid stricter BPJS referral policy implemented since 4Q24, which is likely to benefit the OTC market.

### Nutritional segment remains challenging amid downtrading trend

Management shared that Nutritional segment outlook remains challenging amid soft purchasing power, with growth engine came from affordable product posting high-single digit growth, while premium products experienced negative growth. As a result, the company plans to introduce affordable products such as liquid milk and non-dairy product to generate sales growth. Nevertheless, we estimate its FY25F Nutritional segment sales growth to be at low single digit, lower than company guidance of mid-single digit.

### We expect consensus to upgrade FY25F earnings by 7%

1Q25 GPM improvement of 41.6% (+184bps yoy/+55bps qoq) was driven by lower raw material and likely to sustain in FY25F, given a better supply chain post Covid period. Looking into 2Q25F, we conservatively expect GPM to normalize at 40.3% (+80bps yoy/-126bps qoq) as we take into account USD/IDR appreciation and product mix change; however, this is still higher than FY25F consensus estimate of 39.5%. In sum, we expect consensus to upgrade its FY25F earnings by 6.7%, implying FY25F earnings growth of 15.2% which may exceed FY25F company guidance of 8-10% yoy.

### Maintain BUY with unchanged TP of Rp1,780/sh

We maintain our BUY rating with unchanged TP of Rp1,780/sh based on 22.5x FY25F PE (-0.5 s.d. from its 7yr mean). Our optimism is driven by an anticipated inflection point in KLBF's ROE starting in FY24 from better GPM (Fig. 2); thus, we estimate FY25F ROE to improve at 14.4% (Fig. 3). Key risks: depreciating Rupiah.

Financial Summary (Rp bn)	2023A	2024A	2025F	2026F	2027F
Revenue	30,449	32,628	35,262	38,141	41,330
EBITDA	4,350	4,844	5,520	5,938	6,396
Net profit	2,767	3,241	3,732	4,023	4,334
Net profit growth	-18.2%	17.1%	15.2%	7.8%	7.7%
ROE	12.2%	13.6%	14.4%	14.4%	14.7%
PER (x)	25.1	21.0	18.6	17.2	16.0
EV/EBITDA (x)	15.3	13.4	11.6	10.8	10.0
Dividend yield	2.7%	2.6%	3.1%	3.5%	3.8%
Forecast change			0%	0%	0%
IPS vs. consensus			107%	107%	107%

Source: Company, IndoPremier

Share price closing as of: 14 May 2025

**Fig. 1: KLBF FY25F guidance (USDIDR assumption at 16,100)**

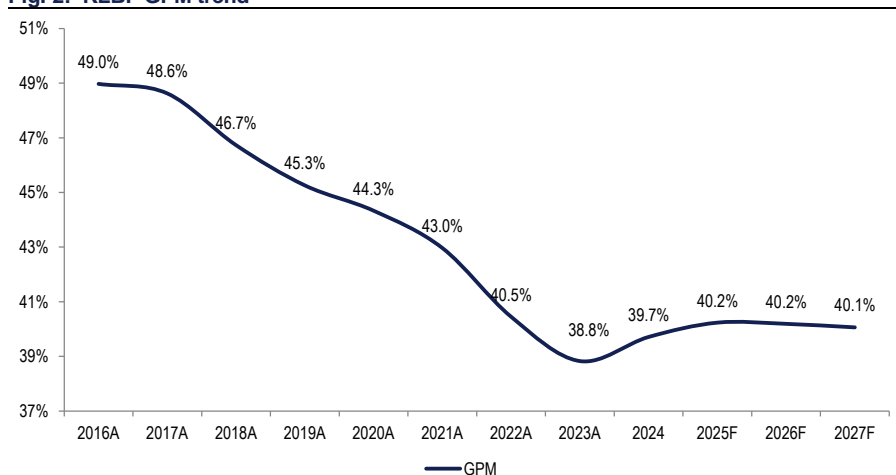
	FY25F Guidance
Revenue growth	8-10%
Capex	Rp 1tr
Net Profit growth	8-10%
DPR	45-55%

## Segmental revenue growth

Pharmaceutical	Low teens
Consumer Health	8-10%
Nutritionals	Mid single digit
Distribution and Logistics	9-12%

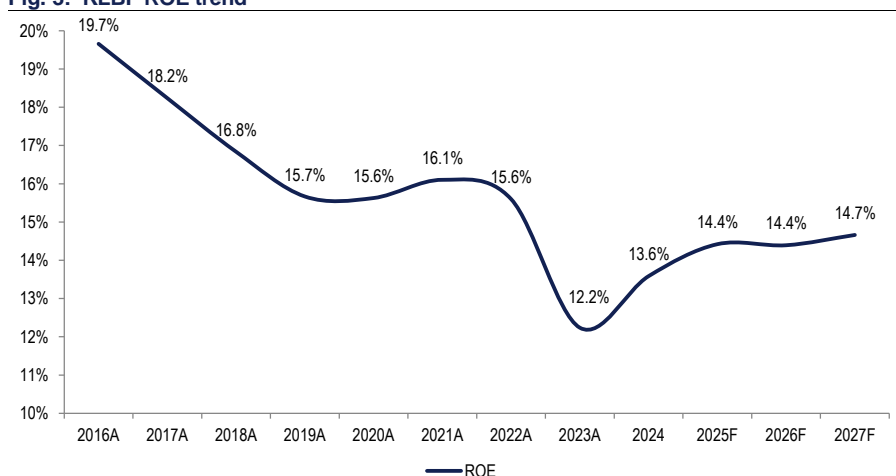
Source: Company, Indo Premier

**Fig. 2: KLBF GPM trend**



Source: Company, Indo Premier

**Fig. 3: KLBF ROE trend**



Source: Company, Indo Premier

**Fig. 4: KLBF is currently trading at 17.7x 12M forward P/E, or around 1.4 s.d. below its historical 5-year mean**



Source: Bloomberg, Indo Premier

Income Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net Revenue	30,449	32,628	35,262	38,141	41,330
Cost of Sales	(18,626)	(19,671)	(21,074)	(22,811)	(24,772)
<b>Gross Profit</b>	<b>11,823</b>	<b>12,957</b>	<b>14,188</b>	<b>15,329</b>	<b>16,558</b>
SG&A Expenses	(8,130)	(8,787)	(9,432)	(10,210)	(11,035)
<b>Operating Profit</b>	<b>3,694</b>	<b>4,170</b>	<b>4,756</b>	<b>5,119</b>	<b>5,523</b>
Net Interest	(7)	110	73	88	89
Forex Gain (Loss)	0	0	0	0	0
Others-Net	(108)	(89)	0	0	0
<b>Pre-Tax Income</b>	<b>3,606</b>	<b>4,219</b>	<b>4,858</b>	<b>5,235</b>	<b>5,640</b>
Income Tax	(828)	(972)	(1,119)	(1,207)	(1,300)
Minorities	(12)	(6)	(6)	(6)	(6)
<b>Net Income</b>	<b>2,767</b>	<b>3,241</b>	<b>3,732</b>	<b>4,023</b>	<b>4,334</b>

Balance Sheet (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash & Equivalent	3,232	4,723	5,343	5,421	5,588
Receivable	4,652	4,865	5,142	5,562	6,027
Inventory	6,792	6,502	7,121	7,708	8,371
Other Current Assets	1,241	1,098	1,140	1,185	1,234
<b>Total Current Assets</b>	<b>15,918</b>	<b>17,188</b>	<b>18,746</b>	<b>19,876</b>	<b>21,220</b>
Fixed Assets - Net	7,978	8,269	8,506	8,695	8,837
Goodwill	0	0	0	0	0
<b>Non-Current Assets</b>	<b>11,140</b>	<b>12,242</b>	<b>12,933</b>	<b>13,673</b>	<b>14,358</b>
<b>Total Assets</b>	<b>27,058</b>	<b>29,430</b>	<b>31,680</b>	<b>33,549</b>	<b>35,578</b>

ST Loans	121	269	269	269	269
Payable	1,691	1,892	1,919	2,077	2,256
Other Payables	369	600	519	562	610
Current Portion of LT Loans	179	70	0	0	0
<b>Total Current Liab.</b>	<b>3,243</b>	<b>4,186</b>	<b>3,906</b>	<b>4,206</b>	<b>4,545</b>
Long Term Loans	298	65	0	0	0
Other LT Liab.	396	588	588	588	588
<b>Total Liabilities</b>	<b>3,938</b>	<b>4,839</b>	<b>4,494</b>	<b>4,794</b>	<b>5,133</b>

Equity	469	469	468	468	468
Retained Earnings	21,507	23,313	24,910	26,473	28,158
Minority Interest	1,701	1,802	1,807	1,813	1,819
<b>Total SHE + Minority Int.</b>	<b>23,120</b>	<b>24,590</b>	<b>27,185</b>	<b>28,755</b>	<b>30,445</b>
<b>Total Liabilities &amp; Equity</b>	<b>27,058</b>	<b>29,430</b>	<b>31,680</b>	<b>33,549</b>	<b>35,578</b>

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
EBIT	3,694	4,170	4,756	5,119	5,523
Depr. & Amortization	(289)	(439)	764	819	874
Changes in Working Capital	(557)	1,124	(1,149)	(751)	(838)
Others	(915)	(923)	(1,018)	(1,090)	(1,182)
<b>Cash Flow From Operating</b>	<b>1,932</b>	<b>3,932</b>	<b>3,353</b>	<b>4,096</b>	<b>4,376</b>
Capital Expenditure	(678)	(966)	(956)	(956)	(956)
Others	(386)	(886)	(499)	(603)	(603)
<b>Cash Flow From Investing</b>	<b>(1,064)</b>	<b>(1,852)</b>	<b>(1,455)</b>	<b>(1,559)</b>	<b>(1,559)</b>
Loans	(545)	(193)	(136)	0	0
Equity	0	0	(1)	0	0
Dividends	(1,950)	(1,828)	(2,136)	(2,459)	(2,650)
Others	(5)	(245)	993	0	0
<b>Cash Flow From Financing</b>	<b>(2,500)</b>	<b>(2,266)</b>	<b>(1,279)</b>	<b>(2,459)</b>	<b>(2,650)</b>
<b>Changes in Cash</b>	<b>(1,631)</b>	<b>(186)</b>	<b>619</b>	<b>78</b>	<b>167</b>

Key Ratios	2023A	2024A	2025F	2026F	2027F
Gross Margin	38.8%	39.7%	40.2%	40.2%	40.1%
Operating Margin	12.1%	12.8%	13.5%	13.4%	13.4%
Pre-Tax Margin	11.8%	12.9%	13.8%	13.7%	13.6%
Net Margin	9.1%	9.9%	10.6%	10.5%	10.5%
ROA	10.2%	11.5%	12.2%	12.3%	12.5%
ROE	12.2%	13.6%	14.4%	14.4%	14.6%
Acct. Receivables TO (days)	55.5	53.2	53.2	53.2	53.2
Inventory TO (days)	135.4	123.3	123.3	123.3	123.3
Payable TO (days)	42.8	33.2	33.2	33.2	33.2
Debt to Equity	2.6%	1.6%	1.0%	0.9%	0.9%
Interest Coverage Ratio (x)	38.8	60.2	223.4	269.7	291.0
Net Gearing	-11.4%	-17.6%	-18.7%	-17.9%	-17.5%

Source: Company, Indo Premier

## INVESTMENT RATINGS

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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