

Further growth in '25F on better product mix and costs management

13 June 2025



| | |
|-----------------------------|------------|
| KLBF IJ | BUY |
| Sector | Healthcare |
| Price at 12 June 2025 (IDR) | 1,535 |
| Price target (IDR) | 1,740 |
| Upside/Downside (%) | 13.4 |

Stock Information

Kalbe Farma (KLBF) is one of leading pharmaceutical company in Indonesia that offers an integrated healthcare solution through its 4 business divisions: the Prescription Pharmaceutical Division, Consumer Health Division, Nutritionals Division and Distribution & Logistics.

| | |
|--------------------------------|-----------|
| Market cap (IDR bn) | 72,093 |
| Shares outstanding (mn) | 46,813 |
| 52-week range (IDR) | 985-1,795 |
| 3M average daily vol. ('000) | 51,542 |
| 3M average daily val. (IDR mn) | 66,621 |

Shareholders (%)

| | |
|-------------------------|-------|
| Ladang Ira Panen | 10.74 |
| Gira Sole Prima | 10.57 |
| Santa Seha Sanadi | 10.34 |
| Diptanala Bahana | 9.76 |
| Lucasta Murni Cemerlang | 9.73 |
| Bina Artha Charisma | 8.42 |
| Others | 6.38 |
| Public | 34.06 |

Stock Performance



Source: Bloomberg

| | 1M | 3M | 12M |
|-----------------|-----|------|-------|
| Performance (%) | 5.9 | 43.5 | (1.9) |

Kalbe Farma' (KLBF) earnings grew 8.2% yoy/24.9% qoq to IDR1.08 tn in 1Q25 with a 30bps yoy/190bps qoq net margin expansion on higher sales during Ramadan festivities, better product mix and costs management. While, KLBF' revenue still grew 5.8% yoy/5.4% qoq to IDR8.85 tn in 1Q25 as its domestic and export sales grew by 4.1% yoy/5.1% qoq and 40.9% yoy/11.6% qoq, respectively. All in all, KLBF' earnings in 1Q25 came above ours' (29.4%) and consensus' (30.3%) expectation. Yet, we slightly adjusted our '25F revenue (+0.1% from prior) and earnings (-2% from prior) for KLBF as per our anticipation on higher Covid-19 cases with a higher advertisements & promotions expense yoy, amidst Indonesia' current economic condition. Thus, we still expect KLBF' revenue and earnings could still grow by 10.4% yoy and 10.7% yoy, respectively in '25F. Maintain BUY on KLBF with TP of IDR1,740, which implies 22.7x '25F P/E. Currently, KLBF is trading at 20.1x '25F P/E or slightly above -1stddev of its 5 years' mean P/E.

Better products mix and costs management to support earnings growth

After KLBF' solid 1Q25 results, we slightly adjusted up our '25F revenue (+0.1% from prior) for KLBF as per our anticipation of higher Covid-19 cases in 2Q25F and further. Although the current symptoms of Covid-19 is not as severe as previous, the active cases of Covid-19 in Indonesia, has reached 75 active cases in 5M25 and could increase further throughout '25F. Thus, we still expect KLBF' revenue to grow by 10.4% yoy in '25F on higher products' average selling prices (ASP) with better sales volume from its domestic and export market. Note that, KLBF' had already increased its products average selling prices (ASP) by around 3%-5%, since early 2025. On the other hand, we slightly tweaked down our '25F earnings (-2% from prior) for KLBF as per our anticipation on a higher advertisements & promotions expense (10% yoy higher), in order to boost sales amidst current macro economy backdrop. As a result, we still expect KLBF' earnings to grow by 10.7% in '25F and its net margin to expand by 10bps yoy, on higher sales with better products mix and costs management.

A 8.2% yoy/24.9% qoq earnings growth in 1Q25

KLBF' earnings grew 8.2% yoy/24.9% qoq in 1Q25 on higher sales during Ramadan festivities, with better product mix and costs management. As a result, KLBF' 1Q25 earnings came above ours' (29.4%) and cons' (30.3%) expectation.

Soft domestic sales in 1Q25

KLBF' reported softer revenue growth in 1Q25 (+5.8% yoy/+5.4% qoq) vs 1Q24' revenue growth (+6.3% yoy/+6% qoq). The main reason for KLBF' softer revenue growth in 1Q25 was due to soft sales of its domestic market (+4.1% yoy/+5.1% qoq) amidst Indonesia' current economic condition, which the domestic sales contributed around 94% of KLBF' total sales in 1Q25. Fortunately, KLBF' export sales grew 40.9% yoy/11.6% qoq. Thus, KLBF' 1Q25 revenue still came in-line with ours' (24.6%) and cons' (25.3%) expectation. As for the revenue growth and contribution from each business segments to KLBF' 1Q25 revenue: a) Pharmaceuticals at IDR2.48 tn (+13% yoy/+6.5% qoq) with 28.1% revenue contribution, b) distribution & logistics at IDR2.88 tn (+3.7% yoy/-4.8% qoq) with 32.5% revenue contribution, c) nutritionals at IDR2.13 tn (-0.9% yoy/+5.8% qoq) with 24% revenue contribution and, d) consumer health at IDR1.36 tn (+9.1% yoy/+32.3% qoq) with 15.4% revenue contribution.

Margins expanded across the board in 1Q25

KLBF' gross margin expanded to 41.6% (+190b yoy/+60bps qoq) in 1Q25 on higher sales and better product mix. Note that, KLBF would surely continue its efforts to convert the payments to its suppliers from USD to RMB as to ease costs pressure. On operational side, KLBF' EBIT margin expanded to 15.6% (+100bps yoy/+170bps qoq) in 1Q25, despite KLBF paid the mandatory religious holiday allowances to its employees on Ramadan festivities. All in all, KLBF' net margin expanded to 12.2% (+30bps yoy/+190bps qoq) in 1Q25.

Maintain BUY with TP of IDR1,740

Maintain BUY on KLBF with TP of IDR 1,740/share, which implies 22.7x '25F P/E, despite it offers a limited upside (+13.4%) from yesterday closing price, as we still expect KLBF to perform well this year on higher sales with a much better product mix and costs management, amidst rising covid-19 cases and Indonesia' current economic condition. Currently, KLBF is trading at 20.1x '25F P/E or slightly above -1stddev of its 5 years' mean P/E.

Exhibit 1: Key Statistics

| Year end Dec | 2023A | 2024A | 2025F | 2026F | 2027F |
|---------------------|--------|--------|--------|--------|--------|
| Revenue (IDR bn) | 30,449 | 32,628 | 36,031 | 39,967 | 44,506 |
| EBITDA (IDR bn) | 4,054 | 4,541 | 5,068 | 5,761 | 6,503 |
| Net profit (IDR bn) | 2,767 | 3,241 | 3,586 | 4,048 | 4,647 |
| EPS (IDR) | 59 | 69 | 77 | 86 | 99 |
| EPS growth (%) | (18.2) | 17.1 | 10.7 | 12.9 | 14.8 |
| ROE (%) | 12.9 | 14.2 | 14.5 | 15.1 | 15.8 |
| ROA (%) | 10.2 | 11.0 | 11.5 | 11.9 | 12.6 |
| PER (x) | 26.0 | 22.2 | 20.1 | 17.8 | 15.5 |
| PBV (x) | 3.4 | 3.2 | 2.9 | 2.7 | 2.4 |
| EV/EBITDA (x) | 17.1 | 14.9 | 13.2 | 11.3 | 11.1 |
| Div Yield (%) | 2.4 | 2.0 | 2.3 | 2.6 | 2.9 |

Source: Company, KBVS Research

Analyst

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Exhibit 2: KLBF 1Q25 results

| KLBF 1Q25 Results (IDR bn) | 1Q25 | 1Q24 | YoY | 4Q24 | QoQ | % to '25F | % to Cons' |
|----------------------------|---------|---------|---------|---------|---------|-----------|------------|
| Revenue | 8,845 | 8,363 | 5.8% | 8,389 | 5.4% | 24.6% | 25.3% |
| COGS | (5,169) | (5,042) | 2.5% | (4,949) | 4.4% | | |
| Gross profit | 3,676 | 3,321 | 10.7% | 3,440 | 6.9% | 25.9% | 26.4% |
| Operating expenses | (2,295) | (2,101) | 9.2% | (2,273) | 1.0% | | |
| Operating profit | 1,381 | 1,220 | 13.2% | 1,167 | 18.3% | 30.3% | 29.7% |
| Profit before tax | 1,429 | 1,268 | 12.8% | 1,127 | 26.8% | | |
| Tax expense | (319) | (280) | 13.9% | (277) | 15.3% | | |
| Minority interest | (34) | 8 | -522.7% | 12 | -380.2% | | |
| Net profit | 1,077 | 996 | 8.2% | 862 | 24.9% | 29.4% | 30.3% |

Margins (%)

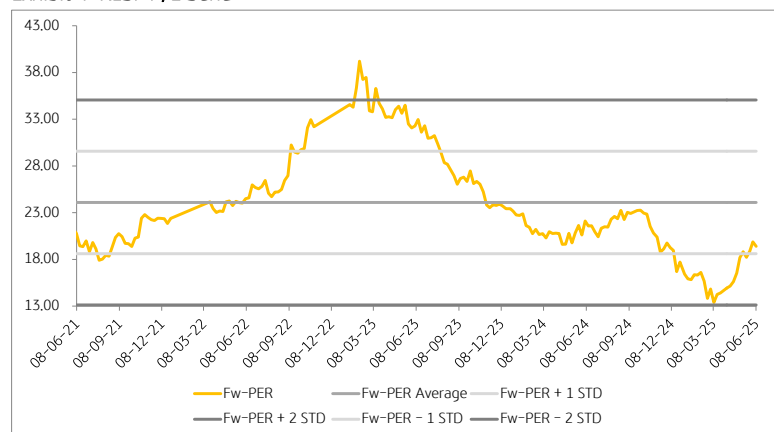
| | | | |
|------------------|-------|-------|-------|
| Gross margin | 41.6% | 39.7% | 41.0% |
| Operating margin | 15.6% | 14.6% | 13.9% |
| Pretax margin | 16.2% | 15.2% | 13.4% |
| Net margin | 12.2% | 11.9% | 10.3% |

| KLBF 1Q25 Results (IDR bn) | 1Q25 | 1Q24 | YoY | 4Q24 | QoQ |
|------------------------------------|-------|-------|-------|-------|--------|
| Pharmaceutical | | | | | |
| Revenue | 2,481 | 2,196 | 13.0% | 2,330 | 6.5% |
| Gross profit | 1,264 | 1,150 | 9.9% | 1,221 | 3.6% |
| Gross margin | 50.9% | 52.4% | | 52.4% | |
| Consumer Health | | | | | |
| Revenue | 1,360 | 1,247 | 9.1% | 1,028 | 32.3% |
| Gross profit | 898 | 792 | 13.3% | 676 | 32.8% |
| Gross margin | 66.0% | 63.6% | | 65.8% | |
| Nutritionals | | | | | |
| Revenue | 2,127 | 2,146 | -0.9% | 2,010 | 5.8% |
| Gross profit | 1,153 | 1,099 | 5.0% | 1,102 | 4.7% |
| Gross margin | 54.2% | 51.2% | | 54.8% | |
| Distribution & Logistic | | | | | |
| Revenue | 2,877 | 2,774 | 3.7% | 3,021 | -4.8% |
| Gross profit | 361 | 280 | 29.0% | 442 | -18.2% |
| Gross margin | 12.6% | 10.1% | | 14.6% | |

Source: Company, KBVS Research

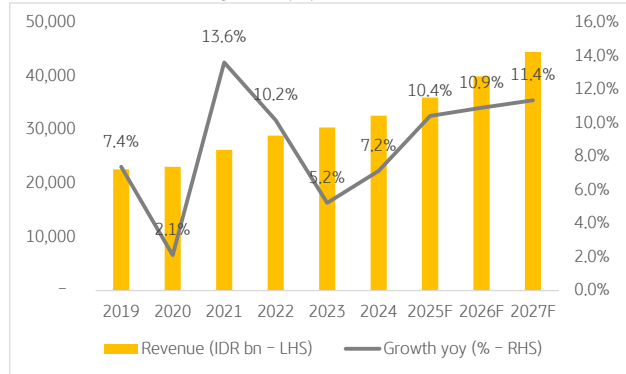
Exhibit 3: adjustments for '25F

| Revisions | New | | Old | | Diff (%) | |
|------------------|--------|--------|--------|--------|----------|-------|
| | 2025F | 2026F | 2025F | 2026F | 2025F | 2026F |
| Revenue | 36,031 | 39,967 | 35,999 | 40,371 | 0.1% | -1.0% |
| Gross profit | 14,329 | 15,932 | 14,189 | 15,947 | 1.0% | -0.1% |
| Operating profit | 4,645 | 5,190 | 4,556 | 5,110 | 1.9% | 1.6% |
| Net Profit | 3,586 | 4,048 | 3,661 | 4,145 | -2.0% | -2.3% |

Exhibit 4: KLBF P/E Band


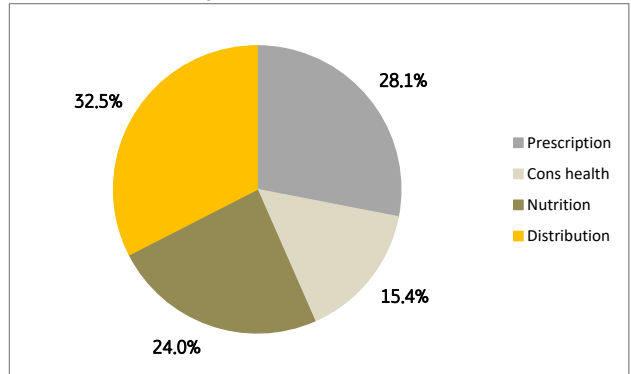
Source: Company, KBVS Research

Exhibit 5: Revenue and growth yoy



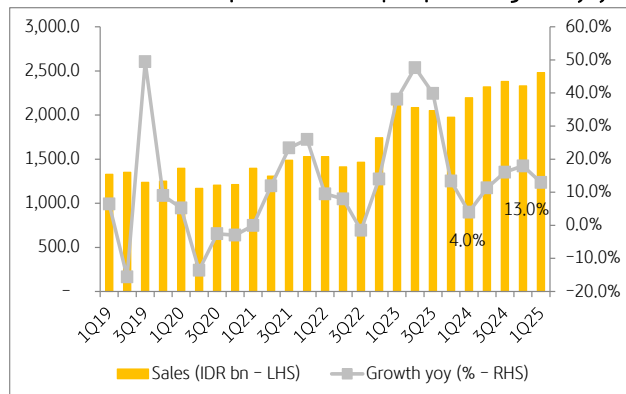
Source: Company, KBVS Research

Exhibit 6: Business segments' contribution to KLBF 1Q25 revenue



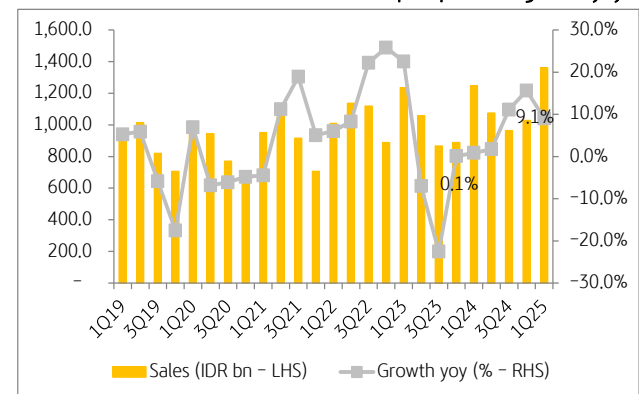
Source: Company, KBVS Research

Exhibit 7: Revenue from pharmaceuticals per quarter & growth yoy



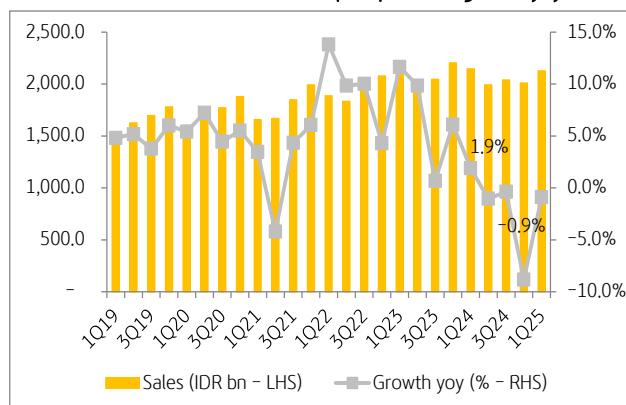
Source: Company, KBVS Research

Exhibit 8: Revenue from consumers health per quarter & growth yoy



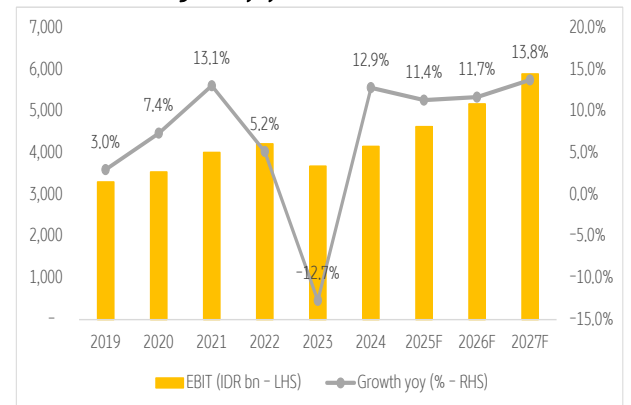
Source: Company, KBVS Research

Exhibit 9: Revenue from nutritionals per quarter & growth yoy



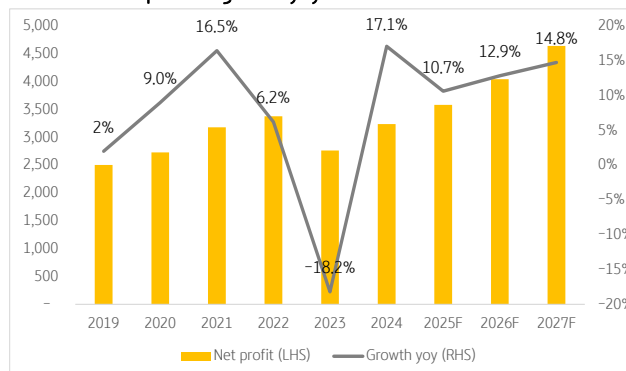
Source: Company, KBVS Research

Exhibit 10: EBIT & growth yoy



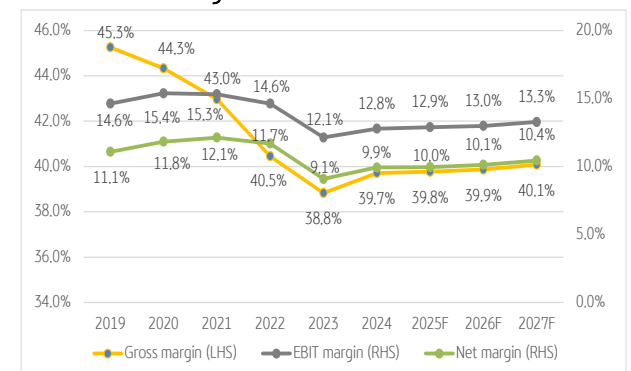
Source: Company, KBVS Research

Exhibit 11: Net profit & growth yoy



Source: Company, KBVS Research

Exhibit 12: KLBF' margins



Source: Company, KBVS Research

Exhibit 13: Profit & loss summary

| Year End Dec (IDR bn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|-----------------------|----------|----------|----------|----------|----------|
| Revenue | 30,449 | 32,628 | 36,031 | 39,967 | 44,506 |
| COGS | (18,626) | (19,671) | (21,702) | (24,034) | (26,668) |
| Gross profit | 11,823 | 12,957 | 14,329 | 15,932 | 17,838 |
| Operating expenses | (8,130) | (8,787) | (9,685) | (10,743) | (11,930) |
| EBIT | 3,694 | 4,170 | 4,645 | 5,190 | 5,907 |
| EBITDA | 4,054 | 4,541 | 5,068 | 5,761 | 6,503 |
| Pre-tax profit | 3,606 | 4,219 | 4,728 | 5,284 | 6,069 |
| Net profit | 2,767 | 3,241 | 3,586 | 4,048 | 4,647 |
| EPS | 59 | 69 | 77 | 86 | 99 |
| EPS growth | -18% | 17% | 11% | 13% | 15% |

Source: Company, KBVS Research

Exhibit 14: Balance sheet

| Year End Dec (IDR bn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|--|---------------|---------------|---------------|---------------|---------------|
| Cash & equivalent (with ST Investment) | 3,232 | 4,723 | 5,423 | 6,875 | 8,218 |
| Accounts receivables | 4,652 | 4,865 | 5,372 | 5,959 | 6,636 |
| Inventories | 6,792 | 6,502 | 7,135 | 7,748 | 8,390 |
| Others | 1,241 | 1,098 | 1,220 | 1,334 | 1,481 |
| Total current assets | 15,918 | 17,188 | 19,150 | 21,916 | 24,725 |
| Fixed assets – Net | 7,978 | 8,269 | 8,626 | 8,272 | 7,948 |
| Others | 3,162 | 3,973 | 3,491 | 3,707 | 4,291 |
| Total non-current assets | 11,140 | 12,242 | 12,117 | 11,979 | 12,239 |
| Total assets | 27,058 | 29,430 | 31,266 | 33,894 | 36,964 |
| Accounts payable | 1,691 | 1,892 | 1,976 | 2,189 | 2,429 |
| ST loan | 121 | 269 | 18 | (20) | (58) |
| Others | 1,432 | 2,024 | 1,920 | 2,130 | 2,334 |
| Total current liabilities | 3,243 | 4,186 | 3,914 | 4,299 | 4,705 |
| LT bank loan | 298 | 65 | 298 | 298 | 298 |
| Others non-current liabilities | 396 | 588 | 497 | 538 | 604 |
| Total non-current liabilities | 694 | 654 | 796 | 836 | 903 |
| Total liabilities | 3,938 | 4,839 | 4,710 | 5,135 | 5,608 |
| Shareholders equity | 469 | 469 | 469 | 469 | 469 |
| Add Paid-in capital | (34) | (29) | (29) | (29) | (29) |
| Others | (523) | (964) | (953) | (953) | (953) |
| Minority interests | 1,701 | 1,802 | 1,856 | 1,877 | 1,933 |
| Retained earnings | 21,507 | 23,313 | 25,214 | 27,396 | 29,937 |
| Total Equity | 21,419 | 22,789 | 24,700 | 26,882 | 29,423 |
| Total Liabilities & Equity | 27,058 | 29,430 | 31,266 | 33,894 | 36,964 |

Source: Company, KBVS Research

Exhibit 15: Cash flow

| Year End Dec (IDR bn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Net profit | 2,767 | 3,241 | 3,586 | 4,048 | 4,647 |
| D&A | 567 | 641 | 759 | 1,022 | 1,070 |
| Changes in working capital | (285) | 746 | (1,225) | (886) | (1,006) |
| Others | (273) | 384 | (14) | (6) | (16) |
| Operating cash flow | 2,776 | 5,011 | 3,106 | 4,178 | 4,694 |
| Capital expenditures | (573) | (905) | (1,056) | (600) | (668) |
| Others | (603) | (839) | 422 | (284) | (662) |
| Investing cash flow | (1,176) | (1,743) | (634) | (884) | (1,330) |
| Net change in debt | (546) | (60) | (200) | (38) | (38) |
| Net change in equity | (18) | (316) | 55 | 20 | 56 |
| Others | 5 | 38 | 59 | 41 | 66 |
| Cash dividends paid | (1,760) | (1,439) | (1,686) | (1,866) | (2,106) |
| Financing cash flow | (2,318) | (1,777) | (1,772) | (1,843) | (2,021) |
| Net change in cash | (717) | 1,491 | 700 | 1,452 | 1,343 |
| Cash in beginning of the year | 3,950 | 3,232 | 4,723 | 5,423 | 6,875 |
| Cash at the end of the year | 3,232 | 4,723 | 5,423 | 6,875 | 8,218 |

Source: Company, KBVS Research

Exhibit 16: Ratio analysis

| Year End Dec | 2023A | 2024A | 2025F | 2026F | 2027F |
|--------------------------|--------|-------|-------|-------|-------|
| Growth (%) | | | | | |
| Revenue | 5.2 | 7.2 | 10.4 | 10.9 | 11.4 |
| Gross profit | 1.0 | 9.6 | 10.6 | 11.2 | 12.0 |
| Operating profit | (12.7) | 12.9 | 11.4 | 11.7 | 13.8 |
| EBITDA | (11.6) | 12.0 | 11.6 | 13.7 | 12.9 |
| Net profit | (18.2) | 17.1 | 10.7 | 12.9 | 14.8 |
| Profitability (%) | | | | | |
| Gross margin | 38.8 | 39.7 | 39.8 | 39.9 | 40.1 |
| Operating margin | 12.1 | 12.8 | 12.9 | 13.0 | 13.3 |
| EBITDA margin | 13.3 | 13.9 | 14.1 | 14.4 | 14.6 |
| Net margin | 9.1 | 9.9 | 10.0 | 10.1 | 10.4 |
| ROA | 10.2 | 11.0 | 11.5 | 11.9 | 12.6 |
| ROE | 12.9 | 14.2 | 14.5 | 15.1 | 15.8 |
| Solvency (x) | | | | | |
| Current ratio | 4.9 | 4.1 | 4.9 | 5.1 | 5.3 |
| Quick ratio | 2.8 | 2.6 | 3.1 | 3.3 | 3.5 |
| Debt to equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest coverage | 38.8 | 60.2 | 63.5 | 65.6 | 80.0 |
| Net gearing | (0.1) | (0.2) | (0.2) | (0.2) | (0.3) |

Source: Company, KBVS Research

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