Withstanding cost pressures in 1H26F

23 July 2026

KALBE

KLBF IJ	BUY
Sector	Healthcare
Price at 22 July 2026 (IDR)	730
Price target (IDR)	1,000
Upside/Downside (%)	36.9

Stock Information

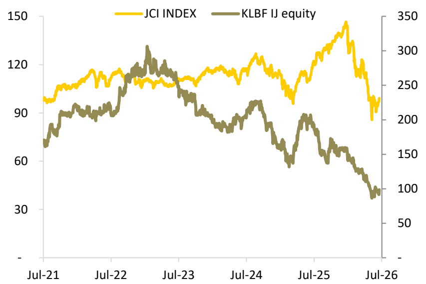
Kalbe Farma (KLBF) is one of leading pharmaceutical company in Indonesia that offers an integrated healthcare solution through its 4 business divisions: the Prescription Pharmaceutical Division, Consumer Health Division, Nutritionals Division and Distribution & Logistics.

Market cap (IDR bn)	35,578
Shares outstanding (mn)	46,813
52-week range (IDR)	630-1,520
3M average daily vol. ('000)	80,318
3M average daily val. (IDR mn)	62,751

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 (%)	10.0	(17.6)	(49.0)

Kalbe Farma (KLBF) has anticipated higher cost pressures to persist in 2Q26F and 1H26F on higher raw material prices and packaging (~70% of raw materials are imported) due to heightened geopolitical risks and the depreciation of IDR vs USD & RMB. To incorporate higher raw material prices amidst IDR' depreciation vs USD & RMB in 1Q26, we adjusted our '26F revenue (-2.4% from previous) and earnings (-3.0% from previous) for KLBF. In 1Q26, KLBF' earnings still reached IDR1.03 tn (-4.4% yoy/-0.5% qoq), despite higher costs pressure, which came above ours (25.4%) and consensus' (26.8%) expectation. While, KLBF' revenue reached IDR9.68 tn (+10.1% yoy/+3.7% qoq) on higher average selling price (ASP) with its prolonged marketing and promotional activities amidst festivities and unpredictable weather, which came in-line with ours (24.2%) but above cons' (25.6%) expectation. Thus, we believe KLBF' revenue and earnings could still grow by 10.4% yoy and 7.1% yoy, respectively in '26F driven by higher ASP with improved operational efficiency amidst easing geopolitical risks and the IDR' appreciation vs USD & RMB, in 2H26F. We also think that KLBF' share price of IDR730 (-39.4% ytd as of yesterday' close) or trades at 8.7x '26F P/E (-2stdev of its 5 years' mean P/E), is already inexpensive and a good entry point for investors. Moreover, KLBF is still included in MSCI small cap index till now. Thus, maintain BUY on KLBF with adjusted TP of IDR1,000, which implies 11.9x '26 P/E.

Anticipating further cost pressure in 2Q26F and 1H26F

Based on our discussion with KLBF, the company has anticipated further cost pressures in 2Q26F and 1H26F on higher raw material prices and packaging, due to heightened geopolitical risks and the depreciation of IDR vs USD & RMB. To incorporate higher raw material prices and packaging, we adjusted our '26F revenue (-2.4% from previous) and earnings (-3.0% from previous) for KLBF. As for 2H26F, KLBF expects much softer cost pressures on easing geopolitical risks with the IDR' appreciation vs USD & RMB. Thus, we still believe KLBF' revenue and earnings could reach IDR39 tn (+10.4% yoy) and IDR3.93 tn (+7.1% yoy), respectively in '26F driven by higher ASP with improved operational efficiency amidst easing geopolitical risks and the IDR' appreciation vs USD & RMB, in 2H26F.

Revenue could grow by 9.9% yoy in 1H26F

All of us have experienced the drastic weather changes recently due to El Nino which is expected to persist till next year. Thus, we still expect KLBF' revenue could reach IDR9.09 tn (+10.4% yoy/-6.1% qoq) in 2Q26F on higher ASP with better drugs and vitamin' sales amidst unpredictable weather. As a result, we expect KLBF' revenue to reach IDR18.8 tn (+9.9% yoy) in 1H26F, or around 48.1% of our '26F revenue (in-line). In 1Q26, KLBF' revenue grew 10.1% yoy/3.7% qoq on higher ASP with its prolonged marketing and promotional activities amidst festivities and unpredictable weather. KLBF' strong topline growth in 1Q26 was supported by all of its business segments; a) Pharmaceuticals' revenue reached IDR2.63 tn (+8.5% yoy/+1.7% qoq), b) Consumer health' revenue reached IDR1.4 tn (+3.2% yoy/+13.9% qoq), c) Nutritionals' revenue reached IDR2.16 tn (+1.6% yoy/+8.1% qoq), and d) Distribution & logistics' revenue reached IDR3.49 tn (+21.1% yoy/-1% qoq). As a result, KLBF' 1Q26 revenue came in-line with ours (24.2%) but above cons' (25.6%) expectation.

1H26F earnings could still reach 48.9% of our '26F

Although we anticipate further cost pressures in 2Q26F, we believe the pressure to ease slightly on KLBF' comprehensive inventory procurement strategy and improved operational efficiency that should help mitigate the impact. Thus, we expect KLBF' gross profit and EBIT to reach IDR7.21 tn (+2.7% yoy) and IDR2.45 tn (+0.3% yoy), respectively in 1H26F. All in all, we still expect KLBF' 1H26F net profit to reach IDR1.92 tn (-2.8% yoy) or around 48.9% of our '26F net profit. In 1Q26, KLBF' gross profit and EBIT reached IDR3.71 tn (+2.4% yoy/+6% qoq) and IDR1.31 tn (-0.9% yoy/-1.4% qoq) amidst higher cost pressures. As a result, KLBF' net profit reached IDR1.03 tn (-4.4% yoy/-0.5% qoq) in 1Q26, which still came above ours (25.4%) and cons' (26.8%) expectation.

Maintain BUY with adjusted TP of IDR1,000

Maintain BUY on KLBF with adjusted TP of IDR 1,000/share (+36.9% upside from yesterday' closing price), which implies 11.9x '26 P/E, as we still expect KLBF to thrive in '26F, despite cost pressures. We also view that KLBF current share price at IDR730 (-39.4% ytd) or trades at 8.7x '26F P/E or at -2stdev of its 5 years' mean P/E, is already inexpensive and a good entry point for investors. Moreover, KLBF is still included in MSCI small cap index till now. Risks to our call; a) higher raw material prices, b) IDR' depreciation vs USD & RMB, c) tighter competition, and d) sudden changes in regulations by Indonesian government.

Exhibit 1: Key Statistics

Year end Dec	2024A	2025A	2026F	2027F	2028F
Revenue (IDR bn)	32,628	35,325	39,000	43,237	48,006
EBITDA (IDR bn)	4,521	4,988	5,808	6,546	7,287
Net profit (IDR bn)	3,241	3,665	3,925	4,478	5,042
EPS (IDR)	69	78	84	96	108
EPS growth (%)	17.1	13.1	7.1	14.1	12.6
ROE (%)	14.2	15.7	14.9	15.5	16.0
ROA (%)	11.0	11.9	11.7	12.2	12.6
PER (x)	10.6	9.3	8.7	7.6	6.8
PBV (x)	1.5	1.5	1.3	1.2	1.1
EV/EBITDA (x)	6.6	6.0	4.8	5.3	4.8
Div Yield (%)	4.2	4.9	2.7	6.0	6.8

Source: Company, KBVS Research

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Exhibit 2: KLBF 1Q26 results

KLBF 1Q26 Results (IDR bn)	1Q26	1Q25	YoY	4Q25	QoQ	% to '25F	% to Cons'
Revenue	9,678	8,788	10.1%	9,336	3.7%	24.2%	25.6%
COGS	(5,971)	(5,169)	15.5%	(5,838)	2.3%		
Gross profit	3,707	3,619	2.4%	3,498	6.0%	23.3%	24.7%
Operating expenses	(2,394)	(2,295)	4.3%	(2,167)	10.5%		
Operating profit	1,312	1,324	-0.9%	1,332	-1.4%	25.3%	26.8%
Profit before tax	1,352	1,429	-5.4%	1,301	3.9%		
Tax expense	(299)	(319)	-6.2%	(252)	18.9%		
Minority interest	(24)	(34)	-29.5%	(16)	48.9%		
Net profit	1,029	1,077	-4.4%	1,034	-0.5%	25.4%	26.8%
Margins (%)							
Gross margin	*38.3%*	*41.2%*		*37.5%*			
Operating margin	*13.6%*	*15.1%*		*14.3%*			
Pretax margin	*14.0%*	*16.3%*		*13.9%*			
Net margin	*10.6%*	*12.3%*		*11.1%*			

KLBF 1Q26 Results (IDR bn)	1Q26	1Q25	YoY	4Q25	QoQ
Pharmaceutical					
Revenue	2,630	2,424	8.5%	2,587	1.7%
Gross profit	1,243	1,207	3.0%	1,281	-2.9%
Gross margin	*47.3%*	*49.8%*		*49.5%*	
Consumer Health					
Revenue	1,403	1,360	3.2%	1,232	13.9%
Gross profit	907	898	1.1%	796	13.9%
Gross margin	*64.6%*	*66.0%*		*64.6%*	
Nutritionals					
Revenue	2,160	2,127	1.6%	1,999	8.1%
Gross profit	1,146	1,153	-0.6%	968	18.4%
Gross margin	*53.0%*	*54.2%*		*48.4%*	
Distribution & Logistic					
Revenue	3,485	2,877	21.1%	3,519	-1.0%
Gross profit	411	361	13.6%	454	-9.5%
Gross margin	*11.8%*	*12.6%*		*12.9%*	

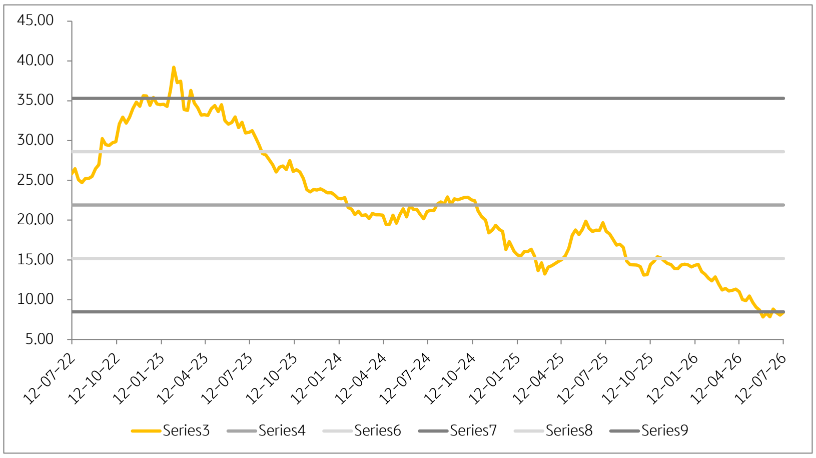
Source: Company, KBVS Research

Exhibit 3: Adjustments

	New		Old		Diff (%)	
Revisions	2026F	2027F	2026F	2027F	2026F	2027F
Revenue	39,000	43,237	39,967	44,506	-2.4%	-2.9%
Gross profit	14,983	16,718	15,932	17,838	-6.0%	-6.3%
Operating profit	5,253	5,967	5,190	5,907	1.2%	1.0%
Net Profit	3,925	4,478	4,048	4,647	-3.0%	-3.6%

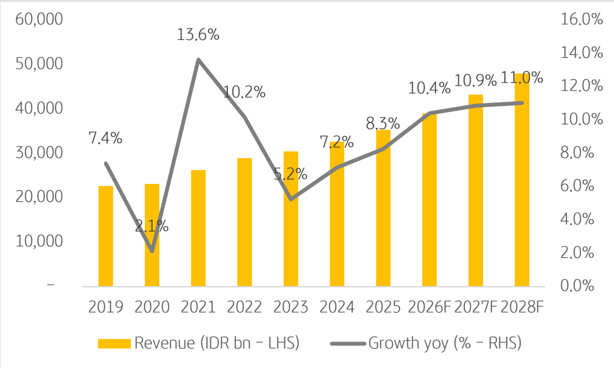
Source: Company, KBVS Research

Exhibit 4: KLBF P/E Band



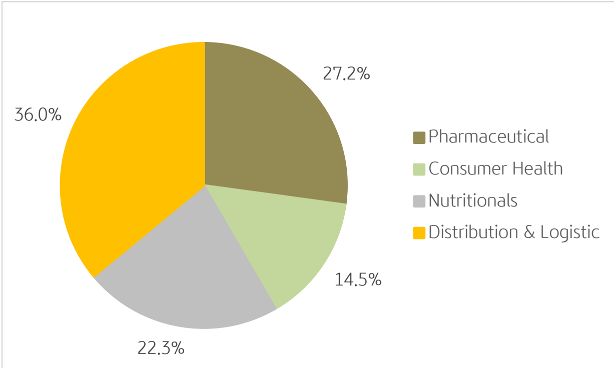
Source: Company, KBVS Research

Exhibit 5: Revenue and growth yoy



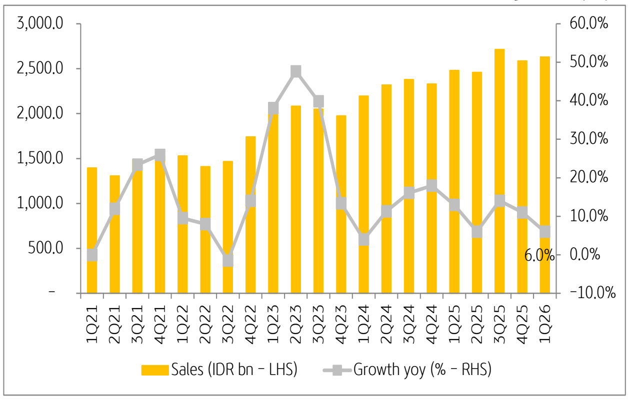
Source: Company, KBVS Research

Exhibit 6: Segments' revenue contribution to KLBF 3Q25 revenue



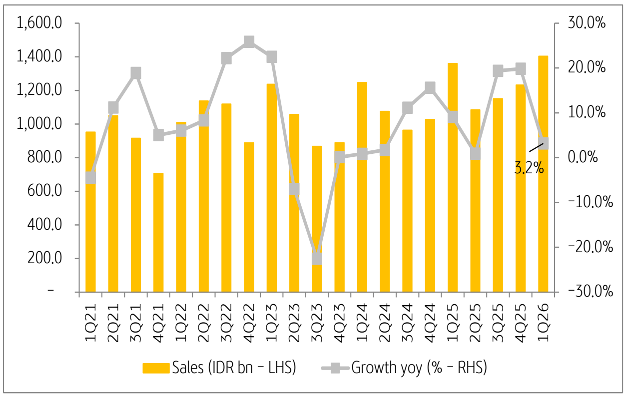
Source: Company, KBVS Research

Exhibit 7: Revenue from pharmaceuticals per quarter & growth yoy



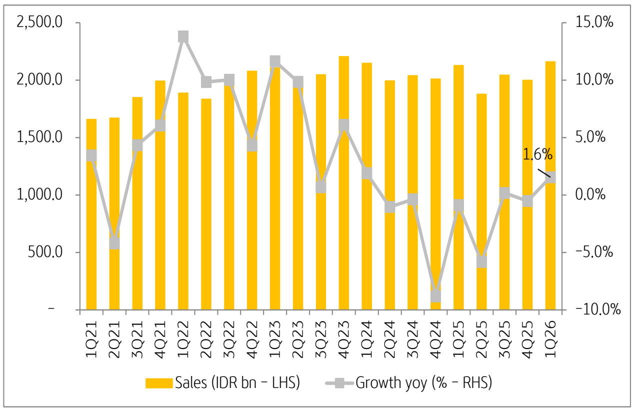
Source: Company, KBVS Research

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



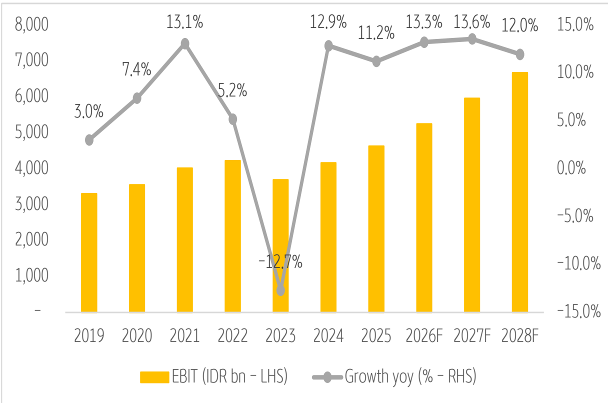
Source: Company, KBVS Research

Exhibit 9: Revenue from nutritionals per quarter & growth yoy



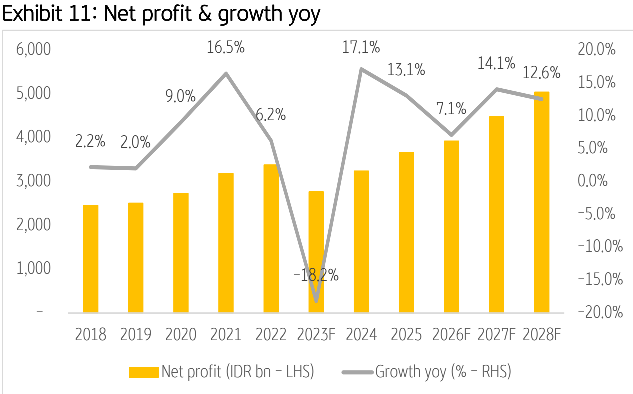
Source: Company, KBVS Research

Exhibit 10: EBIT & growth yoy



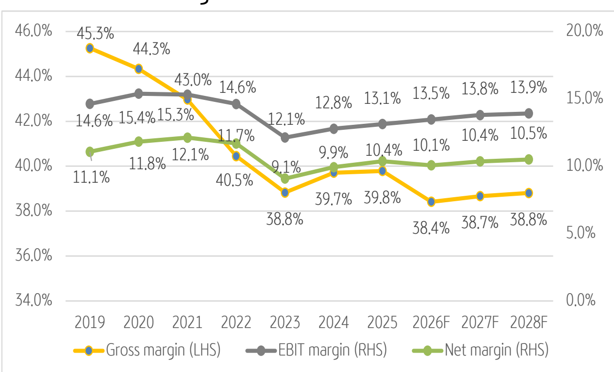
Source: Company, KBVS Research

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)	2024A	2025A	2026A	2027F	2028F
Revenue	32,628	35,325	39,000	43,237	48,006
COGS	(19,671)	(21,269)	(24,017)	(26,519)	(29,376)
Gross profit	12,957	14,056	14,983	16,718	18,630
Operating expenses	(8,787)	(9,417)	(9,730)	(10,751)	(11,948)
EBIT	4,170	4,638	5,253	5,967	6,682
EBITDA	4,521	4,988	5,808	6,546	7,287
Pre-tax profit	4,219	4,778	5,135	5,897	6,639
Net profit	3,241	3,665	3,925	4,478	5,042
EPS	69	78	84	96	108
EPS growth	17%	13%	7%	14%	13%

Source: Company, KBVS Research

Exhibit 14: Balance sheet

Year End Dec (IDR bn)	2024A	2025A	2026A	2027F	2028F
Cash & equivalent (with ST Investment)	4,723	4,331	6,591	8,359	10,035
Accounts receivables	4,865	5,651	6,239	6,917	7,680
Inventories	6,502	6,985	7,602	8,110	8,819
Others	1,098	1,540	1,677	1,838	2,026
Total current assets	17,188	18,508	22,109	25,225	28,561
Fixed assets - Net	8,269	8,333	7,989	7,672	7,385
Others	3,973	3,858	3,350	3,760	4,034
Total non-current assets	12,242	12,191	11,339	11,432	11,419
Total assets	29,430	30,699	33,448	36,656	39,979
Accounts payable	1,892	2,403	2,425	2,678	2,966
ST loan	269	112	(20)	(58)	(96)
Others	2,024	2,821	2,384	2,787	2,983
Total current liabilities	4,186	5,336	4,788	5,406	5,853
LT bank loan	65	-	298	298	298
Others non-current liabilities	588	635	492	554	615
Total non-current liabilities	654	635	790	853	914
Total liabilities	4,839	5,971	5,579	6,259	6,767
Shareholders equity	469	468	468	468	468
Add Paid-in capital	(29)	(118)	(118)	(118)	(118)
Others	(964)	(2,380)	(2,328)	(2,328)	(2,328)
Minority interests	1,802	1,416	1,496	1,588	1,690
Retained earnings	23,313	25,343	28,352	30,788	33,500
Total Equity	22,789	23,312	26,374	28,810	31,522
Total Liabilities & Equity	29,430	30,699	33,448	36,656	39,979

Source: Company, KBVS Research

Exhibit 15: Cash flow

Year End Dec (IDR bn)	2024A	2025A	2026A	2027F	2028F
Net profit	3,241	3,665	3,925	4,478	5,042
D&A	641	671	1,076	1,135	1,201
Changes in working capital	746	(78)	(1,681)	(658)	(1,126)
Others	384	(279)	(82)	(33)	(49)
Operating cash flow	**5,011**	**3,979**	**3,239**	**4,922**	**5,068**
Capital expenditures	(905)	(653)	(585)	(649)	(720)
Others	(839)	83	361	(579)	(468)
Investing cash flow	**(1,743)**	**(569)**	**(224)**	**(1,227)**	**(1,188)**
Net change in debt	(60)	(263)	24	(38)	(38)
Net change in equity	(316)	(1,850)	80	91	103
Others	38	(3)	57	63	61
Cash dividends paid	(1,439)	(1,686)	(916)	(2,042)	(2,330)
Financing cash flow	**(1,777)**	**(3,801)**	**(755)**	**(1,926)**	**(2,204)**
Net change in cash	**1,491**	**(392)**	**2,259**	**1,769**	**1,675**
Cash in beginning of the year	3,232	4,723	4,331	6,591	8,359
Cash at the end of the year	4,723	4,331	6,591	8,359	10,035

Source: Company, KBVS Research

Exhibit 16: Ratio analysis

Year End Dec	2024A	2025A	2026A	2027F	2028F
Growth (%)					
Revenue	7.2	8.3	10.4	10.9	11.0
Gross profit	9.6	8.5	6.6	11.6	11.4
Operating profit	12.9	11.2	13.3	13.6	12.0
EBITDA	11.5	10.3	16.4	12.7	11.3
Net profit	17.1	13.1	7.1	14.1	12.6
Profitability (%)					
Gross margin	39.7	39.8	38.4	38.7	38.8
Operating margin	12.8	13.1	13.5	13.8	13.9
EBITDA margin	13.9	14.1	14.9	15.1	15.2
Net margin	9.9	10.4	10.1	10.4	10.5
ROA	11.0	11.9	11.7	12.2	12.6
ROE	14.2	15.7	14.9	15.5	16.0
Solvency (x)					
Current ratio	4.1	3.5	4.6	4.7	4.9
Quick ratio	2.6	2.2	3.0	3.2	3.4
Debt to equity	0.0	0.0	0.0	0.0	0.0
Interest coverage	60.2	91.3	55.2	83.2	92.1
Net gearing	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)

Source: Company, KBVS Research

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