MEGACAPITAL

QUICK REVIEW (KLBF)

KALBE FARMA TBK.

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Recommendation

Recommendation : **BUY**

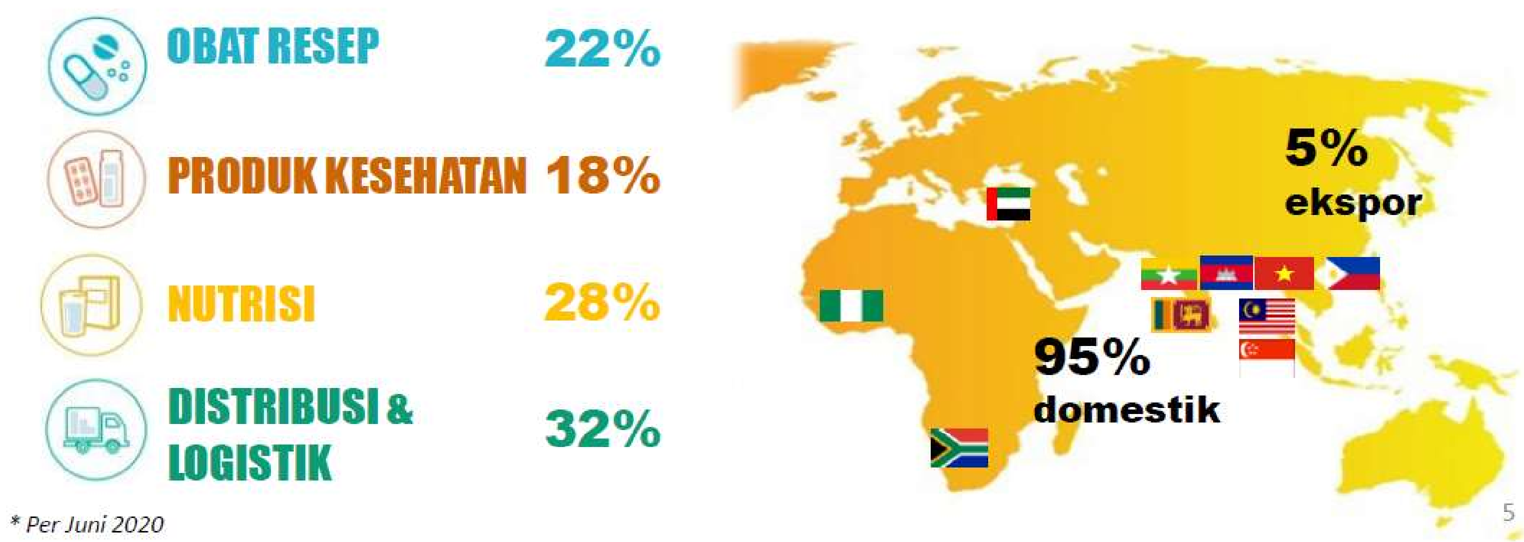
Fair Value : **IDR 1,795**

Current Price (25/11) : IDR 1,470

Company Description

PT Kalbe Farma Tbk produces and develops pharmaceutical products. The Company offers drugs, capsules, syrup, and medicines for eye care, animal health, and nutritional uses. The Company serves patients in Indonesia.

Business Portfolio



Source: Company

Prescription Drug Division

Source: Company

Health Products Division

Source: Company

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Nutrition Division

Source: Company

Distribution & Logistics Division

Source: Company

Earnings Update

Earnings Results : 3Q 2020

In Billions of IDR	Q3 2020	Q3 2019	%YoY	Q3 2020	Q2 2020	%QoQ
Revenue	**5,491**	**5,648**	**-2.8%**	**5,491**	**5,809**	**-5.5%**
- Cost of Revenue	2,973	3,062	-2.9%	2,973	3,174	-6.3%
Gross Profit	**2,519**	**2,587**	**-2.6%**	**2,519**	**2,635**	**-4.4%**
- Operating Expenses	1,682	1,729	-2.7%	1,682	1,755	-4.2%
Operating Income (Loss)	**843**	**878**	**-4.0%**	**843**	**902**	**-6.5%**
- Non-Operating (Income) Loss	34	13	-355.4%	34	20	-271.4%
Pretax Income (Loss), GAAP	**879**	**887**	**-0.9%**	**879**	**921**	**-4.6%**
- Income Tax Expense (Benefit)	215	219	-2.1%	215	190	12.9%
Net Income Avail to Common, GAAP	**640**	**657**	**-2.7%**	**640**	**718**	**-10.9%**

Source: Bloomberg, MCS Research

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Earnings Estimate : 4QE 2020

In Billions of IDR	Q4 2020 Est	Q4 2019	%YoY	Q4 2020 Est	Q3 2020	%QoQ
Revenue	**6,057**	**5,807**	**4.3%**	**6,057**	**5,491**	**10.3%**
- Cost of Revenue	3,353	3,326	0.8%	3,353	2,973	12.8%
Gross Profit	**2,704**	**2,480**	**9.0%**	**2,704**	**2,519**	**7.3%**
- Operating Expenses	1,805	1,686	7.1%	1,805	1,682	7.3%
Operating Income (Loss)	**919**	**815**	**12.8%**	**919**	**843**	**9.1%**
- Non-Operating (Income) Loss	42	10	-536.8%	42	34	-224.5%
Pretax Income (Loss), GAAP	**963**	**828**	**16.3%**	**963**	**879**	**9.6%**
- Income Tax Expense (Benefit)	214	237	-9.7%	214	215	-0.6%
Net Income Avail to Common, GAAP	**732**	**591**	**23.8%**	**732**	**640**	**14.4%**

Source: Bloomberg, MCS Research

Company Update

Kalbe Farma sold ownership of ExtraJoss in the Philippines

PT Kalbe Farma Tbk (KLBF), divested its share ownership in a subsidiary company operating in the Philippines, Asiawide Kalbe Philippines Inc (AKPI).

In the announcement made by Kalbe's Corporate Secretary, Lukito Kurniawan Gozali on the information disclosure page of the Indonesia Stock Exchange, Monday (11/2/2020), AKPI is a subsidiary whose 49.99% shares are indirectly owned by the company, amounting to 714,229 shares through Kalbe International Pte. Ltd.

(Source: CNBC Indonesia)

Company Update

Rupiah Appreciation Possibly Beneficial KLBF

PT Kalbe Farma Tbk. (KLBF) stated that the impact of the prolonged appreciation of the rupiah is likely to benefit the company.

President Director of Kalbe Farma Vidjongtius said that the duration of the strengthening of the rupiah exchange rate could generate profits for the company.

On the other hand, the company also stated that it would always monitor aspects of macro and micro economic conditions to maximize performance in the fourth quarter of this year.

He also admitted that up to now, the company is still importing around 90 percent of the total raw load from various countries.

(Source: Bisnis Indonesia)

Company Update

The opportunity for herbal products is great, this is Kalbe Farma's (KLBF) plan going forward

PT Kalbe Farma Tbk (KLBF) sees great opportunities from herbal products. This pharmaceutical company is developing a strategy to develop these products.

KLBF already has dozens of herbal products. Going forward, KLBF has the initiative to continue to develop its herbal products. One of them is by conducting clinical trials of herbal medicines to make them standardized or phyto-pharmacy.

With clinical support, it is hoped that herbal medicines will be more advanced. So, it is hoped that the market will be not only in Indonesia but also possible for export.

(Source: Kontan)

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Balanced Sheet : Annual

In Billions of IDR	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Total Assets										
+ Cash, Cash Equivalents & STI	1,907	2,405	2,089	1,614	2,094	2,874	3,075	2,785	3,153	3,236
+ Accounts & Notes Receiv	1,263	1,530	1,805	2,145	2,347	2,355	2,631	2,876	3,256	3,573
+ Inventories	1,551	1,705	2,115	3,053	3,091	3,003	3,344	3,557	3,475	3,753
+ Other ST Assets	317	316	432	684	589	513	522	825	765	660
Total Current Assets	**5,037**	**5,956**	**6,442**	**7,497**	**8,121**	**8,745**	**9,573**	**10,044**	**10,648**	**11,222**
+ Property, Plant & Equip, Net	1,605	1,860	2,255	2,926	3,404	3,938	4,556	5,343	6,253	7,666
+ LT Investments & Receivables	0	0	0	0	0	0	16	0	0	0
+ Other LT Assets	390	450	721	892	914	1,012	1,082	1,230	1,245	1,376
Total Noncurrent Assets	**1,995**	**2,310**	**2,976**	**3,818**	**4,318**	**4,951**	**5,653**	**6,572**	**7,498**	**9,042**
Total Assets	**7,032**	**8,275**	**9,418**	**11,315**	**12,439**	**13,696**	**15,226**	**16,616**	**18,146**	**20,265**
Liabilities & Shareholders' Equity										
+ Payables & Accruals	1,122	1,490	1,658	2,032	2,099	2,065	2,128	2,022	2,148	2,354
+ ST Debt	25	140	205	584	252	268	149	173	97	169
+ Other ST Liabilities	0	0	29	24	35	32	41	32	41	54
Total Current Liabilities	**1,146**	**1,631**	**1,892**	**2,641**	**2,386**	**2,366**	**2,317**	**2,227**	**2,286**	**2,577**
+ LT Debt	1	0	0	0	44	131	134	146	260	648
+ Other LT Liabilities	113	128	155	175	245	261	311	349	305	334
Total Noncurrent Liabilities	**114**	**128**	**155**	**175**	**289**	**392**	**445**	**495**	**565**	**982**
Total Liabilities	**1,260**	**1,759**	**2,046**	**2,815**	**2,675**	**2,758**	**2,762**	**2,722**	**2,852**	**3,559**
+ Preferred Equity and Hybrid Capital	0	0	0	0	0	0	0	0	0	0
+ Share Capital & APIC	512	512	475	435	435	435	435	435	435	435
- Treasury Stock	687	687	687	0	0	0	0	0	0	0
+ Retained Earnings	5,581	6,407	7,251	7,633	8,893	10,006	11,416	12,788	14,073	15,361
+ Other Equity	32	18	15	40	3	24	59	58	116	97
Equity Before Minority Interest	5,374	6,215	7,054	8,108	9,330	10,465	11,909	13,281	14,623	15,893
+ Minority/Non Controlling Interest	398	301	318	392	434	473	555	613	671	812
Total Equity	**5,772**	**6,516**	**7,372**	**8,500**	**9,764**	**10,938**	**12,464**	**13,894**	**15,295**	**16,706**
Total Liabilities & Equity	**7,032**	**8,275**	**9,418**	**11,315**	**12,439**	**13,696**	**15,226**	**16,616**	**18,146**	**20,265**

Source: Bloomberg, MCS Research

Balanced Sheet : Quarter

In Billions of IDR	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Total Assets										
+ Cash, Cash Equivalents & STI	3,275	2,672	3,153	3,201	2,478	2,803	3,236	3,927	4,194	4,587
+ Accounts & Notes Receiv	3,498	3,486	3,256	3,540	3,664	3,790	3,573	3,834	3,493	3,492
+ Inventories	3,396	3,471	3,475	3,746	3,700	3,892	3,753	3,683	4,186	4,162
+ Other ST Assets	741	694	765	838	819	599	660	1,229	735	646
Total Current Assets	**10,910**	**10,323**	**10,648**	**11,326**	**10,661**	**11,085**	**11,222**	**12,672**	**12,607**	**12,887**
+ Property, Plant & Equip, Net	5,567	5,930	6,253	6,668	6,954	7,326	7,666	8,085	8,280	8,351
+ LT Investments & Receivables	0	8	0	0	0	0	0	0	2	27
+ Other LT Assets	1,416	1,270	1,245	1,183	1,198	1,183	1,376	1,375	1,202	1,185
Total Noncurrent Assets	**6,983**	**7,208**	**7,498**	**7,852**	**8,152**	**8,509**	**9,042**	**9,460**	**9,484**	**9,563**
Total Assets	**17,893**	**17,531**	**18,146**	**19,178**	**18,813**	**19,594**	**20,265**	**22,132**	**22,091**	**22,451**
Liabilities & Shareholders' Equity										
+ Payables & Accruals	3,187	2,228	2,148	2,428	2,410	2,303	2,354	3,193	2,798	2,632
+ ST Debt	167	95	97	148	204	139	169	536	981	615
+ Other ST Liabilities	29	104	41	76	45	111	54	121	79	115
Total Current Liabilities	**3,382**	**2,428**	**2,286**	**2,652**	**2,658**	**2,552**	**2,577**	**3,849**	**3,859**	**3,362**
+ LT Debt	182	166	260	357	541	594	648	689	711	835
+ Other LT Liabilities	357	360	305	311	316	312	334	338	341	351
Total Noncurrent Liabilities	**539**	**525**	**565**	**668**	**858**	**906**	**982**	**1,027**	**1,052**	**1,186**
Total Liabilities	**3,921**	**2,953**	**2,852**	**3,320**	**3,516**	**3,458**	**3,559**	**4,876**	**4,910**	**4,548**
+ Preferred Equity and Hybrid Capital	0	0	0	0	0	0	0	0	0	0
+ Share Capital & APIC	435	435	435	435	435	435	435	435	435	435
- Treasury Stock	0	0	0	0	0	0	0	2	2	2
+ Retained Earnings	12,832	13,420	14,073	14,668	14,113	14,770	15,361	15,804	15,811	16,451
+ Other Equity	73	79	116	116	118	118	97	201	98	171
Equity Before Minority Interest	13,340	13,934	14,623	15,219	14,665	15,323	15,893	16,437	16,342	17,055
+ Minority/Non Controlling Interest	632	644	671	639	632	813	812	819	839	847
Total Equity	**13,972**	**14,578**	**15,295**	**15,858**	**15,297**	**16,136**	**16,706**	**17,256**	**17,181**	**17,903**
Total Liabilities & Equity	**17,893**	**17,531**	**18,146**	**19,178**	**18,813**	**19,594**	**20,265**	**22,132**	**22,091**	**22,451**

Source: Bloomberg, MCS Research

Profit & Loss : Annual

In Billions of IDR	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 Est	FY 2021 Est
Revenue	**13,636**	**16,002**	**17,369**	**17,887**	**19,374**	**20,182**	**21,074**	**22,633**	**23,153**	**24,771**
- Cost of Revenue	7,103	8,323	8,893	9,296	9,886	10,370	11,226	12,390	12,678	13,397
Gross Profit	**6,533**	**7,679**	**8,476**	**8,592**	**9,488**	**9,812**	**9,848**	**10,243**	**10,475**	**11,374**
+ Other Operating Income	0	0	42	49	40	30	65	60	55	62
- Operating Expenses	4,316	5,130	5,774	6,032	6,543	6,695	6,710	6,989	7,050	7,785
Operating Income (Loss)	**2,218**	**2,549**	**2,743**	**2,609**	**2,985**	**3,147**	**3,203**	**3,315**	**3,480**	**3,652**
- Non-Operating (Income) Loss	71	2	14	99	100	82	93	82	164	134
Pretax Income (Loss), Adjusted	**2,289**	**2,551**	**2,730**	**2,708**	**3,085**	**3,230**	**3,296**	**3,397**	**3,644**	**3,786**
- Abnormal Losses (Gains)	19	21	36	13	6	12	10	6	7	6
Pretax Income (Loss), GAAP	**2,308**	**2,573**	**2,766**	**2,721**	**3,091**	**3,241**	**3,306**	**3,403**	**3,651**	**3,792**
- Income Tax Expense (Benefit)	533	602	643	663	740	788	809	865	829	918
Income (Loss) from Cont Ops	**1,775**	**1,970**	**2,123**	**2,058**	**2,351**	**2,453**	**2,497**	**2,538**	**2,822**	**2,874**
- Net Extraordinary Losses (Gains)	0	0	0	0	0	0	0	0	0	0
Income (Loss) Incl. MI	**1,775**	**1,970**	**2,123**	**2,058**	**2,351**	**2,453**	**2,497**	**2,538**	**2,822**	**2,874**
- Minority Interest	41	51	57	53	51	50	40	31	62	50
Net Income, GAAP	**1,734**	**1,920**	**2,066**	**2,004**	**2,300**	**2,404**	**2,457**	**2,507**	**2,759**	**2,824**
- Preferred Dividends	0	0	0	0	0	0	0	0	0	0
- Other Adjustments	0	0	0	0	0	0	0	0	0	0
Net Income Avail to Common, GAAP	**1,734**	**1,920**	**2,066**	**2,004**	**2,300**	**2,404**	**2,457**	**2,507**	**2,759**	**2,824**

Source: Bloomberg, MCS Research

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Profit & Loss : Quarter

In Billions of IDR	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020 Est	Q1 2021 Est
Revenue	**5,396**	**5,366**	**5,813**	**5,648**	**5,807**	**5,796**	**5,809**	**5,491**	**6,057**	**5,872**
- Cost of Revenue	3,032	2,868	3,134	3,062	3,326	3,178	3,174	2,973	3,353	3,238
Gross Profit	**2,364**	**2,498**	**2,679**	**2,587**	**2,480**	**2,617**	**2,635**	**2,519**	**2,704**	**2,634**
+ Other Operating Income	226	9	10	21	21	7	21	6	20	17
- Operating Expenses	1,683	1,742	1,832	1,729	1,686	1,808	1,755	1,682	1,805	1,776
Operating Income (Loss)	**906**	**764**	**858**	**878**	**815**	**816**	**902**	**843**	**919**	**876**
- Non-Operating (Income) Loss	17	30	29	13	10	69	20	34	42	34
Pretax Income (Loss), Adjusted	**889**	**795**	**886**	**891**	**825**	**886**	**921**	**876**	**961**	**909**
- Abnormal Losses (Gains)	2	0	6	4	4	2	0	3	2	2
Pretax Income (Loss), GAAP	**891**	**795**	**893**	**887**	**828**	**888**	**921**	**879**	**963**	**911**
- Income Tax Expense (Benefit)	227	191	218	219	237	211	190	215	214	214
Income (Loss) from Cont Ops	**664**	**604**	**675**	**667**	**592**	**677**	**731**	**664**	**749**	**697**
- Net Extraordinary Losses (Gains)	0	0	0	0	0	0	0	0	0	0
Income (Loss) Incl. MI	**664**	**604**	**675**	**667**	**592**	**677**	**731**	**664**	**749**	**697**
- Minority Interest	11	9	12	10	0	8	13	24	17	14
Net Income, GAAP	**653**	**595**	**663**	**657**	**591**	**669**	**718**	**640**	**732**	**684**
- Preferred Dividends	0	0	0	0	0	0	0	0	0	0
- Other Adjustments	0	0	0	0	0	0	0	0	0	0
Net Income Avail to Common, GAAP	**653**	**595**	**663**	**657**	**591**	**669**	**718**	**640**	**732**	**684**

Source: Bloomberg, MCS Research

Cash Flow : Annual

In Billions of IDR	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Cash from Operating Activities										
+ Net Income	1,286	1,482	1,734	1,920	2,066	2,004	2,300	2,404	2,457	2,507
+ Depreciation & Amortization	321	208	231	275	341	389	441	449	463	508
+ Non-Cash Items	319	132	532	1,239	81	91	507	773	77	440
+ Chg in Non-Cash Work Cap	0	0	0	0	0	0	0	0	0	0
Cash from Operating Activities	**1,288**	**1,559**	**1,434**	**955**	**2,325**	**2,484**	**2,233**	**2,080**	**2,843**	**2,575**
Cash from Investing Activities										
+ Change in Fixed & Intang	450	447	759	966	738	914	1,087	1,213	1,357	1,970
+ Net Change in LT Investment	115	0	0	0	0	0	0	0	0	0
+ Net Cash From Acq & Div	0	173	99	0	0	0	0	0	0	40
+ Other Investing Activities	48	111	131	30	0	32	34	8	35	2
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Investing Activities	**287**	**731**	**989**	**936**	**739**	**882**	**1,121**	**1,221**	**1,392**	**2,012**
Cash from Financing Activities										
+ Dividends Paid	234	550	891	891	797	891	891	1,031	1,172	1,219
+ Cash From (Repayment) Debt	315	115	31	309	293	99	94	72	38	416
+ Cash (Repurchase) of Equity	2	0	0	0	0	0	0	0	0	0
+ Other Financing Activities	7	42	45	6	34	16	76	18	24	136
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Financing Activities	**554**	**392**	**904**	**587**	**1,124**	**808**	**909**	**940**	**1,110**	**667**
Net Changes in Cash	**434**	**396**	**461**	**473**	**463**	**838**	**196**	**73**	**368**	**156**

Source: Bloomberg, MCS Research

Cash Flow : Quarter

In Billions of IDR	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Cash from Operating Activities										
+ Net Income	626	589	653	595	663	657	591	669	718	640
+ Depreciation & Amortization	116	119	115	120	126	131	131	150	156	163
Cash from Operating Activities	**390**	**1,103**	**874**	**346**	**594**	**678**	**957**	**735**	**831**	**989**
Cash from Investing Activities										
+ Change in Fixed & Intang	326	454	324	435	499	494	542	371	284	216
+ Net Change in LT Investment	0	0	0	0	0	0	0	0	0	0
+ Net Cash From Acq & Div	0	0	0	0	0	0	40	0	0	0
+ Other Investing Activities	1	4	40	0	2	0	0	0	21	0
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Investing Activities	**326**	**450**	**364**	**435**	**501**	**494**	**582**	**371**	**263**	**216**
Cash from Financing Activities										
+ Dividends Paid	17	1,155	0	0	1,037	181	0	0	802	136
+ Cash From (Repayment) Debt	38	41	99	140	235	1	43	313	463	259
+ Cash (Repurchase) of Equity	0	0	0	0	0	0	0	2	2	0
+ Other Financing Activities	9	22	26	0	16	144	7	0	18	9
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Financing Activities	**47**	**1,218**	**124**	**140**	**819**	**39**	**50**	**311**	**355**	**404**
Net Changes in Cash	**35**	**549**	**626**	**40**	**728**	**144**	**388**	**881**	**88**	**391**

Source: Bloomberg, MCS Research

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Valuation

KLBF IJ Equity | Export | Settings | Equity Relative Valuation

Comp Source BICS Best Fit (Algo) | Region Global | Mkt Cap > | Curr IDR

vs Comps | Group Dynamics | vs Self | Price Bands

3M 6M 1Yr 2Yr 5Yr 10Yr

Valuation Metric Bands							12M Fwd Implied Price @		
Metric	Current	5Yr Avg	Band (x)	Avg+x	Avg-x	Est (IDR)	5Yr Avg	Avg+x	Avg-x
Current Price							1,500.00	1,500.00	1,500.00
LTM P/E	26.8x	29.9x	3.7	33.6x	26.2x	61.30	1,831.83	2,058.62	1,605.03
LTM P/BV	4.1x	5.4x	1.0	6.4x	4.4x	401.68	2,188.54	2,590.22	1,786.87
LTM P/CF	20.0x	28.7x	5.2	33.9x	23.5x	66.66	1,915.41	2,262.04	1,568.79
LTM P/S	3.1x	3.5x	0.4	3.9x	3.1x	534.82	1,845.94	2,059.86	1,632.01

Price Bands Based On LTM P/E | Chart | Table

Source: Bloomberg

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Valuation

PER	EPS	Value
29.9x	IDR 60	**IDR 1,795**

PT. Mega Capital Sekuritas

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