

## BUY (Unchanged)

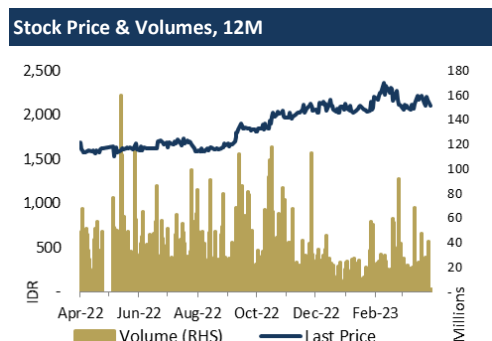
**Target Price (IDR)** 2,400 (From 2,100)  
**Potential Upside (%)** 14.3

Price Comparison	
Cons. Target Price (IDR)	2,100
SSI vs. Cons. (%)	102.9

Stock Information	
Last Price (IDR)	2,100
Shares Issued (Mn)	46,875
Market Cap. (IDR Bn)	97,500
52-Weeks High/Low (IDR)	2,360/1,530
3M Avg. Daily Value (IDR Bn)	55.1
Free Float (%)	40.4

Shareholder Structure:	
Gira Sole Prima (%)	10.29
Santa Seha Sanadi (%)	10.06
Ladang Ira Panen (%)	9.78
Dipatanala Bahana (%)	9.50
Lucasta Murni Cemerlang (%)	9.47
Bina Artha Charisma (%)	8.5
Public (%)	42.39

Stock Performance				
(%)	YTD	1M	3M	12M
Absolute	(0.5)	1.0	(1.9)	28.8
JCI Return	(0.2)	0.3	(0.8)	(3.5)
Relative	(0.2)	0.7	(1.1)	32.3



**Company Background**  
PT Kalbe Farma Tbk was established in 1966 and became a public company in 1991. Currently the company is engaged in development, manufacturing, and trading of various health products, including medicines.



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## Best Year Yet

**FY22: Best year yet.** 4Q was again the best quarter for KLBFI in terms of sales, with quarterly sales growth of +6.1% QoQ (+8.2% YoY) in 4Q22, which helped bring its full-year revenue to IDR 28.9 trillion (+10.2% YoY), its best in history. All KLBFI's business segments saw revenue growth, especially the distribution segment (main business segment, 37.3% of KLBFI sales) (+10.8% YoY), supported by the company's digital strategies (EMOS and Mostrans). KLBFI's prescription drugs went up +7.5% YoY, healthcare products sales rose +14.6% YoY, and nutrition products sales rose +9.3% YoY. By region, KLBFI's domestic sales rose +8.9% YoY, and export sales went up +35.5% YoY. It should be noted that exports contributed 5.8% of KLBFI's consolidated revenue in FY22 (FY21: 4.8%).

**Margin challenges.** KLBFI's GPM faced all sorts of challenges in FY22, including (1) raw material surges, (2) changes in revenue mix (higher contribution of more affordable products), and (3) an increase in the contribution of distribution segment, which has the lowest GPM among KLBFI's business segments (22.5%, average: 51.8%). All KLBFI business segments posted lower GPM than the previous year, pushing down KLBFI's consolidated FY22 GPM to 40.5% (-252bps YoY). Nonetheless, KLBFI's gross profit still went up +3.7% YoY, in line with the increase in its sales volume. Meanwhile, its NPM remained relatively stable at 11.7% (-43bps YoY), partly due to the decline in opex/sales ratio to 25.8% (FY21: 27.7%). We expect KLBFI's GPM to face more challenges from its revenue mix this year (FY23F), though its gross profit will continue to grow as sales volume improves further.

**FY23F outlook.** We project KLBFI to experience another solid year in FY23F, with revenue of IDR 32.7 trillion (+13.1% YoY), in line with the company's target (13-15% YoY), which includes the contribution of the recently acquired Sanofi (projected contribution: 3-4%). The acquisition is expected to boost KLBFI's market share in the pharmaceutical industry, particularly in cardiovascular drugs, diabetes treatment, and vaccines. In addition, there are several positive catalysts that we think can help drive KLBFI's future performance, including (1) the establishment of a JV with Synergy Investment in Shenzhen, China, which can help KLBFI secure raw materials, (2) product innovations, especially biological drugs that have higher GPM, (3) the company's synergy with SMDR, and (4) its JV with Ecosential Foods Corp, to improve KLBFI's product distribution in the Philippines. On its bottom line, we forecast KLBFI to book net profit growth of +10.5% YoY in FY23F. To help achieve its target, KLBFI has prepared a Capex budget of IDR 1 trillion for FY23F, which will primarily be used to increase production capacity and expand distribution channels.

**BUY, TP IDR 2,400.** In light of the factors mentioned above, as well as its solid balance sheet, we reiterate our BUY rating on KLBFI with a TP of IDR 2,400 (26.3x FY23F PE).

Forecasts and Valuations (at closing price IDR 2,100 per share)					
Y/E Dec	20A	21A	22A	23F	24F
Revenue (IDR bn)	23,113	26,261	28,934	32,715	36,107
EBITDA (IDR bn)	3,986	4,449	4,955	5,827	6,282
EV/EBITDA(x)	24.5	21.6	20.0	16.9	15.5
Net Profit (IDR bn)	2,733	3,184	3,382	3,737	4,115
EPS (IDR)	58.3	67.9	72.2	79.7	87.8
EPS Growth (%)	9.0%	16.5%	6.2%	10.5%	10.1%
P/E Ratio (x)	36.0	30.9	29.1	26.3	23.9
P/BV Ratio (x)	5.7	5.0	4.8	4.4	4.0

**Table 1. KLBFIQ22 Results**

(IDR Bn)	4Q21	3Q22	4Q22	QoQ	YoY	FY21	FY22	YoY
Revenue	7,162	7,307	7,752	6.1%	8.2%	26,261	28,934	10.2%
Gross Profit	3,005	2,936	2,970	1.1%	-1.2%	11,284	11,704	3.7%
Operating Profit	1,182	1,066	1,140	6.9%	-3.5%	4,021	4,231	5.2%
Net Profit	896	849	897	5.7%	0.1%	3,184	3,382	6.2%
Gross Profit Margin	41.9%	40.2%	38.3%	-188 bps	-364 bps	43.0%	40.5%	-252 bps
Operating Margin	16.5%	14.6%	14.7%	12 bps	-179 bps	15.3%	14.6%	-69 bps
Net Margin	12.5%	11.6%	11.6%	-5 bps	-94 bps	12.1%	11.7%	-43 bps

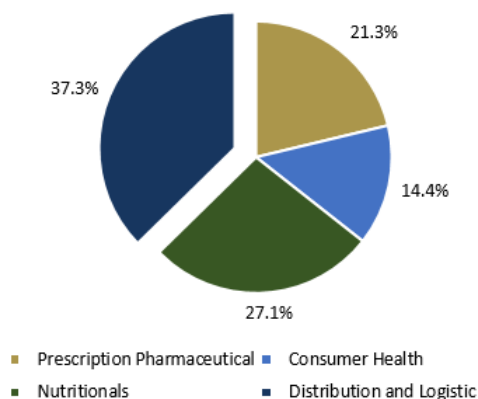
Source: Company, SSI Research

**Table 2. KLBFIQ22 Results (by Segment)**

Revenue (IDR Bn)	4Q21	3Q22	4Q22	QoQ	YoY	FY21	FY22	YoY
Obat Resep	1,528	1,466	1,742	18.9%	14.0%	5,719	6,149	7.5%
Produk kesehatan	706	1,119	888	-20.6%	25.8%	3,623	4,153	14.6%
Nutrisi	1,992	2,033	2,078	2.2%	4.3%	7,166	7,831	9.3%
Distribusi	2,937	2,689	3,044	13.2%	3.6%	9,752	10,801	10.8%
Gross Profit (IDR Bn)	4Q21	3Q22	4Q22	QoQ	YoY	FY21	FY22	YoY
Obat Resep	804	706	843	19.5%	5.0%	3,020	3,073	1.8%
Produk kesehatan	427	628	503	-19.9%	17.8%	2,138	2,333	9.1%
Nutrisi	1,022	987	996	0.9%	-2.6%	3,689	3,864	4.7%
Distribusi	753	616	628	1.9%	-16.6%	2,436	2,433	-0.1%
GPM	4Q21	3Q22	4Q22	QoQ	YoY	FY21	FY22	YoY
Obat Resep	52.6%	48.1%	48.4%	28 bps	-418 bps	52.8%	50.0%	-282 bps
Produk kesehatan	60.5%	56.1%	56.6%	50 bps	-388 bps	59.0%	56.2%	-284 bps
Nutrisi	51.3%	48.5%	47.9%	-61 bps	-337 bps	51.5%	49.3%	-213 bps
Distribusi	25.6%	22.9%	20.6%	-229 bps	-499 bps	25.0%	22.5%	-245 bps

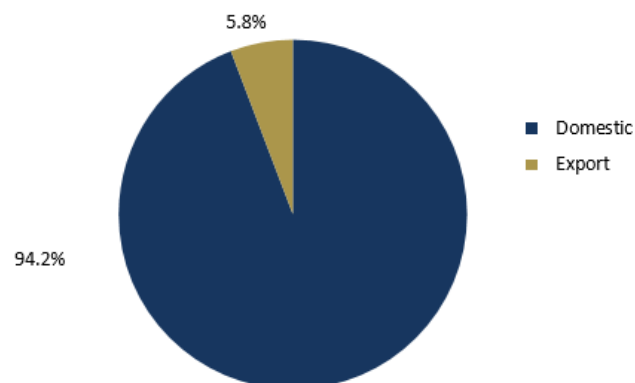
Source: Company, SSI Research

**Figure 1. Revenue Mix FY22 (Business Segments)**



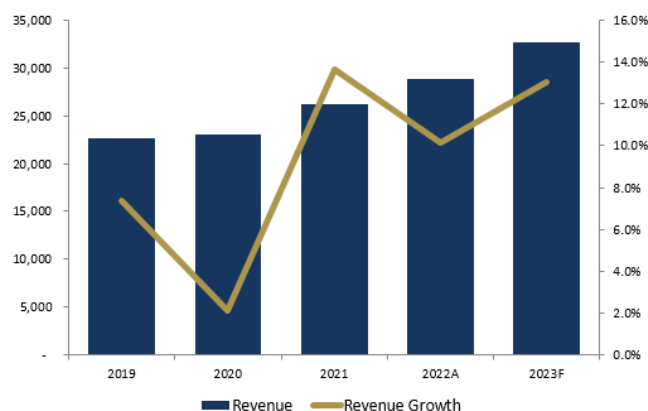
Source: Company, SSI Research

**Figure 2. Revenue Mix FY22 (Geographic)**



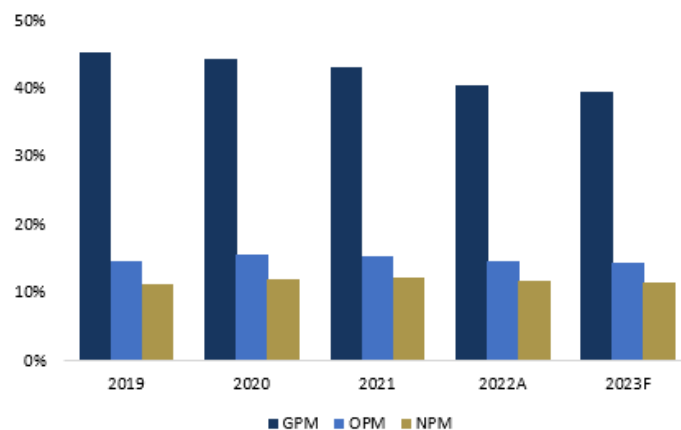
Source: Company, SSI Research

**Figure 3. Revenue Growth**



Source: Bloomberg, SSI Research

**Figure 4. Profitability Margin**



Source: Company, SSI Research

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