

BUY (Maintained)

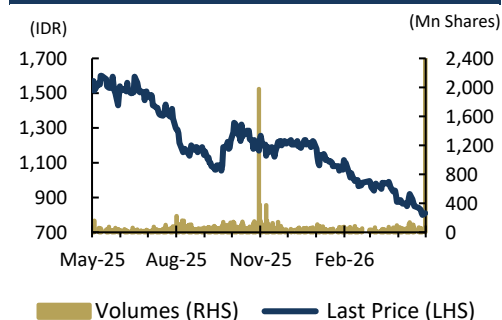
Target Price (IDR) 1,000 (from 1,600)
Potential Upside (%) 23.5

Company Data	
Cons. Target Price (IDR)	1,394
SSI vs. Cons (%)	71.7

Stock Information	
Last Price (IDR)	810
Market Cap. (IDR tn)	37,919
52-Weeks High/Low (IDR)	1,600/790
3M Avg. Daily Value (IDR bn)	49.3
Free Float (%)	38.5
Shareholders (%):	
Others (>10%)	58.1
Treasury Shares	3.1
Others (>5%)	0.3
Public	38.5

Stock Performance				
(%)	YTD	1M	3M	12M
Absolute	(31.1)	(11.2)	(21.3)	(44.7)
JCI Return	(26.9)	(16.8)	(23.6)	(10.9)
Relative	(4.2)	5.6	2.3	(33.7)

Stock Price & Volumes, 12M



Company Background

Established in 1966, KLBF is one of the leading publicly listed pharmaceutical and consumer health-related manufacturers in Indonesia, with operations spanning across ASEAN, East Asia, the Middle East, and Africa. KLBF maintains well-diversified products in pharmaceuticals (29.0% of FY25 revenues), nutrition (22.8%), consumer health (13.7%), and distribution (34.6%), supported by three major DCs in Indonesia.

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Undemanding Valuation

Some weakness: 2Q26F preview on post-Lebaran timing shift. For KLBF, we forecast 2Q26F revenue of IDR 8.2tn (-0.6% YoY; -14.9% QoQ) and net profit of IDR 1.1tn (-2.2% YoY; -14.7% QoQ), weighed down by the post-Lebaran timing shift. In 1Q26, KLBF posted revenue of IDR 9.7tn (+10.1% YoY; +3.7% QoQ), supported by festive seasonality and stronger OTC demand, in line with estimates (SSI: 26.1%; Cons: 25.6%). Growth was driven by solid performance across most segments: Prescription reached IDR 2.6tn (+8.5% YoY; +1.7% QoQ), while Distribution posted IDR 3.5tn (+21.1% YoY; -1.0% QoQ) on the expansion of marketing services and onboarding of new principals (Bayer). Consumer Health reached IDR 1.4tn (+3.2% YoY; +13.9% QoQ), mainly on Lebaran stock-up shift to Dec-25 for FY26, while Nutrition was flat at IDR 2.2tn (+1.6% YoY; +8.1% QoQ) amid continued weak purchasing power. Consequently, 1Q26 net profit reached IDR 1.0tn (-4.4% YoY; -0.5% QoQ), in line with estimates (SSI: 29.3%; Cons: 26.8%), reflecting NPM of 10.6% (4Q25: 11.1%; 1Q25: 12.3%).

Taking more conservative stance on challenging operating conditions. Despite earlier guidance for high single-digit topline growth, management is currently reviewing KLBF's FY26F outlook amid intensifying geopolitical tensions. On the cost side, plastic packaging, accounting for ~15% of COGM under normal conditions, remains a key exposure, despite existing 3–4 month raw materials buffer. Additionally, the Pharma API segment has started to see chemical price increases. Thus, we expect more apparent adverse impact on margins in 2H26F.

Toning down expectations on cost pressures due to geopolitical risks. We maintain our FY26F revenue forecast while lowering net profit by 8.3% on the back of higher input costs on elevated oil prices which are likely to persist until next year. For FY27F, we cut revenue and net profit forecasts by 3.9% and 9.3%, respectively, particularly given weaker purchasing power creating challenging environment in passing on higher raw materials and opex costs.

Positive view on KLBF's new consumer health strategy as mid-term catalyst. In line with our earnings downgrades ([figure 2](#)), we cut our TP to IDR 1,000, implying 26F P/E of 13.0x. While the stock is not the most attractive in the sector from a valuation standpoint, we believe its ongoing efforts to reshape its business mix in consumer health could enhance profitability over time. To fund this, 2026F capex of ~IDR 1tn will be allocated for maintenance and general capacity expansion, including the development of a new dairy factory under the Morinaga brand (utilizing Tetra Pak packaging) targeting mid- to high-income consumers. Additionally, we favor KLBF's defensive product portfolio amid continued challenging macroeconomic backdrop. Thus, we maintain our BUY recommendation. Key risks: 1) volatility in raw materials prices, 2) stronger DXY, and 3) weaker-than-expected purchasing power.

Forecasts and Valuations (at closing price IDR 810 per share)					
Y/E Dec	24A	25A	26F	27F	28F
Revenue (IDR Bn)	32,628	35,325	37,060	38,387	41,134
Operating Profit (IDR Bn)	4,170	4,638	4,440	4,744	5,276
Net Profit (IDR Bn)	3,241	3,665	3,513	3,796	4,274
EPS (IDR)	70.2	80.5	77.2	83.4	93.9
EPS Growth (%)	18.9	14.7	(4.2)	8.1	12.6
P/E (x)	11.5	10.1	10.5	9.7	8.6
P/S (x)	1.1	1.0	1.0	1.0	0.9
P/BV (x)	1.6	1.6	1.5	1.4	1.3
Dividend Yield (%)	3.9	4.6	5.0	4.8	5.1
ROE (%)	14.7	15.9	14.5	14.6	15.1
Net Gearing (%)	n.c.	n.c.	n.c.	n.c.	n.c.
Interest Coverage (x)	n/a	n/a	n/a	n/a	n/a

Figure 1. 1Q26 Results

KLBF 1Q26 Results: (IDR Bn)	1Q26	4Q25	1Q25	QoQ (%)	YoY (%)	3M26	3M25	YoY (%)	3M26/SSI (%)	3M26/Cons (%)
Revenue	9,678	9,336	8,788	3.7	10.1	9,678	8,788	10.1	26.1	25.6
Gross Profit	3,707	3,498	3,619	6.0	2.4	3,707	3,619	2.4	26.8	24.7
Operating Profit	1,312	1,332	1,381	(1.4)	(5.0)	1,312	1,381	(5.0)	29.6	26.8
Net Profit	1,029	1,034	1,077	(0.5)	(4.4)	1,029	1,077	(4.4)	29.3	26.8
Key Ratios										
GPM (%)	38.3	37.5	41.2	-	-	38.3	41.2	-	-	-
OPM (%)	13.6	14.3	15.7	-	-	13.6	15.7	-	-	-
NPM (%)	10.6	11.1	12.3	-	-	10.6	12.3	-	-	-

Sources: Company, SSI Research

In 1Q26, GPM declined YoY to 38.3% (1Q25: 41.2%) due to hospital pricing pressure and unfavorable sales mix; looking ahead,...

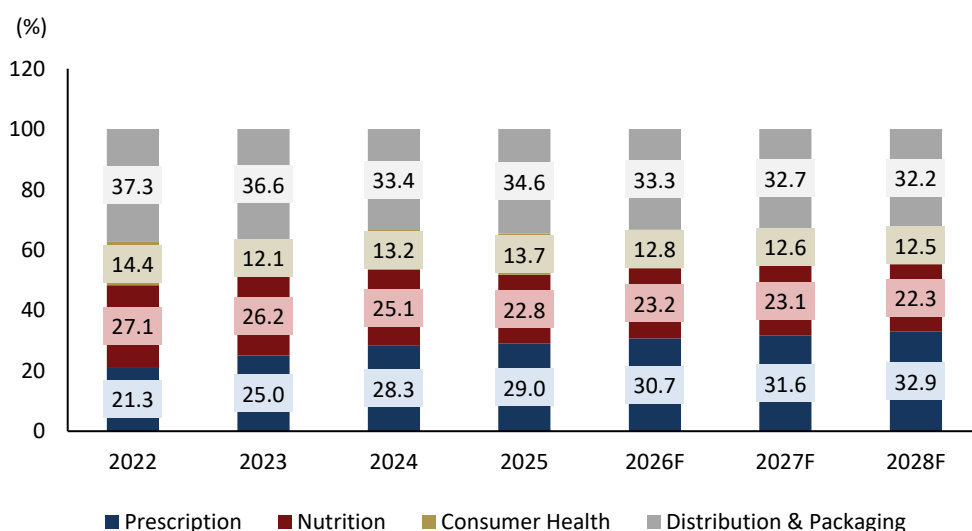
Figure 2. Earnings Revisions

	Before			Revision			Percentage		
	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
Revenue (IDR bn)	37,012	39,952	43,198	37,060	38,387	41,134	0.1%	-3.9%	-4.8%
growth (%)	7.6%	7.9%	8.1%	4.9%	3.6%	7.2%			
Operating profit (IDR bn)	4,779	5,180	5,622	4,440	4,744	5,276	-7.1%	-8.4%	-6.2%
growth (%)	8.6%	8.4%	8.5%	-4.3%	6.8%	11.2%			
Net profit (IDR bn)	3,831	4,187	4,583	3,513	3,796	4,274	-8.3%	-9.3%	-6.7%
growth (%)	9.4%	9.3%	9.5%	-4.2%	8.1%	12.6%			

Sources: Company, SSI Research

...we maintain our FY26F revenue forecast but lower net profit by 8.3% due to increased raw mats and distribution costs on the back of higher energy prices caused by the Iran war

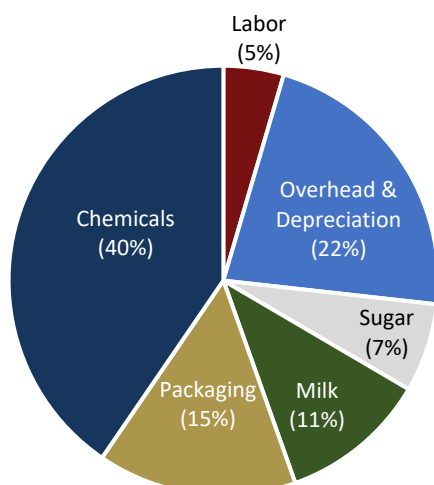
Figure 3. Revenue Breakdown by Segment



Sources: Company, SSI Research

Prescription contribution is expected to grow, supported by the company's ongoing expansion into specialty products, as well as potential increase in branded generics contribution driven by hospitals shifting toward favorable payer mix

Figure 4. COGS Breakdown, 1Q26



Sources: SSI Research

We believe ongoing geopolitical tensions will pressure the company's margins, primarily through higher oil prices, which may increase chemical input and packaging costs

Figure 5. Peer Comparables (Local)

Company Ticker	Rating	Market Cap (IDR Tn)	Last Price (IDR)	TP (IDR)	2026F EPS Gwt (%)	P/E (x)	P/B (x)	Div. Yield (%)	ROE (%)
ICBP IJ	BUY	78.7	6,750	11,000	5.8	8.4	1.1	5.6	13.0
UNVR IJ	BUY	72.7	1,905	3,000	6.9	15.4	26.7	5.8	190.8
INDF IJ	BUY	60.4	6,875	7,900	(1.9)	5.7	0.8	8.0	14.3
KLBF IJ	BUY	46.6	810	1,000	(4.2)	10.5	1.5	5.0	14.5
SIDO IJ	BUY	15.6	520	700	9.0	11.9	4.2	7.5	36.1
Sector		273.9			2.9	10.2	8.1	6.2	62.0
Sector (Ex. UNVR)		201.3			1.5	8.9	1.4	6.1	15.5

Sources: SSI Research, Companies

KLBF currently trades at 26F P/E of 10.8x (1.4% premium to the sector)

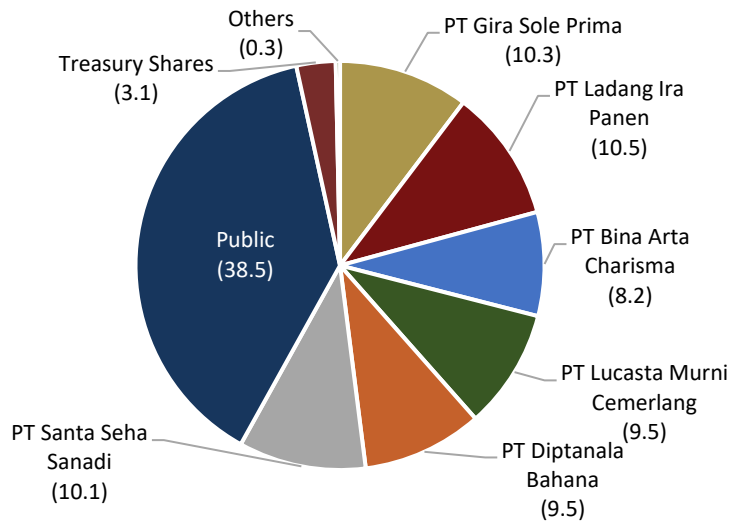
Figure 6. Peer Comparables (Foreign)

Company Name	Company Ticker	Market Cap (USD Mn)	P/E (x)	P/B (x)	2026F Div. Yield (%)	ROE (%)	Net Gearing (%)
Natco Pharma Ltd	NTCPH IN	2,204	16.0	2.4	0.8	15.8	NC
China Resource-A	600750 CH	2,186	15.1	3.4	6.2	23.1	NC
Pharma Mar SA	PHM SM	2,126	35.2	5.3	1.0	21.1	NC
Pharmaresearch C	214450 ks	2,116	16.0	4.2	1.3	27.4	NC
Sector		8,632	20.5	3.8	2.4	21.8	NC

Sources: Bloomberg, SSI Research

We believe the current valuations of Indonesian equities remain undemanding vs. foreign peers, leaving room for potential rerating going forward

Figure 7. Company Ownership



Domestic investors hold 74.2% ownership in KLBF, while the remaining 25.8% is held by foreign investors

Sources: Company, SSI Research

Financial Highlights

Figure 8. Income Statement

Y/E Dec (IDR Bn)	2024	2025	2026F	2027F	2028F
Revenue	32,628	35,325	37,060	38,387	41,134
Cost of Revenues	(19,671)	(21,269)	(23,252)	(23,768)	(24,861)
Gross Profit	12,957	14,056	13,808	14,620	16,273
Operating Expense	(8,787)	(9,417)	(9,368)	(9,875)	(10,997)
Operating Profit	4,170	4,638	4,440	4,744	5,276
D&A	714	738	795	853	909
EBITDA	4,884	5,376	5,235	5,597	6,185
Finance Income	179	179	201	255	333
Finance Costs	(69)	(51)	(52)	(44)	(37)
Pretax Profit	4,219	4,778	4,589	4,955	5,572
Income Tax	(972)	(1,034)	(993)	(1,072)	(1,206)
NCI	(6)	(79)	(83)	(86)	(92)
Net Income	3,241	3,665	3,513	3,796	4,274
EPS	18.9	14.7	(4.2)	8.1	12.6

Sources: KLBF, SSI Research

We project revenue to grow at 2024–28F CAGR of +7.2%, supported by the company's expansion into specialty products and its solid market leadership across core segments,...

Figure 9. Balance Sheet

Y/E Dec (IDR Bn)	2024	2025	2026F	2027F	2028F
Cash & Cash Equivalents	4,723	4,331	5,127	6,884	8,777
Receivables	4,865	5,651	5,405	5,598	5,999
Others	7,600	8,526	9,518	9,764	10,219
Total Current Assets	17,188	18,508	20,050	22,245	24,994
Fixed Assets	8,269	8,333	8,509	8,487	8,481
Other Non-Current Assets	3,973	3,858	3,858	3,874	3,876
Total Assets	29,430	30,699	32,417	34,606	37,352
ST. Bank loan	269	112	207	176	144
Payables	1,811	2,284	2,096	2,097	2,210
Other Current Liabilities	2,106	2,940	3,100	3,189	3,383
Total Current Liabilities	4,186	5,336	5,402	5,463	5,738
LT. Debt	65	-	50	43	35
Other LT Liabilities	588	635	503	512	522
Total Liabilities	4,839	5,971	5,956	6,018	6,295
Minority Interest	1,802	1,416	1,499	1,586	1,678
Total Equity	24,590	24,729	26,492	28,618	31,086

Sources: KLBF, SSI Research

...coupled with robust balance sheet (net cash position)

Figure 10. Cash Flow Statement

Y/E Dec (IDR Bn)	2024	2025	2026F	2027F	2028F
Net Profit	3,241	3,665	3,513	3,796	4,274
D&A	641	39	795	853	909
Changes in Working Capital	576	(800)	(832)	(343)	(609)
Operating Cash Flow	564	444	24	2	67
Capital Expenditures	5,022	3,348	3,500	4,309	4,641
Others	(1,485)	(65)	(1,001)	(845)	(905)
Investing Cash Flow	(274)	81	-	-	-
Net - Borrowings	(1,759)	16	(1,001)	(845)	(905)
Dividends	(190)	223	(323)	(50)	(50)
Other Financing	(1,582)	(3,975)	(1,381)	(1,657)	(1,793)
Financing Cash Flow	(1,772)	(3,751)	(1,704)	(1,707)	(1,843)
Net - Cash Flow	1,491	(388)	796	1,757	1,893
Cash at beginning	3,232	4,723	4,331	5,127	6,884
Cash at ending	4,723	4,336	5,127	6,884	8,777

Solid operating cash flow resulting in...

Sources: KLBF, SSI Research

Figure 11. Key Ratios

Y/E Dec	2024	2025	2026F	2027F	2028F
Gross Margin (%)	39.7	39.8	37.3	38.1	39.6
EBIT Margin (%)	12.8	13.1	12.0	12.4	12.8
Pre-Tax Margin (%)	12.9	13.5	12.4	12.9	13.5
Net Profit Margin (%)	9.9	10.4	9.5	9.9	10.4
Debt to Equity (%)	1.6	0.7	1.0	0.8	0.6
Dividend Yield (%)	3.9	4.6	5.0	4.8	5.1
BVPS (IDR)	493.4	512.1	549.0	593.8	646.0
Net Gearing (%)	n.c	n.c	n.c	n.c	n.c

...consistently high dividend yields

Sources: KLBF, SSI Research

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