KLBF Equity Update

KIWOOM SEKURITAS INDONESIA

PT. Kalbe Farma Tbk (KLBF)
Growth Intact, Valuation Too Cheap to Ignore

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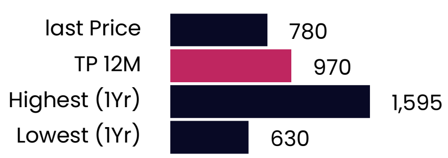
Stock Rate	**BUY**
Industry	Neutral
Fair Value	IDR 970
vs. Last Price	26.80%

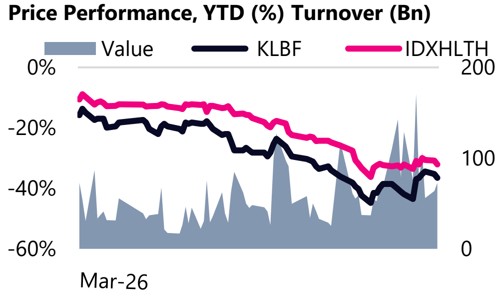
Stock Data

Ticker Code	KLBF
Sub Sector	Pharmaceuticals
Sector	IDXHLTH
Market Cap (IDR.Tn)	35.81
Shares Issued (Bn)	46.81
AVG YTD Turnover (IDR Bn)	58.74

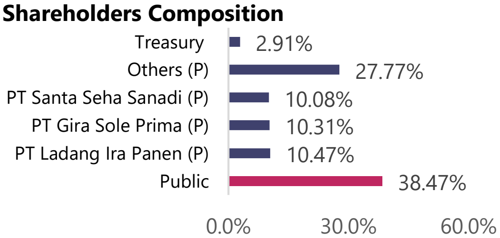
Price (IDR)



Price Performance, YTD (%) Turnover (Bn)



Shareholders Composition



ESG Rating

Environmental	3.95
Social	4.25
Governance	5.29

Margins came under pressure despite solid revenue growth. KLBF reported 1Q26 revenue of IDR 9.7 trillion (+9.4% YoY), driven by stronger festive demand and solid performance across key business segments. However, net profit declined -4.4% YoY to IDR 1.03 trillion as rising raw material, API, and packaging costs outpaced revenue growth, leading to margin compression. Looking ahead, earnings are expected to remain under pressure in 2Q26 following the post-Lebaran normalization and continued input cost inflation.

Growth remained supported by pharmaceuticals and distribution. Growth remained supported by key business segments. Distribution & Logistics remained the largest contributor with IDR 3.5 trillion (+21.1% YoY), driven by new principals including Bayer, while Prescription Pharmaceuticals generated IDR 2.6 trillion (+6.0% YoY) on resilient demand for branded generics and specialty products. Meanwhile, Consumer Health and Nutritionals posted revenue of IDR 1.4 trillion (+3.2% YoY) and IDR 2.2 trillion (+1.6% YoY), respectively. We believe KLBF's diversified portfolio and defensive business model should continue to support long-term growth despite near-term margin pressures.

Management withheld FY26 guidance amid macroeconomic uncertainty. Nevertheless, we maintain our forecasts, as 1Q26 revenue reached 27% of our FY26 estimate, broadly in line with expectations. We believe the recent correction has been overdone, with KLBF trading at 9.77x forward P/E, well below its -2SD valuation of 13.0x,

Key Takeaways:

- **1Q26 earnings were weighed by margin pressure,** with net profit declining 4.4% YoY despite 9.4% YoY revenue growth, as higher raw material and packaging costs compressed margins.
- **Growth remained resilient,** driven by Distribution & Logistics (+21.1% YoY) and Prescription Pharmaceuticals (+6.0% YoY), supported by Bayer partnership and resilient pharmaceutical demand.
- **Management withheld FY26 guidance,** but we maintain our forecasts as 1Q26 revenue reached 27% of our FY26 estimate. We view the recent correction as excessive, with KLBF trading at 9.77x forward P/E, well below its -2SD valuation of 13.0x.

Recommendation "BUY"

We maintain our "BUY" recommendation on KLBF, with the target price revised down to IDR 970 (from IDR 1,070), implying a forward P/E of 15.7x and a PBV of 2.2x. *Downside risks include weakening consumer purchasing power, intense market competition, as well as rising raw material and operating costs amid geopolitical pressures and currency depreciation.*

Financial Highlight

(IDR Bn)	2023A	2024A	2025A	2026F	2027F	2028F
Revenue	30,449	32,628	35,325	38,595	42,509	46,376
Net Profit	2,767	3,241	3,665	3,791	4,151	4,508
EPS (Full IDR)	60	70	79	82	90	98
EBITDA Margin	14%	14%	14%	14%	14%	14%
NPM	9.1%	9.9%	10.4%	9.8%	9.8%	9.7%
ROE	12.0%	13.2%	14.8%	14.2%	14.5%	14.6%
Dividend yield	1.9%	2.7%	3.2%	3.3%	3.6%	3.9%
P/E (x)	26.9x	19.4x	16.2x	15.7x	14.3x	13.2x
P/BV (x)	3.2x	2.6x	2.4x	2.2x	2.1x	1.9x
EV/EBITDA (x)	15.1x	15.1x	13.1x	12.1x	11.4x	10.7x

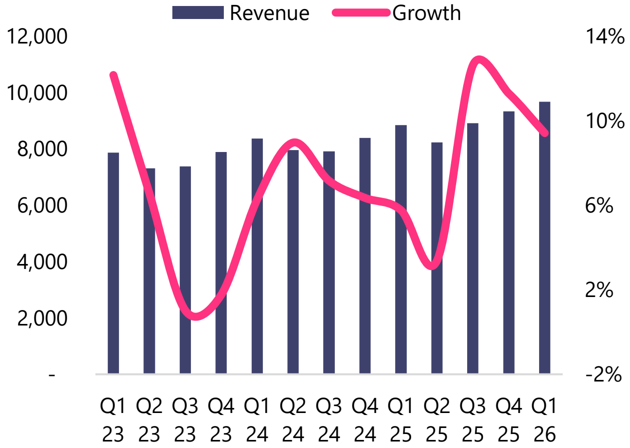
Source: Company and KSI Research

Performance Review

IDR Bn	1Q25	4Q25	1Q26	y/y	q/q
Revenue Segment					
Nutritional Food	2,127	1,999	2,160	1.6%	8.1%
Prescription Drugs	2,481	2,587	2,630	6.0%	1.7%
Consumer Health	1,360	1,232	1,403	3.2%	13.9%
Distribution & Packaging	2,877	3,519	3,485	21.1%	-1.0%
Revenue by Geography					
Local	8,308	8,568	8,979	8.1%	4.8%
Export	538	768	700	30.1%	-8.9%
Revenue	8,845	9,336	9,678	9.4%	3.7%
Gross Profit	3,676	3,498	3,707	0.8%	6.0%
Operating Profit	1,376	1,283	1,318	-4.2%	2.7%
EBITDA	1,577	1,484	1,514	-4.0%	2.0%
Net Income	1,077	1,034	1,029	-4.4%	-0.5%
EPS (Full IDR)	24	23	23	-3.5%	-0.4%
Asset	28,960	29,430	31,985	10.4%	8.7%
Liabilities	4,848	4,839	6,251	28.9%	29.2%
Equity	24,112	24,590	25,735	6.7%	4.7%
GPM %	*42%*	*37%*	*38%*	-3.3%	0.8%
OPM %	*16%*	*14%*	*14%*	-1.9%	-0.1%
Ebitda Margin %	*18%*	*16%*	*16%*	-2.2%	-0.3%
NPM %	*12%*	*11%*	*11%*	-1.5%	-0.4%
ROE %	*17.9%*	*16.8%*	*16.0%*	-1.9%	-0.8%
ROA %	*14.9%*	*14.0%*	*12.9%*	-2.0%	-1.2%

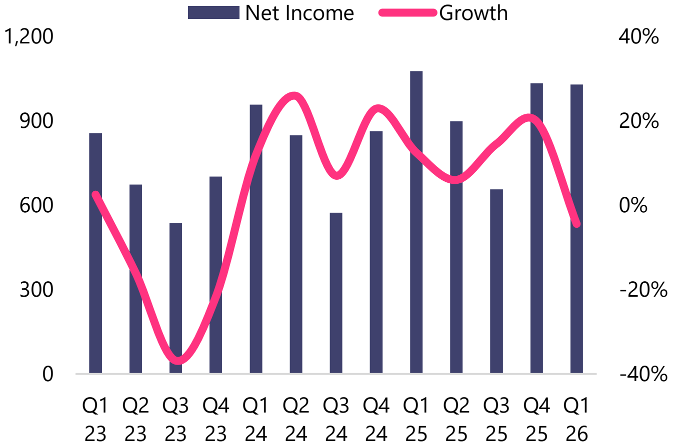
Source: Company & KSI Research

Revenue vs Growth



Source: Company & KSI Research

Net Income vs Growth



Source: Company & KSI Research

Valuation

We assign a "Buy" rating for KLBF. We calculate the fair value of KLBF using Blended Valuation (DCF & PE). We obtained a result that the fair value of KLBF is Rp 970 (rounded). The current fair value implements a P/E ratio of 15.7x and a PBV of 2.2x.

DCF (IDR Bn)	2026F	2027F	2028F	2029F	2030F
EBIT	4,760	5,217	5,660	6,182	6,182
marginal tax rate	23%	23%	23%	23%	23%
EBIT (1-tax)	3,671	4,024	4,366	4,768	4,768
+ D & A	677	651	681	713	713
- Capex	(1,003)	(1,063)	(1,020)	(1,121)	(1,577)
Changes in working capital	(131)	(575)	(675)	(556)	(556)
Free Cash Flow	**3,213**	**3,037**	**3,351**	**3,805**	**3,348**
Terminal Value					**29,445**
Discount Factor	1.00	2.00	3.00	4.00	5.00

Firm Value	48,088	**Key Assumption**	
Cash	4,331		
Interest Bearing Debt	299	**Perpetuity Growth**	**3.0%**
Equity Value	**52,121**	Beta	0.78
Share	46.3	RF	6.58%
Fair Value (IDR)	**1,130**	RP	10.55%
Last Price	IDR 910	Cost of Equity	14.81%
Potential Upside (%)	24.18%	Cost of Debt	6.71%
		WACC	14.71%

Multiple Valuation	Base Amount	Target Multiple	Value	Weight (%)	The Value of the firm
DCF	53,800		53,800	70%	37,660
PE	3,791	19.3	73,165	30%	21,949
			Total Value (Bn)		59,609
			Share (Bn)		46.3
			Fair Value (IDR)		1,289
			Mos		*25%*
			Target Price (IDR)		970
			Current Price		765
			Potential Upside (%)		26.80%

Source: KSI Research

Historical P/E 5Y

Source: KSI Research

Historical PBV 5Y

Source: KSI Research

Financial Exhibits

Year-end (IDR Bn)	2023A	2024A	2025A	2026F	2027F	2028F
Revenue	30,449	32,628	35,325	38,595	42,509	46,376
Costs of revenue	18,626	19,671	21,269	23,287	25,648	27,981
Gross profit	11,823	12,957	14,056	15,308	16,861	18,395
EBITDA	4,178	4,683	5,092	5,437	5,868	6,342
Operating profit	3,640	4,107	4,560	4,760	5,217	5,660
Income before tax	3,606	4,219	4,778	4,937	5,406	5,870
Tax expenses	828	972	1,034	1,129	1,237	1,343
Minority interests	12	6	79	16	18	19
Net income	**2,767**	**3,241**	**3,665**	**3,791**	**4,151**	**4,508**
EPS	**60**	**70**	**79**	**82**	**90**	**98**

Balance Sheet

Year-end (IDR Bn)	2023A	2024A	2025A	2026F	2027F	2028F
Cash and equivalents	3,232	4,723	4,331	3,797	3,960	4,322
Account receivables	4,652	4,865	5,651	5,942	6,561	7,239
Inventories	6,792	6,502	6,985	8,156	9,133	9,704
Fixed assets	8,067	8,373	8,430	8,432	8,567	8,686
Other assets	4,314	4,967	5,302	6,072	7,108	8,306
Total assets	**27,058**	**29,430**	**30,699**	**32,399**	**35,328**	**38,258**
S-T liabilities	300	340	134	308	315	297
Other S-T liabilities	2,943	3,846	5,202	4,649	5,465	6,127
L-T liabilities	321	222	164	281	266	281
Other L-T liabilities	373	432	470	498	559	608
Total liabilities	**3,938**	**4,839**	**5,971**	**5,737**	**6,604**	**7,314**
Equity	**23,120**	**24,590**	**24,729**	**26,662**	**28,724**	**30,944**
BVPS	**500**	**532**	**535**	**577**	**622**	**670**

Cash Flows Statement

Year-end (IDR Bn)	2023A	2024A	2025A	2026F	2027F	2028F
Net Income	2,767	3,241	3,665	3,791	4,151	4,508
Depreciation	538	576	532	677	651	681
Change in working capital	(640)	(110)	(962)	(131)	(575)	(675)
Others	(3,778)	(2,543)	(3,797)	(6,173)	(5,142)	(5,361)
Operating cash flow	**(1,113)**	**1,164**	**(562)**	**(1,836)**	**(915)**	**(847)**
Capital expenditure	(901)	(937)	(736)	(1,003)	(1,063)	(1,020)
Others	292	(165)	787	226	35	(56)
Investing cash flow	**(609)**	**(1,102)**	**51**	**(778)**	**(1,028)**	**(1,076)**
Dividend paid	(1,434)	(1,685)	(1,906)	(1,971)	(2,159)	(2,344)
Net change in debt	9	(100)	(57)	117	(16)	16
Others	2,429	3,214	3,587	3,933	4,281	4,614
Financing cash flow	**1,004**	**1,430**	**1,624**	**2,079**	**2,106**	**2,285**
Change in cash	(717)	1,491	1,113	(535)	163	362
Beginning cash flow	3,950	3,232	4,723	4,331	3,797	3,960
Ending cash flow	3,232	4,723	5,836	3,797	3,960	4,322

Source : Company, KSI Research & Bloomberg

Financial Ratio

Key Ratios	2023A	2024A	2025A	2026F	2027F	2028F
Revenue Growth (%)	5.2%	7.2%	8.3%	9.3%	10.1%	9.1%
Gross Profit Growth (%)	1.0%	9.6%	8.5%	8.9%	10.1%	9.1%
Operating Profit Growth (%)	-14.1%	12.9%	11.0%	4.4%	9.6%	8.5%
EBITDA Growth (%)	-16.2%	12.1%	8.7%	6.8%	7.9%	8.1%
Net Profit Growth (%)	-18.2%	17.1%	13.1%	3.4%	9.5%	8.6%
EPS Growth (%)	-17.1%	17.1%	13.3%	3.4%	9.5%	8.6%
Gross margin (%)	38.8%	39.7%	39.8%	39.7%	39.7%	39.7%
EBIT margin (%)	12.0%	12.6%	12.9%	12.3%	12.3%	12.2%
EBITDA margin (%)	13.7%	14.4%	14.4%	14.1%	13.8%	13.7%
Net margin (%)	9.1%	9.9%	10.4%	9.8%	9.8%	9.7%
ROE (%)	12.0%	13.2%	14.8%	14.2%	14.5%	14.6%
ROA (%)	10.2%	11.0%	11.9%	11.7%	11.8%	11.8%
Current ratio (x)	4.9x	4.1x	3.5x	3.9x	3.7x	3.6x
Quick ratio (x)	3.5x	2.9x	2.4x	2.7x	2.6x	2.5x
Receivable turn over (x)	6.5x	6.7x	6.3x	6.5x	6.5x	6.4x
AR turnover (days)	56	54	58	56	56	57
Inventory turnover (x)	2.7x	3.0x	3.0x	2.9x	2.8x	2.9x
Inventory Days	133	121	120	128	130	127
DER (x)	0.2x	0.2x	0.3x	0.2x	0.2x	0.3x
DAR (x)	0.1x	0.2x	0.2x	0.2x	0.2x	0.2x
Interest Coverage	1.8x	1.9x	2.0x	1.9x	1.9x	1.9x
Earning Yield (%)	3.7%	5.2%	6.2%	6.4%	7.0%	7.6%
Dividend Yield (%)	1.9%	2.7%	3.2%	3.3%	3.6%	3.9%
PE (x)	26.9x	19.4x	16.2x	15.7x	14.3x	13.2x
PBV (x)	3.2x	2.6x	2.4x	2.2x	2.1x	1.9x
P/Sales (x)	2.4x	1.9x	1.7x	1.5x	1.4x	1.3x
EV/Ebitda (x)	15.1x	15.1x	13.1x	12.1x	11.4x	10.7x

Source : Company, KSI Research & Bloomberg

Kiwoom Sekuritas Guide to Sector/Industry/Stock Ratings
Sector/Industry

OVERWEIGHT	: Sector & Industry Outlook has potential and good condition
NEUTRAL	: Sector & Industry Outlook Stable or tend to be stagnant
UNDERWEIGHT	: Sector & Industry Outlook has challenges and bad condition

Stock

BUY	: Stock Performance > +15% Over the next 12 month (excluding dividend)
TRADING BUY	: Stock Performance, range between +5% to +15% Minor to Medium Term
HOLD	: Stock Performance, range between -10% to +15% Over the next 12 month (excluding dividend)
SELL	: Stock Performance > -15% Over the next 12 month (excluding dividend)
TRADING SELL	: Stock Performance, range between -5% to -15% Minor to Medium Term
NOT RATED	: Stock is not within regular research coverage Over the next 12 month (excluding dividend)

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