

Flash Focus

KLBF: In line Indicative FY24 results

Indicative 4Q24 and FY24 results

Indicative 4Q24 net profit was at IDR862bn, rose by +22.8% YoY and +50.3% QoQ, supported by revenue which grew to IDR8.41tn (+6.6% YoY and +6.3% QoQ). Indicative 4Q24 EBITDA stood at IDR1.35tn, growing by +18.5% YoY and +52.4% QoQ, with EBITDA margin expanded by +1.6ppt YoY and +4.9ppt QoQ to 16.1%. These figures brought the indicative FY24 net profit and revenue to IDR3.24tn, growing by +17.1% YoY, and IDR32.65tn, increasing by +7.2% YoY. Meanwhile, EBITDA hiked by +11.6% YoY to IDR3.24tn, with EBITDA margin inched up by +0.6ppt YoY to 15%.

Volume growth and raw material prices supported FY24 results

All segments, except the nutritional segment, reported positive revenue growth in FY24. Management attributed the FY24 revenue growth to a 5% increase in volume, approximately 0.5% from new products, with the remainder driven by ASP. Meanwhile, stable raw material prices in FY24 resulted in gross profit margin expansion by +1ppt YoY to 39.8%. It is worth highlighting that this is the first inflection point since 2016 when gross profit margin stood at 49%.

Expecting 8-10% YoY growth on revenue and EPS in FY25

Management guides revenue and EPS in FY25 to grow by 8-10% YoY, indicating a flattish margin amid stronger USD against the IDR situation. Top line growth is expected to be driven by low-double digit growth in the pharmaceutical segment, 8-10% YoY growth in the consumer health segment, mid-single digit growth in the nutritional segment and 9-12% growth in the distribution segment. Improvement in sales mix, couple with efficiency in SGA expenses and regular ASP increment in selected products are expected to maintain the profitability level at a similar level compared to FY24. All in all, the revenue and net profit guidance are in line with street/our expectation as it accounted for 101%/98% and 101%/100%, respectively.

Renminbi contributions has gone up, but USD exposure remained elevated

Renminbi contributions have increased over the past few years, now accounting for approximately 80% of raw material costs in the pharmaceutical and consumer health divisions. This has reduced USD exposure in total costs, which previously stood at around 90%. Management projects that the gross profit margin will decline by 0.1% for every IDR100 depreciation against the USD. It is worth noting that the 8-10% YoY revenue and net profit growth target is based on an exchange rate of IDR16,100/USD.

Maintain BUY with unchanged TP of IDR1,880

We are maintaining our projections based on in line indicative FY24 results and our confidence that the underlying assumptions remain valid. We maintain the valuation methodology in valuing KLBF, using P/E multiple valuation method with the average five-year mean P/E of 24.75x as the target multiple. That being said, our recommendation is unchanged, BUY with TP of IDR1,880.

The downside risks to our recommendation include higher contribution of the unbranded products in the pharmaceutical segment, prolong intense competition in the nutritional segment, higher than estimated raw material prices, and weaker than expected IDR against the USD. KLBF currently trades at an attractive valuation of 15.9x 25F P/E, a 1.1 S.D. below its five-year mean P/E.

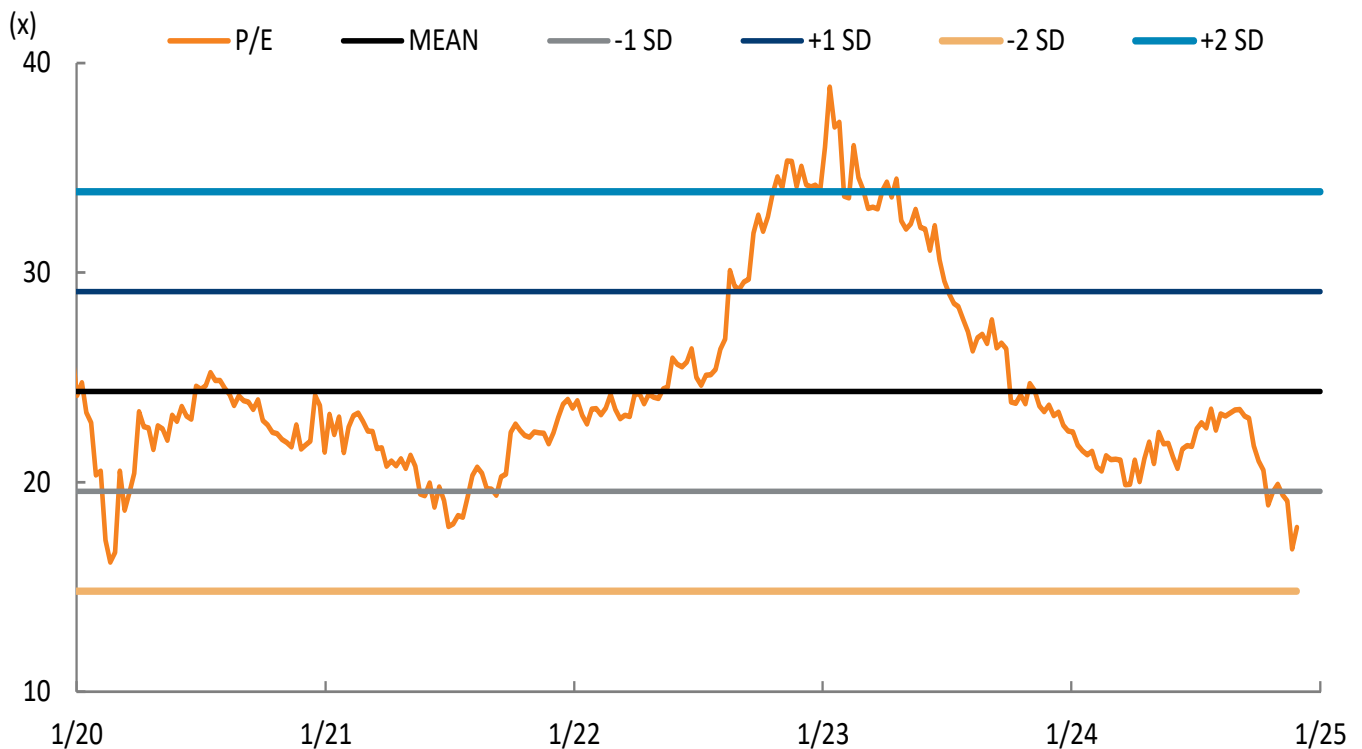
Table 1. KLBF - indicative results FY24

	4Q23	3Q24	4Q24	YoY (%)	QoQ (%)	FY23	FY24	YoY (%)	Mirae Asset		Market	
									2024F	Run rate (%)	2024F	Run rate (%)
Revenue	7,888	7,911	8,410	6.6	6.3	30,449	32,649	7.2	33,103	98.6	32,681	99.9
Gross Profit	2,920	3,052	3,476	19.0	13.9	11,823	12,993	9.9				
Operating Income	979	709	1,143	16.7	61.2	3,694	4,145	12.2				
PATMI	702	573	862	22.8	50.3	2,767	3,240	17.1	3,148	102.9	3,178	102.0
EBITDA	1,140	886	1,351	18.5	52.4	4,379	4,889	11.6				

	4Q23	3Q24	4Q24	YoY (ppt)	QoQ (ppt)	FY23	FY24	YoY (ppt)
GPM	37.0	38.6	41.3	4.3	2.7	38.8	39.8	1.0
OPM	12.4	9.0	13.6	1.2	4.6	12.1	12.7	0.6
NPM	8.9	7.2	10.2	1.3	3.0	9.1	9.9	0.8
EBITDAM	14.4	11.2	16.1	1.6	4.9	14.4	15.0	0.6

Source: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 1. P/E Band KLBF



Source: Company data, Mirae Asset Sekuritas Indonesia Research

Appendix 1

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