

On 11 January 2021, the Indonesian Food and Drug Administration (BPOM) has just issued Emergency Use Authorization (EUA) for Sinovac's vaccine, called Coronovac. The last-stage clinical trial for vaccine performed in Bandung showed an efficacy rate of 65.3%, below Turkey 91.25% and Brazil 78%, though still higher than BPOM and World Health Organization (WHO) minimum efficacy rate of 50% to be qualified for emergency approval.

The emergency approval came after the surge on recent Indonesia's Covid cases in the past week, averaging 9.5 thousand additional cases per day, adding total positive Covid-19 cases to 836 thousand to date with bed occupancy rate has reached 80% in several provinces. In addition, President Joko Widodo is scheduled to receive the first vaccination in the country on 13 Jan 2021. We view this as a positive catalyst for economic recovery that was hit hard in 2020 as Indonesia's ability to reach herd immunity becomes more apparent.

News circulating on media mentioned that KLBF has become one of the vaccine distributor, while we have confirmed with the management that they are still negotiating with the government. Worth to note that KLBF has sufficient infrastructure (cold storage) and distribution channel to store and deliver vaccines across the country. In a week, KLBF's share price has received notable appreciation by 20.8%, along with its peers in pharmacy industry such as IRRA, INAF, and KAEF which has significantly appreciated as well by 74.5%, 37.1%, and 42.9%, respectively.

While the euphoria still goes on, we remain cautious since we believe the impact to company's performance would be minimal. The other question that needs to be asked by investors is whether this growth will continue to sustain in the long-term post vaccination. Furthermore, we need to be aware that the vaccines distribution would provide thin margin since all the movement shall be strictly monitored by the government and President Joko Widodo has declared that the vaccines given to public will be made free of charge. Thus, we expect that this new revenue stream will put small contribution to KLBF's earnings in 2021.

Currently, Kalbe also cooperates with Genexine to develop Covid-19 vaccine. As for now, they are still waiting for the result from second phase trial and expect the vaccines to be ready in 3Q21. We are currently reviewing our target price since the recent share price rally has hit our target price at 1,650. We remain positive for KLBF performance in 2021 due to its high exposure to healthcare industry, wide range of product portfolio, and strong nationwide distribution.

**Elvira Natalia**

Research Associate

+62 21 392 5550 ext. 159

[Elvira.natalia@sinarmassekuritas.co.id](mailto:Elvira.natalia@sinarmassekuritas.co.id)



## DISCLAIMER

This report has been prepared by PT Sinarmas Sekuritas, an affiliate of Sinarmas Group.

This material is: (i) created based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such; (ii) for your private information, and we are not soliciting any action based upon it; (iii) not to be construed as an offer to sell or a solicitation of an offer to buy any security.

Opinions expressed are current opinions as of original publication date appearing on this material and the information, including the opinions contained herein, is subjected to change without notice. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. The analyst (s) responsible for the preparation of this publication may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, integrating and interpreting market information. Research will initiate, update and cease coverage solely at the discretion of Sinarmas Research department. If and as applicable, Sinarmas Sekuritas' investment banking relationships, investment banking and non-investment banking compensation and securities ownership, if any, are specified in disclaimers and related disclosures in this report. In addition, other members of Sinarmas Group may from time to time perform investment banking or other services (including acting as advisor, manager or lender) for, or solicit investment banking or other business from companies under our research coverage. Further, the Sinarmas Group, and/or its officers, directors and employees, including persons, without limitation, involved in the preparation or issuance of this material may, to the extent permitted by law and/or regulation, have long or short positions in, and buy or sell, the securities (including ownership by Sinarmas Group), or derivatives (including options) thereof, of companies under our coverage, or related securities or derivatives. In addition, the Sinarmas Group, including Sinarmas Sekuritas, may act as market maker and principal, willing to buy and sell certain of the securities of companies under our coverage. Further, the Sinarmas Group may buy and sell certain of the securities of companies under our coverage, as agent for its clients.

Investors should consider this report as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. Recipients should not regard this report as substitute for exercise of their own judgment. Past performance is not necessarily a guide to future performance. The value of any investments may go down as well as up and you may not get back the full amount invested.

Sinarmas Sekuritas specifically prohibits the redistribution of this material in whole or in part without the written permission of Sinarmas Sekuritas and Sinarmas Sekuritas accepts no liability whatsoever for the actions of third parties in this respect. If publication has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this publication, which may arise as a result of electronic transmission. If verification is required, please request a hard-copy version.

### **Additional information is available upon request.**

Images may depict objects or elements which are protected by third party copyright, trademarks and other intellectual properties.

**©Sinarmas Sekuritas(2020). All rights reserved.**