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Surabaya, 19 December 2019

Dear Ms/Mr. S.L. Swandono, K. Raesita & P.A. Mahadwartha

Congratulations! Your paper entitled **"Kalbe Farma and weakening Rupiah"** has been accepted for presentation in our International Annual Symposium Management (INSYMA) UBAYA on 19-21 February 2020 at Vung Tao City, Vietnam. All submitted papers for this conference have been reviewed by several experts in the field.

If there is anything we can do to assist you in your preparations for this conference, please do not hesitate to contact us.

We look forward to seeing you at the conference.

Sincerely,
Adi Prasetyo Tedjakusuma, B.Bus., M.Com
Chairman of the 17th INSYMA

Faculty of
Business & Economics
Jl. Raya Kalirungkut, Surabaya - 60293
Ph : 031 298 1000
031 298 1130
Fax : 031 298 1131
Email : ekonomi@ubaya.ac.id

HALAMAN PENGESAHAN

JURNAL

KALBE FARMA AND WEAKENING RUPIAH

SHIELA LIVIANI
NRP: 134117021

Pembimbing

Dr. Putu Anom Mahadwartha, S.E., M.M.

Kalbe Farma and weakening Rupiah

S.L. Swandono, K. Raesita & P.A. Mahadwartha
Universitas Surabaya, Surabaya, Indonesia

ABSTRACT: This case study aims to analyze the strategies used by PT Kalbe Farma, Tbk, a pharmacy company listed in Indonesia Stock Exchange, regarding to weakening condition of Rupiah. Pharmacy companies rely hardly on the usage of imported raw materials and the weakening condition of Rupiah would negatively affect their net profit. The strategies used by PT Kalbe Farma, Tbk successfully increasing the net profit in the year 2018 by 4.5%.

1 INTRODUCTION

Exchange rate is one of the biggest economic issues because fluctuation of exchange rate could harm any businesses, which use different currencies in their daily operation. In 2018, Federal Reserve continued to raise its US benchmark interest rate, in line with increasing inflation. Rupiah faced considerable pressure with the rising of US interest rate, touching above Rp 14,500 per US Dollar. Correspondingly, Bank Indonesia's benchmark interest rate was hiked several times, up by 175 basis points to 6.0% in 2018. As a result, Indonesia closed the year with a moderate 5.17% growth, slightly higher than the GDP growth in 2017 (5.07%).

The weakening condition of Rupiah above 14,500 per US Dollar is being judged as the failure of economic policy by domestic manufacturers, which rely hardly on the use of imported raw materials. The continual increase in production cost in a short time could indirectly decrease the product demand and hence affecting the net profit.

One of the industries, which really affected by the weakening condition of Rupiah, is pharmacy industry because 90-95% of the raw materials are imported from some countries, such as China, India, Japan, and some European countries, using US Dollar as the currency.

PT Kalbe Farma, Tbk is one of the pharmacy manufacturers, which affected by the weakening condition of Rupiah. This paper aims to analyze the strategies used by PT Kalbe Farma, Tbk in order to overcome the situation.

1.1 *PT Kalbe Farma, Tbk.*

PT Kalbe Farma, Tbk started back in 1966, guided by "Panca Sradha", the company's living values, PT Kalbe Farma, Tbk has since grown and developed to become one of Indonesia's most respected business institution and went public in 1991, listed in Indonesia Stock Exchange. Through organic growth and mergers & acquisitions, PT Kalbe Farma, Tbk expands its business interests and transforms to become provider of an integrated healthcare solution through its four business divisions: the prescription pharmaceuticals, consumer health, nutritionals, and distribution & logistics divisions. All of these business divisions manage a comprehensive portfolio of prescription pharmaceuticals and OTC drugs, nutritionals, and medical devices, serving over one million outlets across Indonesia. In the international