

Medikaloka Hermina

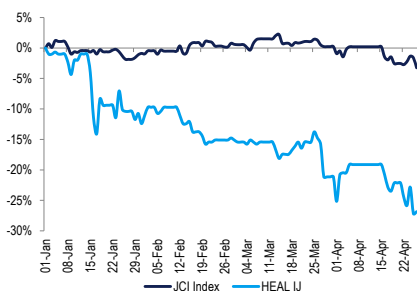
BUY (unchanged)

Company Update | Healthcare | HEAL IJ | 28 April 2024
Stock Data

| | |
|---------------------------|---------|
| Target price | Rp1,900 |
| Prior TP | Rp1,900 |
| Current price | Rp1,090 |
| Upside/downside | 22% |
| Shares outstanding (mn) | 15,262 |
| Market cap (Rp bn) | 17,933 |
| Free float | 28% |
| Avg. 6m daily T/O (Rp bn) | 12 |

Price Performance

| | 3M | 6M | 12M |
|-------------------|---------------|--------|--------|
| Absolute | -18.7% | -28.1% | -23.2% |
| vs. JCI | -16.7% | -32.8% | -24.5% |
| 52w low/high (Rp) | 1,085 – 1,530 | | |


Major Shareholders

| | |
|-----------------------------|-------|
| Yulisar Khiat | 12.1% |
| PT Astra International | 7.3% |
| Binsar Parasian Simorangkir | 5.9% |
| Lydia Immanuel | 5.6% |
| Meijani Wibowo | 2.2% |

Andrianto Saputra

PT Indo Premier Sekuritas
andrianto.saputra@ipc.co.id
+62 21 5088 7168 ext. 712

Lukito Supriadi

PT Indo Premier Sekuritas
lukito.supriadi@ipc.co.id
+62 21 5088 7168 ext. 716

Stellar 1Q24 EBITDA on the back of robust top-line growth

- 1Q24 EBITDA of Rp499bn (+47.9% yoy/+14.9% qoq), came above our/consensus estimate at 32/31%; revenue/NP also came as a beat.
- Robust 1Q24 EBITDA margin was driven by strong topline growth and lower drugs cost/sales ratio.
- We maintain BUY rating with TP of Rp1,900/sh.

1Q24 net profit came above ours/consensus FY24F estimates

HEAL delivered strong 1Q24 net profit of Rp191bn (+75.3% yoy/+115.7% qoq) and this was above ours/consensus estimate at 32/31% (vs. 5yr avg exclude Covid period of 26%). 1Q24 EBITDA recovered to Rp499bn (+47.9% yoy/+14.9% qoq) with EBITDA margin of 29.2% (vs. 25/28% in 1Q23/4Q23), also above ours/consensus estimate at 28%. 1Q24 net sales grew significantly by 26% yoy to Rp1.7tr (+9.8% qoq), also above. To note, 1Q24 top-line growth was driven by inpatient revenue growth (+32.8% yoy/+13.1% qoq). Overall, 1Q24 achievement was above company guidance of top-line growth of 15% yoy and EBITDA margin of c.28.7% in FY24F.

1Q24 margin improvement was driven by operating leverage

1Q24 inpatient revenue as % of revenue rose to 60.7% (+305bps yoy/+181bps qoq) which the company mentioned that inpatient traffic was partly driven by dengue hemorrhagic fever (DBD) as we have discussed previously ([link](#)). 1Q24 GPM improved to 39.2% (+177bps yoy/+518bps qoq) was driven by lower drugs cost as % of sales (-190bps yoy/-66bps qoq) and depreciation as % of sales (-68bps yoy/-304bps qoq). With 26.2% top-line growth, opex to sales improved significantly to 19.8% (-364bps yoy/-369bps qoq). 1Q24 minorities interest as % of NPAT normalized to 21.7% (vs. 20.4/24.9% in 1Q23/4Q23) and this should alleviate investors' recent concern on a higher minorities interest as % of NPAT in 4Q23.

Maintain BUY with TP of Rp1,900/sh

We are reviewing our forecast as we await details from the earnings call. For now, we maintain our BUY rating on HEAL with unchanged TP of Rp1,900/sh, based on 16.5x FY24F EV/EBITDA (+1s.d. from its 5yr avg). Key risks are lower than expected traffic and revenue intensity.

| Financial Summary (Rp bn) | 2022A | 2023A | 2024F | 2025F | 2026F |
|---------------------------|--------|-------|-------|-------|-------|
| Revenue | 4,902 | 5,784 | 6,442 | 7,149 | 7,824 |
| EBITDA | 1,138 | 1,600 | 1,782 | 2,067 | 2,280 |
| EBITDA growth | -48.4% | 40.5% | 11.4% | 15.9% | 10.3% |
| Net profit | 299 | 437 | 597 | 719 | 802 |
| Net profit growth | -70.0% | 46.5% | 22.5% | 20.5% | 11.5% |
| ROE | 8.8% | 12.0% | 14.8% | 16.0% | 15.9% |
| ROIC | 7.8% | 10.1% | 13.9% | 15.5% | 16.3% |
| P/E (x) | 54.6 | 37.3 | 27.3 | 22.7 | 20.3 |
| EV/EBITDA (x) | 16.2 | 12.1 | 10.6 | 9.1 | 8.1 |
| Dividend yield | 0.5% | 0.6% | 1.0% | 1.2% | 1.4% |
| Forecast change | | | 0% | 0% | 0% |
| IPS vs. consensus | | | 96% | 96% | 79% |

Sources: Company, Indo Premier

Share price closing as of: 26 April 2024

Fig. 1: HEAL's 1Q24 results

| (Rp bn) | 1Q24 | 1Q23 | % YoY | 4Q23 | % QoQ | IPS FY24F | % IPS | Cons. FY24F | % Cons | 5yr avg exclude covid period |
|--|--------------|--------------|--------------|--------------|---------------|--------------|------------|----------------|------------|---------------------------------------|
| Net sales | 1,706 | 1,353 | 26.2% | 1,554 | 9.8% | 6,442 | 26% | 6,537 | 26% | 24% |
| COGS | 1,038 | 846 | 22.6% | 1,026 | 1.2% | | | | | |
| Gross profit | 669 | 506 | 32.1% | 529 | 26.5% | | | | | |
| Operating expenses | (338) | (317) | 6.5% | (365) | -7.5% | | | | | |
| EBIT | 331 | 189 | 75.0% | 164 | 102.2% | 1,093 | 30% | 1,006 | 33% | 26% |
| D&A (included other non-current asset) | 168 | 159 | 5.5% | 229 | -26.6% | | | | | |
| EBITDA | 499 | 338 | 47.9% | 435 | 14.9% | 1,782 | 28% | 1,800 | 28% | 24% |
| Net interest income/(expenses) | (28) | (24) | 16.9% | (28) | -0.9% | | | | | |
| Others | 2 | 8 | -74.7% | 15 | -85.8% | | | | | |
| PBT | 305 | 173 | 75.9% | 150 | 103.2% | | | | | |
| Tax | (61) | (37) | 67.0% | (32) | 88.9% | | | | | |
| Minorities | 53 | 28 | 89.5% | 29 | 80.9% | | | | | |
| Net profit | 191 | 109 | 75.3% | 89 | 115.7% | 597 | 32% | 611 | 31% | 26% |
| Margin (%) | | | | | | | | | | |
| Gross margin | 39.2% | 37.4% | | 34.0% | | | | | | |
| EBIT margin | 19.4% | 14.0% | | 10.5% | | | | | | |
| EBITDA margin | 29.3% | 25.0% | | 28.0% | | | | | | |
| Net margin | 11.2% | 8.1% | | 5.7% | | | | | | |
| Minorities % of NPAT | -21.7% | -20.4% | | -24.9% | | | | | | |
| Opex to sales | -19.8% | -23.4% | | -23.5% | | | | | | |

Sources: Company, Bloomberg, Indo Premier

Fig. 2: HEAL is traded at 10.3x fwd. 12M EV/EBITDA (-0.4 s.d. from its 5-year mean)



Sources: Bloomberg, Indo Premier

| Income Statement (Rp bn) | 2022A | 2023A | 2024F | 2025F | 2026F |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Net revenue | 4,902 | 5,784 | 6,442 | 7,149 | 7,824 |
| Cost of sales | (3,193) | (3,709) | (4,032) | (4,437) | (4,874) |
| Gross profit | 1,708 | 2,075 | 2,410 | 2,712 | 2,949 |
| SG&A Expenses | (1,192) | (1,294) | (1,317) | (1,421) | (1,534) |
| Operating profit | 516 | 781 | 1,093 | 1,291 | 1,415 |
| Net interest | (107) | (108) | (78) | (77) | (73) |
| Others | 71 | 37 | 0 | 0 | 0 |
| Pre-tax income | 480 | 710 | 1,016 | 1,214 | 1,343 |
| Income tax | (101) | (151) | (214) | (256) | (283) |
| Net income | 299 | 437 | 597 | 719 | 802 |

| Balance Sheet (Rp bn) | 2022A | 2023A | 2024F | 2025F | 2026F |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Cash & equivalent | 775 | 855 | 250 | 414 | 670 |
| Receivable | 863 | 934 | 1,021 | 1,133 | 1,240 |
| Inventory | 100 | 117 | 117 | 131 | 145 |
| Other current assets | 52 | 43 | 52 | 52 | 52 |
| Total current assets | 1,790 | 1,950 | 1,441 | 1,731 | 2,106 |
| Fixed assets | 5,110 | 5,874 | 6,021 | 6,344 | 6,580 |
| Goodwill | 88 | 108 | 296 | 296 | 296 |
| Total non-current assets | 5,198 | 5,982 | 6,317 | 6,641 | 6,876 |
| Total assets | 6,988 | 7,932 | 7,758 | 8,371 | 8,983 |
| ST loans | 0 | 48 | 0 | 0 | 0 |
| Payable | 815 | 924 | 1,141 | 1,245 | 1,364 |
| Other payables | 573 | 207 | 0 | 58 | 0 |
| Current portion of LT loans | 322 | 374 | 322 | 322 | 322 |
| Total current liab. | 1,710 | 1,553 | 1,463 | 1,625 | 1,687 |
| Long term loans | 1,161 | 2,001 | 1,161 | 1,103 | 1,103 |
| Other LT liab. | 35 | 51 | 35 | 35 | 35 |
| Total liabilities | 2,906 | 3,604 | 2,659 | 2,763 | 2,825 |
| Equity | 1,332 | 1,417 | 1,332 | 1,332 | 1,332 |
| Retained earnings | 2,109 | 2,452 | 2,917 | 3,427 | 3,976 |
| Minority interest | 1,245 | 1,329 | 1,245 | 1,245 | 1,245 |
| Total SHE + minority int. | 4,685 | 5,198 | 5,494 | 6,003 | 6,553 |
| Total liabilities & equity | 7,591 | 8,803 | 8,153 | 8,767 | 9,378 |

Sources: Company, Indo Premier

| Cash Flow Statement (Rp bn) | 2022A | 2023A | 2024F | 2025F | 2026F |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| EBIT | 516 | 781 | 1,093 | 1,291 | 1,415 |
| Depr. & amortization | 622 | 734 | 688 | 776 | 864 |
| Changes in working capital | 117 | 21 | (17) | (22) | (1) |
| Others | (496) | (339) | (497) | (572) | (614) |
| Cash flow from operating | 760 | 1,196 | 1,269 | 1,473 | 1,666 |
| Capital expenditure | (1,239) | (1,506) | (1,100) | (1,100) | (1,100) |
| Others | 3 | 39 | 0 | 0 | 0 |
| Cash flow from investing | (1,236) | (1,467) | (1,100) | (1,100) | (1,100) |
| Loans | 71 | 522 | (426) | 0 | (58) |
| Equity | 16 | 185 | 0 | 0 | 0 |
| Dividends | (76) | (94) | (171) | (209) | (252) |
| Others | 0 | 0 | 0 | 0 | 0 |
| Cash flow from financing | 11 | 613 | (596) | (209) | (310) |
| Changes in cash | (466) | 343 | (428) | 164 | 255 |

| Key Ratios | 2022A | 2023A | 2024F | 2025F | 2026F |
|-----------------------------|-------|-------|-------|-------|-------|
| Gross margin | 34.9% | 35.9% | 37.4% | 37.9% | 37.7% |
| Operating margin | 10.5% | 13.5% | 17.0% | 18.1% | 18.1% |
| Pre-tax margin | 9.8% | 12.3% | 15.8% | 17.0% | 17.2% |
| Net margin | 6.1% | 7.6% | 9.3% | 10.1% | 10.3% |
| ROA | 3.9% | 5.3% | 7.3% | 8.5% | 8.8% |
| ROE | 8.8% | 12.0% | 14.8% | 16.0% | 15.9% |
| Acct. receivables TO (days) | 70.8 | 56.7 | 57.8 | 57.8 | 57.8 |
| Inventory TO (days) | 11.1 | 10.7 | 10.6 | 10.8 | 10.8 |
| Payable TO (days) | 96.2 | 85.5 | 103.3 | 102.4 | 102.1 |
| Debt to equity | 50.4% | 58.3% | 27.3% | 24.4% | 20.8% |
| Interest coverage ratio (x) | -3.7 | -5.6 | -12.4 | -14.8 | -16.8 |
| Net gearing | 27.9% | 36.2% | 21.4% | 15.7% | 8.2% |

Sources: Company, Indo Premier

INVESTMENT RATINGS

| | |
|------|---|
| BUY | : Expected total return of 10% or more within a 12-month period |
| HOLD | : Expected total return between -10% and 10% within a 12-month period |
| SELL | : Expected total return of -10% or worse within a 12-month period |

ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document do not have any regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT Indo Premier Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.