

Mitra Keluarga Karyasehat

BUY (unchanged)

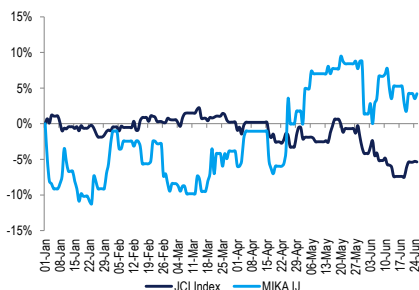
Company Update | Healthcare | MIKA IJ | 25 June 2024

Stock Data

Target price	Rp3,450
Prior TP	Rp3,100
Current price	Rp2,970
Upside/downside	+16.1%
Shares outstanding (mn)	14,246
Market cap (Rp bn)	43,312
Free float	34%
Avg. 6m daily T/O (Rp bn)	42

Price Performance

	3M	6M	12M
Absolute	10.8%	6.1%	10.4%
Relative to JCI	17.5%	11.0%	7.1%
52w low/high (Rp)	2,530 – 3,120		



Major Shareholders

PT Griyanisani Cakrasadaya	62%
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Robust inpatient traffic growth outlook underpins our earnings upgrade

- 2Q24F indicative inpatient traffic shall grow by double digit yoy with stable qoq segmental margin outlooks.
- We expect double digit inpatient traffic yoy growth for FY24F due to drastic changes in the weather during the current La-Nina cycle.
- Maintain BUY rating with a higher TP of Rp3,450/sh from FY24/25F EBITDA upgrade of +3/4%.

2Q24F inpatient traffic is expected to remain strong

Based on our discussion with the company, 2Q24F inpatient traffic is slightly better compared with historical seasonality; at the range of -5% to flat qoq growth or high single digit to double digit yoy growth for 2Q24F (vs. past 3Y pre-Covid at -7% qoq) (Fig. 2). This was driven by private patients, similar to 1Q24's trend. Hence, we expect GPM is likely to improve in yoy terms as 2Q23's was still driven by stronger JKN revenue contribution at 17.8% (vs. 15.7% in 1Q24).

Viral and bacterial cases drive in-patient traffic in 4M24

In terms of cases, MIKA 2Q24F's trend was similar to 1Q24's (dengue along with viral and bacterial cases) which is caused by the drastic changes in the weather during the current La-Nina cycle. Interestingly, viral and bacterial cases became number one inpatient cases in 4M24 within JKN cases (vs. 4th in FY23). This trend was in-line with the global trend post-Covid global surge in illness is viral and bacterial cases. With the current trend, we expect double digit inpatient traffic growth to be sustained in FY24F.

Revised up our FY24/25F EBITDA by +3/4%

We believe MIKA is likely to over deliver its FY24F revenue growth guidance of +12.5-15.0% (consensus at +14.1% yoy) in the area of in-patient traffic growth. It is worth highlighting that MIKA has increased the blended ASP (drugs and private services) by c.6% in early FY24F while 1Q24's inpatient traffic grew by 15.6% yoy. Thus, we revised up our FY24/25F revenue by +2.3/+5.4%, implying FY24/25F revenue growth of 17.0/+14.9% which also translated to a higher EBITDA of +3.0/+4.0% in FY24/25F.

Maintain BUY with a higher TP of Rp3,450/sh

We maintain our BUY rating with a higher TP of Rp3,450/sh based on 25.7x FY24F EV/EBITDA (+1sd from its 5yr mean) as we believe MIKA' EV/EBITDA multiple may rerate on the back of ROIC improvement (Fig. 4). Risk is soft revenue growth on private sector (out-of-pocket).

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net Revenue	4,049	4,264	4,990	5,736	6,311
EBITDA	1,518	1,501	1,834	2,148	2,391
EBITDA growth	-14.0%	-1.1%	22.2%	17.1%	11.3%
Net profit	1,008	916	1,154	1,357	1,508
EPS (Rp)	71	64	81	95	106
EPS growth	-18.0%	-9.1%	26.0%	17.6%	11.2%
ROE	18.8%	16.3%	18.7%	19.7%	19.6%
ROIC	27.5%	21.0%	24.7%	27.4%	28.7%
EV/EBITDA (x)	26.6	27.0	21.8	18.5	16.4
Dividend yield	1.2%	1.2%	1.1%	1.4%	1.6%
Forecast change			7%	8%	4%
IPS vs. consensus			101%	106%	101%

Source: Company, Indo Premier

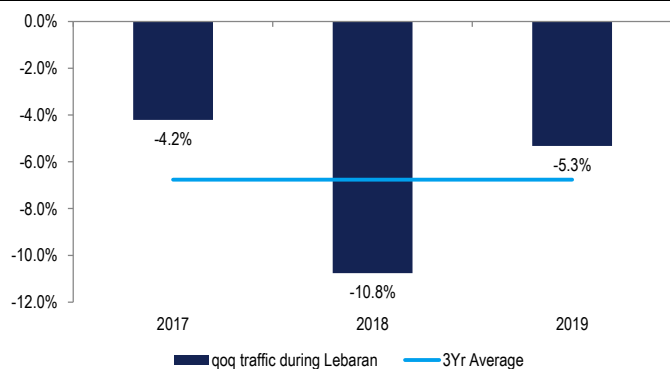
Share price closing as of: 25 June 2024

Fig. 1: MIKA earnings changes

	Previous			Current			Changes		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Financial Perform. (Rp bn)									
Netsales	4,859	5,444	6,062	4,990	5,736	6,311	2.7%	5.4%	4.1%
Gross profit	2,476	2,815	3,162	2,630	3,043	3,356	6.2%	8.1%	6.1%
EBIT	1,493	1,746	2,010	1,546	1,828	2,040	3.6%	4.7%	1.5%
EBITDA	1,781	2,065	2,361	1,834	2,148	2,391	3.0%	4.0%	1.3%
Net profit	1,079	1,262	1,454	1,154	1,357	1,508	7.0%	7.5%	3.7%
EPS (Rp)	76	89	102	81	95	106	7.0%	7.5%	3.7%
Profitability (%)									
GPM	51.0%	51.7%	52.2%	52.7%	53.0%	53.2%	1.8%	1.3%	1.0%
EBIT margin	30.7%	32.1%	33.2%	31.0%	31.9%	32.3%	0.3%	-0.2%	-0.8%
EBITDA margin	36.6%	37.9%	38.9%	36.8%	37.5%	37.9%	0.1%	-0.5%	-1.1%
Net profit margin	22.2%	23.2%	24.0%	23.1%	23.7%	23.9%	0.9%	0.5%	-0.1%

Source: Company, Indo Premier

Fig. 2: MIKA's inpatient traffic qoq growth during pre-Covid Lebaran quarter



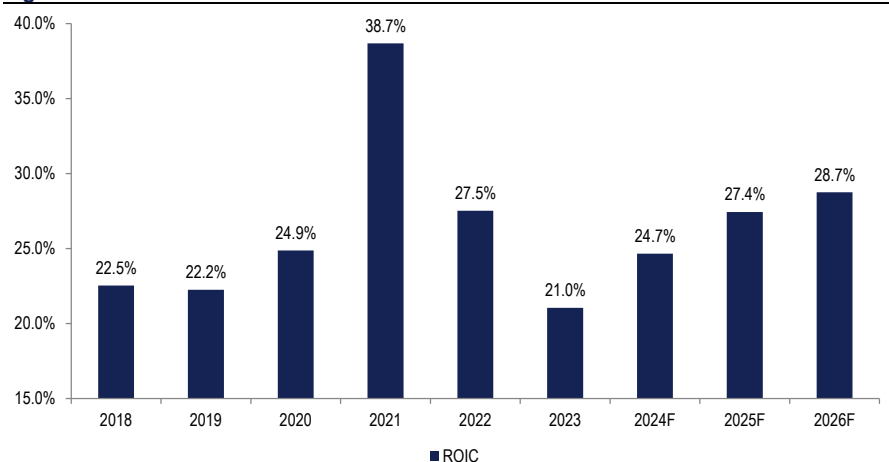
Source: Company, Indo Premier

Fig. 3: JKN' top 5 inpatient cases in FY23 and 4M24

Top cases	FY23	4M24
1st	Light Caesarean Section Operation	Viral and Bacterial Infactions
2nd	Abdominal Pain & Other Mild Gastroenteritis	Light Caesarean Section Operation
3rd	Simple Pneumonia & Mild Whooping Cough	Abdominal Pain & Other Mild Gastroenteritis
4th	Viral and Bacterial Infactions	Simple Pneumonia & Mild Whooping Cough
5th	Mild Viral and Non-Bacterial Infections	Mild Viral and Non-Bacterial Infections

Source: BPJS, Indo Premier

Fig. 4: MIKA's ROIC trend



Source: Company, Indo Premier

Fig. 5: MIKA is traded at 20.6x fwd. 12M EV/EBITDA (-0.7s.d. from its 5yr avg)



Source: Bloomberg, Company, Indo Premier

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net revenue	4,049	4,264	4,990	5,736	6,311
Cost of sales	(1,972)	(2,136)	(2,360)	(2,693)	(2,955)
Gross profit	2,077	2,128	2,630	3,043	3,356
SG&A Expenses	(793)	(952)	(1,115)	(1,245)	(1,347)
Operating profit	1,284	1,176	1,515	1,797	2,009
Net interest	46	57	63	63	63
Forex gain (loss)	0	0	0	0	0
Others	0	0	0	0	0
Pre-tax income	1,330	1,233	1,578	1,861	2,072
Income tax	(292)	(267)	(354)	(416)	(463)
Net income	1,008	916	1,154	1,357	1,508

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	696	843	1,292	1,680	2,203
Receivable	430	690	608	695	711
Inventory	63	82	72	84	93
Other current assets	145	162	162	162	162
Total current assets	1,333	1,777	2,134	2,622	3,169
Fixed assets	3,430	3,810	4,161	4,480	4,768
Other non-current assets	658	560	560	560	560
Total non-current assets	4,088	4,370	4,720	5,040	5,328
Total assets	5,421	6,146	6,855	7,661	8,496
ST loans	0	0	0	0	0
Payable	173	196	218	257	276
Other payables	0	0	0	0	0
Current portion of LT loans	480	360	360	360	360
Total current liab.	653	556	578	617	636
Long term loans	0	0	0	0	0
Other LT liab.	134	185	185	185	185
Total liabilities	786	741	763	802	821
Equity	748	814	814	814	814
Retained earnings	4,676	5,009	5,695	6,463	7,279
Minority interest	708	777	777	777	777
Total SHE + minority int.	6,132	6,600	7,286	8,054	8,870
Total liabilities & equity	6,918	7,341	8,049	8,856	9,691

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Profit before tax	1,341	1,207	1,546	1,828	2,040
Depr. & amortization	218	258	288	320	351
Changes in working capital	(199)	(256)	114	(60)	(6)
Others	(198)	(445)	(392)	(471)	(531)
Cash flow from operating	1,161	764	1,556	1,617	1,854
Capital expenditure	(952)	(639)	(639)	(639)	(639)
Others	(81)	292	0	0	0
Cash flow from investing	(1,033)	(347)	(639)	(639)	(639)
Loans	(0)	0	0	0	0
Equity	(353)	186	0	0	0
Dividends	(488)	(583)	(468)	(589)	(693)
Others	0	0	0	0	0
Cash flow from financing	(841)	(397)	(468)	(589)	(693)
Changes in cash	(713)	20	449	388	522

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	51.3%	49.9%	52.7%	53.0%	53.2%
Operating margin	33.1%	28.3%	31.0%	31.9%	32.3%
Pre-tax margin	34.2%	29.6%	32.2%	33.0%	33.3%
Net margin	24.9%	21.5%	23.1%	23.7%	23.9%
ROA	14.6%	12.8%	15.0%	16.1%	16.3%
ROE	18.8%	16.3%	18.7%	19.7%	19.6%
Acct. receivables TO (days)	31.0	47.9	44.5	44.2	41.1
Inventory TO (days)	12.0	12.3	11.1	11.4	11.5
Payable TO (days)	35.0	31.5	33.7	34.8	34.1
Debt to equity	0.0%	0.0%	0.0%	0.0%	0.0%
Interest coverage ratio (x)	-104.1	-77.9	-99.7	-118.0	-131.6
Net gearing	-12.8%	-14.5%	-19.8%	-23.1%	-27.2%

Source: 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

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