

## Medikaloka Hermina

BUY (unchanged)

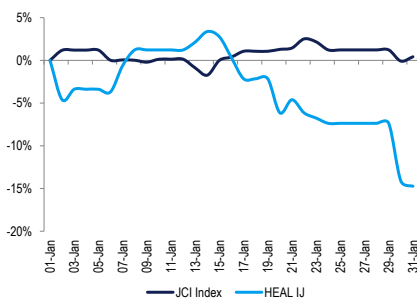
Company Update / Healthcare / HEAL IJ / 31 January 2025

## Stock Data

Target price	Rp2,050
Prior TP	Rp1,950
Current price	Rp1,390
Upside/downside	47%
Shares outstanding (mn)	15,366
Market cap (Rp bn)	21,359
Free float	28%
Avg. 6m daily T/O (Rp bn)	29

## Price Performance

	3M	6M	12M
Absolute	-7,3%	5,7%	4,9%
vs. JCI	-1,2%	8,7%	6,2%
52w low/high (Rp)	1,085 – 1,685		



## Major Shareholders

Yulisar Khiat	12.9%
PT Astra International	7.3%
Binsar Parasian Simorangkir	5.7%
Lydia Immanuel	5.6%
Soepardiman	4.9%

## Andrianto Saputra

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

## Nicholas Bryan

PT Indo Premier Sekuritas  
nicholas.bryan@ipc.co.id  
+62 21 5088 7168 ext. 722

## 4Q24F: earnings miss from one-off provision but brighter outlook in FY25

- We expect HEAL's FY24F earnings to reach Rp532bn or below consensus estimate. Meanwhile, FY24F EBITDA to be in-line.
- JKN to reach cumulative deficit by the end of FY25F, but we view JKN premium changes in middle of this year shall address JKN's deficit.
- Maintain our BUY call with a higher TP of Rp2,050/sh as we adjust our FY25F EBITDA by 4%.

## 4Q24F preview: miss in earnings due to provision but in-line EBITDA

Based on our channel check, JKN traffic will drive 4Q24F traffic to grow by mid-single digit yoy. Assuming a flat qoq revenue intensity growth, FY24F revenue to grow by 15% yoy and this will be in-line with consensus estimate. We expect opex to be similar like 3Q24's; thus, we project FY24F EBITDA to reach Rp1.8tr and in-line with consensus. However, based on our discussion with company, there will potentially be a sizable provision on JKN receivables in 4Q24 due to late payment from JKN. As such, we expect 4Q24 allowance (non-cash items) will be at c.-Rp60bn which can be reversed upon payment. In sum, we project HEAL's 4Q24 NP to reach Rp64bn (-28% yoy), implying FY24F earnings of Rp532bn (below at 90% of consensus - Fig. 1).

## Concern on JKN is still manageable

HEAL's share price corrected by -14.7% in the past month amid concerns on JKN default (link to [news](#)). To note, JKN still recorded cumulative surplus in 9M24 (Fig. 3) but National Social Security Board (DJSN) forecasts that JKN to reach cumulative deficit by the end of FY25F if the government doesn't increase the JKN premium. However, based on PP 59/2024, government plans to change JKN premium by at least 30<sup>th</sup> of Jun25 which shall address the deficit. Concurrently, HEAL's JKN receivable days remained healthy at 52 days in 9M24 (vs. FY19's 133 days during JKN cumulative deficit) – Fig. 4. Thus, we view the risk on late payment from JKN remains manageable.

## We revised up HEAL FY25F revenue growth by 3% to 15.6% yoy

We view downtrading may persist in FY25F due to soft macro backdrop. To note, Indonesia hospital's JKN revenue grew significantly by 22.8% yoy (vs. private's 12.0% - Fig. 5) amid rising cost of living (rice price: +16.7% yoy). In addition, HEAL plans to add 900 new beds capacity in FY25F, represents 12.1% of FY24F total operational beds. In sum, we revised up our HEAL's FY25F revenue by 3% to +15.6% yoy.

## Maintain BUY with a higher TP of Rp2,050/sh

We adjust our FY25F EBITDA by +4%, resulting in higher TP of Rp2,050/sh based on 14.6x FY25F EV/EBITDA (+0.5s.d. from its 5yr mean). Key risks are lower than expected traffic and late payment from JKN.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Revenue	4,902	5,784	6,661	7,701	8,576
EBITDA	1,138	1,600	1,826	2,282	2,540
Net profit	299	437	532	755	839
Net profit growth	-70.0%	46.5%	21.6%	41.9%	11.2%
ROIC	7.8%	10.1%	10.7%	12.7%	12.7%
P/E (x)	69.7	47.6	39.1	27.6	24.8
EV/EBITDA (x)	19.0	13.8	12.6	10.3	9.4
Dividend yield	0.4%	0.5%	0.7%	0.9%	1.2%
Forecast change			-13%	3%	1%
IPS vs. consensus			90%	105%	100%

Sources: Company, Indo Premier

Share price closing as of: 31 January 2025

Fig. 1: HEAL's 4Q24F Preview

(Rp bn)	4Q24F	4Q23	% YoY	3Q24	% QoQ	12M24F	12M23	% YoY	IPS FY24F	% IPS	Cons. FY24F	% Cons
<b>Net sales</b>	<b>1,634</b>	<b>1,554</b>	<b>5.2%</b>	<b>1,682</b>	<b>-2.9%</b>	<b>6,661</b>	<b>5,784</b>	<b>15.2%</b>	<b>6,661</b>	<b>100%</b>	<b>6,714</b>	<b>99%</b>
COGS	1,065	1,026	3.9%	1,088	-2.1%	4,213	3,709	13.6%				
<b>Gross profit</b>	<b>569</b>	<b>529</b>	<b>7.6%</b>	<b>594</b>	<b>-4.2%</b>	<b>2,448</b>	<b>2,075</b>	<b>18.0%</b>	<b>2,468</b>	<b>99%</b>	<b>2,503</b>	<b>98%</b>
Operating expenses	(439)	(365)	20.2%	(354)	23.9%	(1,467)	(1,294)	13.3%				
<b>EBIT</b>	<b>130</b>	<b>164</b>	<b>-20.5%</b>	<b>240</b>	<b>-45.7%</b>	<b>981</b>	<b>781</b>	<b>25.7%</b>	<b>1,072</b>	<b>92%</b>	<b>1,083</b>	<b>91%</b>
D&A (included other non-current asset)	216	229	-5.8%	209	3.2%	780	734	6.2%				
Other adjustment	65	42	N/A	(24)	N/A	65	84	-22.7%				
<b>EBITDA</b>	<b>411</b>	<b>435</b>	<b>-5.4%</b>	<b>425</b>	<b>-3.1%</b>	<b>1,826</b>	<b>1,600</b>	<b>14.2%</b>	<b>1,882</b>	<b>97%</b>	<b>1,872</b>	<b>98%</b>
Net interest income/(expenses)	(26)	(28)	-7.8%	(42)	-37.5%	(128)	(108)	18.9%				
Others	0	15	-98.2%	11	-97.4%	15	37	-59.8%				
<b>PBT</b>	<b>104</b>	<b>150</b>	<b>-30.6%</b>	<b>208</b>	<b>-50.0%</b>	<b>869</b>	<b>710</b>	<b>22.3%</b>				
Tax	(18)	(32)	-45.2%	(53)	-66.3%	(185)	(151)	22.3%				
Minorities	23	29	-22.7%	30	-25.8%	152	122	24.5%				
<b>Net profit</b>	<b>64</b>	<b>89</b>	<b>-27.9%</b>	<b>125</b>	<b>-49.0%</b>	<b>532</b>	<b>437</b>	<b>21.6%</b>	<b>615</b>	<b>87%</b>	<b>589</b>	<b>90%</b>
<b>Margin (%)</b>												
Gross margin	34.8%	34.0%		35.3%		36.8%	35.9%					
EBIT margin	8.0%	10.5%		14.2%		14.7%	13.5%					
EBITDA margin	25.2%	28.0%		25.2%		27.4%	27.7%					
Net margin	3.9%	5.7%		7.4%		8.0%	7.6%					
Minorities % of NPAT	-26.2%	-24.9%		-19.6%		-22.2%	-21.8%					
Opex to sales	-26.8%	-23.5%		-21.1%		-22.0%	-22.4%					

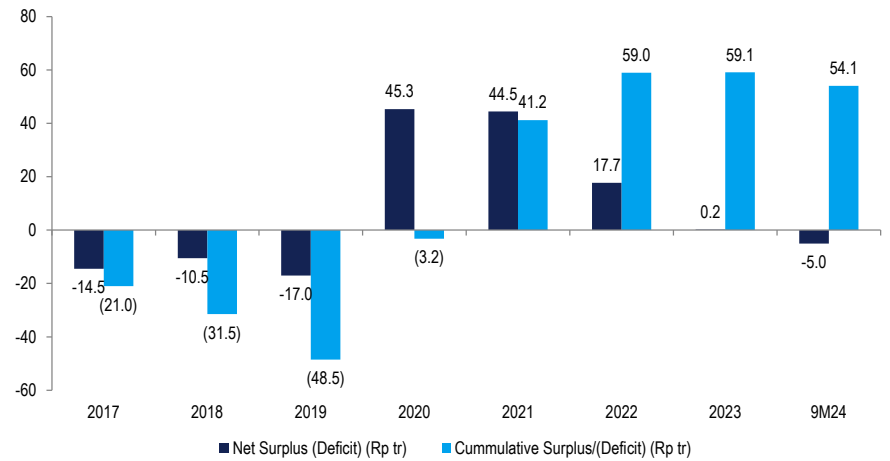
Sources: Company, Bloomberg, Indo Premier

Fig. 2: HEAL's forecast changes

	Previous			Current			Changes		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2025F
<b>Financial Perform. (Rp bn)</b>									
Net sales	6,661	7,480	8,250	6,661	7,701	8,576	0.0%	3.0%	4.0%
Gross profit	2,468	2,785	3,083	2,448	2,877	3,244	-0.8%	3.3%	5.2%
EBIT	1,072	1,256	1,410	981	1,354	1,503	-8.4%	7.9%	6.6%
EBITDA	1,882	2,183	2,460	1,826	2,282	2,540	-2.9%	4.5%	3.2%
Net profit	615	731	830	532	755	839	-13.5%	3.3%	1.2%
<b>Profitability (%)</b>									
GPM	37.1%	37.2%	37.4%	36.8%	37.4%	37.8%	-0.3%	0.1%	0.5%
EBIT margin	16.1%	16.8%	17.1%	14.7%	17.6%	17.5%	-1.4%	0.8%	0.4%
EBITDA margin	28.2%	29.2%	29.8%	27.4%	29.6%	29.6%	-0.8%	0.4%	-0.2%
Net profit margin	9.2%	9.8%	10.1%	8.0%	9.8%	9.8%	-1.2%	0.0%	-0.3%

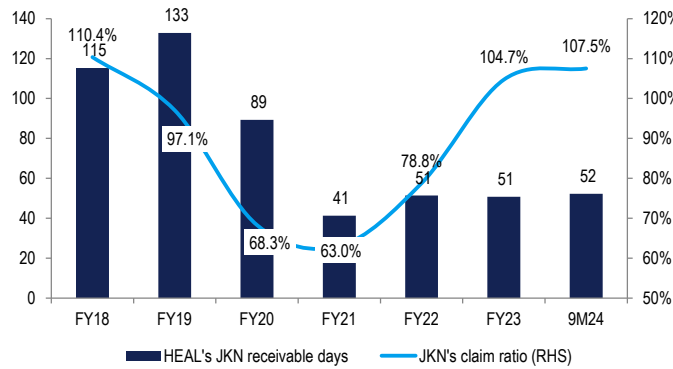
Sources: Company, Indo Premier

**Fig. 3: JKN's balance sheet**



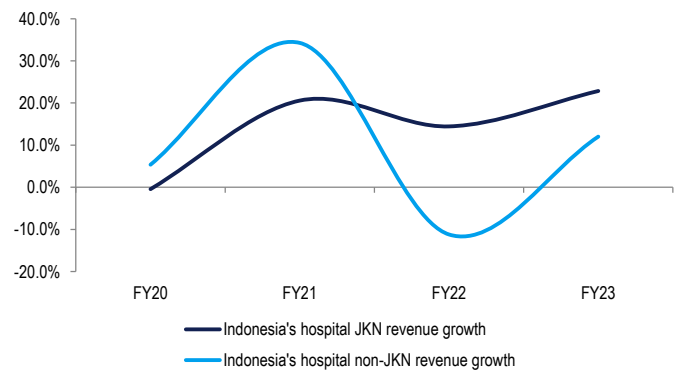
Sources: BPJS, Indo Premier

**Fig. 4: HEAL's JKN receivable days trend**



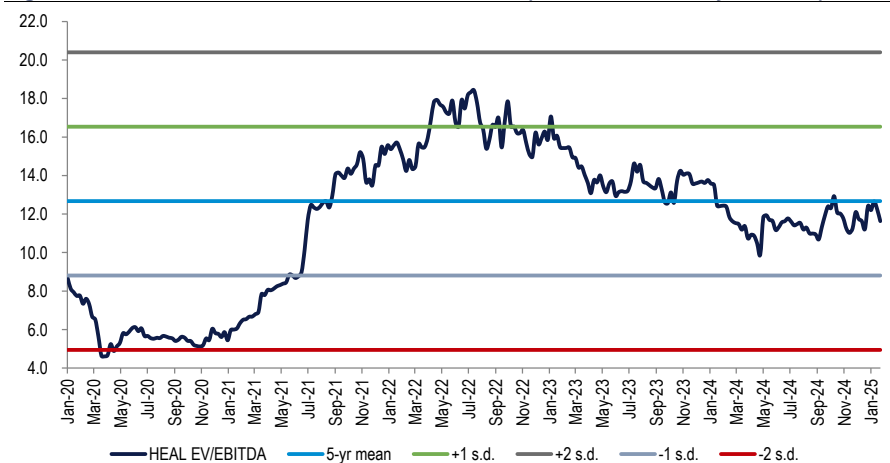
Source: Company, DJSN, Indo Premier

**Fig. 5: Indonesia's hospital revenue growth breakdown**



Source: Company, Indo Premier

**Fig. 6: HEAL is traded at 11.6x fwd. 12M EV/EBITDA (-0.3 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	6,661	7,701	8,576
Cost of sales	(3,193)	(3,709)	(4,213)	(4,825)	(5,332)
<b>Gross profit</b>	<b>1,708</b>	<b>2,075</b>	<b>2,448</b>	<b>2,877</b>	<b>3,244</b>
SG&A Expenses	(1,192)	(1,294)	(1,467)	(1,522)	(1,742)
<b>Operating profit</b>	<b>516</b>	<b>781</b>	<b>981</b>	<b>1,354</b>	<b>1,503</b>
Net interest	(107)	(108)	(128)	(140)	(159)
Others	71	37	15	15	15
<b>Pre-tax income</b>	<b>480</b>	<b>710</b>	<b>869</b>	<b>1,229</b>	<b>1,358</b>
Income tax	(101)	(151)	(185)	(262)	(289)
Minority interest	(80)	(122)	(152)	(213)	(230)
<b>Net income</b>	<b>299</b>	<b>437</b>	<b>532</b>	<b>755</b>	<b>839</b>

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	775	855	695	690	659
Receivable	863	934	1,035	1,196	1,332
Inventory	100	117	123	143	159
Other current assets	52	43	43	43	43
<b>Total current assets</b>	<b>1,790</b>	<b>1,950</b>	<b>1,896</b>	<b>2,072</b>	<b>2,193</b>
Fixed assets	5,110	5,874	7,201	8,220	9,134
Goodwill	88	108	108	108	108
<b>Total non-current assets</b>	<b>5,801</b>	<b>6,853</b>	<b>8,181</b>	<b>9,210</b>	<b>10,147</b>
<b>Total assets</b>	<b>7,591</b>	<b>8,802</b>	<b>10,077</b>	<b>11,283</b>	<b>12,339</b>
ST loans	0	48	48	48	48
Payable	815	924	1,022	1,253	1,385
Other payables	573	207	0	58	0
Current portion of LT loans	322	374	374	374	374
<b>Total current liab.</b>	<b>1,710</b>	<b>1,553</b>	<b>1,444</b>	<b>1,733</b>	<b>1,807</b>
Long term loans	1,161	2,001	3,001	3,343	3,743
Other LT liab.	35	51	51	51	51
<b>Total liabilities</b>	<b>2,906</b>	<b>3,604</b>	<b>4,496</b>	<b>5,127</b>	<b>5,601</b>
Equity	1,332	1,417	1,417	1,417	1,417
Retained earnings	2,109	2,452	2,835	3,410	3,993
Minority interest	1,245	1,329	1,329	1,329	1,329
<b>Total SHE + minority int.</b>	<b>4,685</b>	<b>5,198</b>	<b>5,582</b>	<b>6,156</b>	<b>6,739</b>
<b>Total liabilities &amp; equity</b>	<b>7,591</b>	<b>8,803</b>	<b>10,077</b>	<b>11,283</b>	<b>12,340</b>

Sources: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
EBIT	516	781	981	1,354	1,503
Depr. & amortization	622	734	780	896	1,003
Changes in working capital	117	21	(9)	50	(20)
Others	(496)	(339)	(450)	(599)	(663)
<b>Cash flow from operating</b>	<b>760</b>	<b>1,196</b>	<b>1,303</b>	<b>1,700</b>	<b>1,823</b>
Capital expenditure	(1,239)	(1,506)	(2,108)	(1,925)	(1,939)
Others	3	39	0	0	0
<b>Cash flow from investing</b>	<b>(1,236)</b>	<b>(1,467)</b>	<b>(2,108)</b>	<b>(1,925)</b>	<b>(1,939)</b>
Loans	71	522	793	400	342
Equity	16	185	0	0	0
Dividends	(76)	(94)	(149)	(181)	(256)
Others	0	0	0	0	0
<b>Cash flow from financing</b>	<b>11</b>	<b>613</b>	<b>645</b>	<b>219</b>	<b>86</b>
<b>Changes in cash</b>	<b>(466)</b>	<b>343</b>	<b>(160)</b>	<b>(5)</b>	<b>(31)</b>

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	34.9%	35.9%	36.8%	37.4%	37.8%
Operating margin	10.5%	13.5%	14.7%	17.6%	17.5%
Pre-tax margin	9.8%	12.3%	13.0%	16.0%	15.8%
Net margin	6.1%	7.6%	8.0%	9.8%	9.8%
ROA	3.9%	5.3%	5.6%	7.1%	7.1%
ROE	8.8%	12.0%	13.1%	16.6%	16.4%
Acct. receivables TO (days)	70.8	56.7	56.7	56.7	56.7
Inventory TO (days)	11.1	10.7	10.7	10.9	10.9
Payable TO (days)	96.2	85.5	88.5	94.8	94.8
Debt to equity	50.4%	58.3%	71.7%	71.5%	70.1%
Interest coverage ratio (x)	-3.7	-5.6	-6.3	-8.4	-8.4
Net gearing	27.9%	36.2%	55.4%	57.2%	57.9%

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

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