

Mitra Keluarga Karyasehat

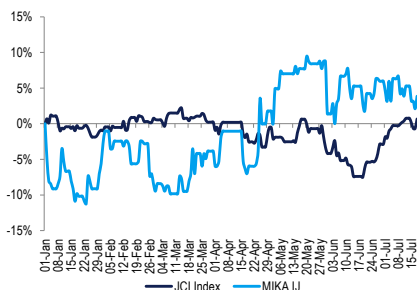
BUY (Unchanged)

Company Update | Healthcare | MIKA IJ | 18 July 2024
Stock Data

| | |
|---------------------------|---------|
| Target price | Rp3,450 |
| Prior TP | Rp3,450 |
| Current price | Rp2,960 |
| Upside/downside | +16.5% |
| Shares outstanding (mn) | 14,246 |
| Market cap (Rp bn) | 42,169 |
| Free float | 34% |
| Avg. 6m daily T/O (Rp bn) | 41 |

Price Performance

| | 3M | 6M | 12M |
|-------------------|---------------|-------|-------|
| Absolute | 10.9% | 16.5% | 4.6% |
| Relative to JCI | 8.2% | 14.9% | -2.6% |
| 52w low/high (Rp) | 2,530 – 3,120 | | |


Major Shareholders

| | |
|----------------------------|-----|
| PT Griyanisani Cakrasadaya | 62% |
|----------------------------|-----|

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2Q24 results: slight beat on margin improvement

- 1H24 net profit of Rp601bn (+33% yoy) was slightly above our/consensus estimate at 52/53%; EBITDA was also a beat.
- 2Q24 EBITDA margin of 39.0% was driven by higher non-JKN revenue contribution of 86% (vs. 2Q23's 82%) and lower opex to sales ratio.
- Maintain BUY with unchanged TP of Rp3,450/sh on the back of stellar 2Q24 result.

1H24 EBITDA came above consensus; but in-line with ours

MIKA delivered 1H24 net profit of Rp601bn (+32.6% yoy) and this was slightly above our/consensus estimates at 52/53% (vs. 5yr avg. exclude covid period of 50%). 1H24 revenue grew by 19.7% yoy to Rp2.4tr, in-line with both our/consensus at 49/50%. On the other hand, 1H24 EBITDA rose to Rp936bn (+29.6% yoy) with EBITDA margin of 38.2%, coming above consensus estimate at 53%; but in-line with ours at 51% (vs. 5yr avg. exclude Covid period of 50%). Overall, 1H24's achievement was above FY24F guidance i.e. top-line growth of 12-15% yoy and EBITDA margin of 35.5-37%.

Robust 2Q24 EBITDA on the back of margin improvement

MIKA recorded robust 2Q24 net profit of Rp312bn (+40% yoy/+7.7% qoq). 2Q24 revenue increased to Rp1.2tr (+18% yoy/-3% qoq) on the back of stellar inpatient revenue per day (+6.8% yoy/+1.2% qoq) coupled with robust inpatient traffic (+13.5% yoy/-1.7% qoq), as discussed in our recent report ([link](#)). 2Q24 EBITDA grew significantly to Rp472bn (30.7% yoy/+1.7% qoq) with EBITDA margin of 39%, driven by margin improvement on both GP and EBIT level. 2Q24 GPM improved to 54% (+387bps yoy/+41bps qoq) due to higher non-JKN revenue contribution of 85.5% (vs. 82/84% in 2Q23/1Q24). At the same time, 2Q24 opex to sales declined by 85bps qoq to 22.5% (-37bps yoy) as salary as % of sales decreased to 7.2% (-81bps qoq).

Maintain BUY with unchanged TP of Rp3,450/sh

We believe MIKA is likely to beat its FY24F guidance amid robust traffic growth. In addition, the company plans to cancel its treasury shares (2.38% total shares outstanding) and this will increase free float to 34.94% (+83bps). In sum, we reiterate our BUY rating with unchanged TP of Rp3,450/sh based on 25.7x FY24F EV/EBITDA (+1s.d. from its 5yr mean). 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% |
| PER (x) | 41.8 | 46.0 | 36.5 | 31.1 | 28.0 |
| EV/EBITDA (x) | 26.6 | 26.9 | 21.8 | 18.4 | 16.3 |
| Dividend yield | 1.2% | 1.2% | 1.1% | 1.4% | 1.6% |
| Forecast change | | | 0% | 0% | 0% |
| IPS vs. consensus | | | 101% | 107% | 101% |

Source: Company, Indo Premier

Share price closing as of: 18 July 2024

Fig. 1: MIKA 2Q24 Earnings summary

| (Rp bn) | 2Q24 | 2Q23 | % YoY | 1Q24 | % QoQ | 6M24 | 6M23 | % YoY | IPS FY24F | % IPS | Cons. FY24F | % Cons | 5yr avg (exclude covid period) |
|--|-------|-------|-------|-------|--------|---------|---------|--------|--------------|-------|----------------|--------|---|
| Net sales | 1,209 | 1,021 | 18.4% | 1,243 | -2.7% | 2,452 | 2,049 | 19.7% | 4,990 | 49% | 4,881 | 50% | 49% |
| COGS | (557) | (510) | 9.3% | (577) | -3.6% | (1,134) | (1,033) | 9.8% | | | | | |
| Gross profit | 653 | 511 | 27.6% | 666 | -2.0% | 1,318 | 1,016 | 29.7% | 2,630 | 50% | 2,527 | 52% | 50% |
| Operating expenses | (261) | (226) | 15.8% | (279) | -6.3% | (540) | (435) | 24.0% | | | | | |
| EBIT | 391 | 286 | 36.9% | 387 | 1.2% | 778 | 581 | 34.0% | 1,546 | 50% | 1,467 | 53% | 50% |
| EBITDA | 472 | 361 | 30.7% | 464 | 1.7% | 936 | 722 | 29.6% | 1,834 | 51% | 1,764 | 53% | 50% |
| PBT | 412 | 300 | 37.5% | 403 | 2.2% | 815 | 610 | 33.5% | | | | | |
| Tax | (79) | (62) | 27.9% | (90) | -12.8% | (169) | (123) | 38.2% | | | | | |
| Minorities | 21 | 15 | 38.9% | 23 | -6.6% | 44 | 35 | 28.8% | | | | | |
| Net profit | 312 | 222 | 40.0% | 289 | 7.7% | 601 | 453 | 32.6% | 1,154 | 52% | 1,137 | 53% | 50% |
| Margin (%) | | | | | | | | | | | | | |
| Gross margin | 54.0% | 50.1% | | 53.5% | | 53.7% | 49.6% | | | | | | |
| EBIT margin | 32.4% | 28.0% | | 31.1% | | 31.7% | 28.3% | | | | | | |
| EBITDA margin | 39.0% | 35.4% | | 37.3% | | 38.2% | 35.2% | | | | | | |
| Net margin | 25.8% | 21.8% | | 23.3% | | 24.5% | 22.1% | | | | | | |
| Revenue breakdown | | | | | | | | | | | | | |
| BPJS | 175 | 182 | -3.6% | 195 | -10.2% | 370 | 369 | 0.4% | | | | | |
| Non-BPJS | 1,034 | 839 | 23.2% | 1,048 | -1.3% | 2,082 | 1,680 | 23.9% | | | | | |
| Traffic | | | | | | | | | | | | | |
| Inpatient admissions ('000) | 81.3 | 71.6 | 13.6% | 81.7 | -0.5% | 163.0 | 142.0 | 14.9% | | | | | |
| Inpatient days ('000) | 225.5 | 198.7 | 13.5% | 229.2 | -1.7% | 454.7 | 396.9 | 14.6% | | | | | |
| Bed Occupancy Rate (BOR) | 62.3% | 58.5% | 3.8% | 64.1% | -1.8% | 31.3% | 58.7% | -27.4% | | | | | |
| Outpatient visit ('000) | 724.2 | 675.5 | 7.2% | 762.7 | -5.0% | 1,486.8 | 1,386.4 | 7.2% | | | | | |
| Inpatient revenue per day (Rp mn/day) | 3.7 | 3.5 | 6.8% | 3.7 | 1.2% | 3.7 | 3.5 | 6.7% | | | | | |
| Outpatient revenue/visit (Rp mn/visit) | 0.5 | 0.5 | 5.0% | 0.5 | -2.4% | 0.5 | 0.5 | 6.9% | | | | | |

Source: Company, Indo Premier

Fig. 2: MIKA is traded at 20.9 fwd. 12M EV/EBITDA (-0.6 s.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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