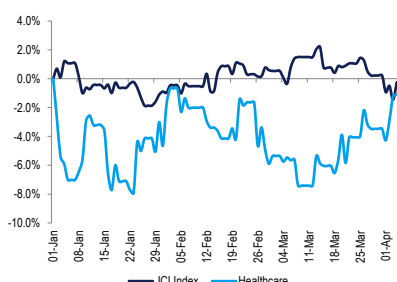


Sector Update | Healthcare | 05 April 2024

Sector Index Performance

	3M	6M	12M
Absolute	4.5%	3.6%	12.9%
Relative to JCI	4.9%	-1.7%	6.1%



Summary Valuation Metrics

P/E (x)	2024F	2025F	2026F
MIKA IJ	37.7	33.5	30.4
SILO IJ	23.2	19.9	17.3
HEAL IJ	17.7	15.3	14.1
EV/EBITDA (x)	2024F	2025F	2026F
MIKA IJ	22.3	19.6	17.6
SILO IJ	10.3	8.9	7.7
HEAL IJ	10.7	9.3	8.5
Div. Yield	2024F	2025F	2026F
MIKA IJ	1.2%	1.3%	1.5%
SILO IJ	1.3%	1.5%	1.8%
HEAL IJ	3.0%	3.4%	3.9%

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4Q23 recap: robust EBITDA achievement despite soft seasonality

- FY23 hospital aggregate revenue grew by 14.5% yoy with SILO and HEAL achieving their initial FY23 revenue guidance.
- 4Q23 EBITDA was in-line with expectations, but HEAL's net profit miss due to higher minority interest.
- We expect better FY24F revenue growth outlook of 11.4% yoy; this underpins our unchanged Overweight rating.

Robust FY23 revenue growth on the back of solid volume

Hospital' FY23 aggregate net revenue grew by 14.5% yoy growth and this was driven by inpatient volume growth of +19.5% yoy despite soft inpatient revenue intensity (-2.4% yoy) due to normalization year from Covid year in FY22. Overall, SILO and HEAL achieved their FY23 initial revenue guidance (Fig. 2). This affirms our OW stance on the sector, given the superior top-line growth profile compared to consumer staples aggregate growth of +1.2% yoy. In terms of payer mix, we observed the downtrading trend on healthcare sector as FY23 JKN' revenue contribution increased by +197bps yoy (Fig. 17) which is in-line with consumer staples' result on weak domestic consumption (link [here](#)). Within our coverage, only MIKA recorded soft FY23 net revenue growth of +5.3% yoy (vs. SILO/HEAL's +17.2/+18%), resulting at lower EBITDA margin of -230bps yoy (vs. SILO/HEAL's +400/+444bps yoy).

4Q23 aggregate EBITDA were largely in-line with expectation

Overall, hospitals' aggregate 4Q23 EBITDA grew by +30.8% yoy (-4.9% qoq) and these were at least in-line with expectations (Fig 8). Nonetheless, feedbacks from investors indicated some disappointment on HEAL's net profit miss due to higher minority interest % of NPAT at 24.9%. Additionally, 4Q23 aggregate inpatient revenue intensity went down by -5.8% qoq and this was in-line with year-end seasonality as patient tends to postpone the complex treatments ahead of holidays.

Expect improved 1Q24F due to spike in DBD cases

Based on our channel check with listed hospitals, 1Q24F traffic has improved from 4Q23 driven by private patient traffic. 1Q24F traffic was partly driven by dengue hemorrhagic fever (DBD) and cold & fever cases. To note, the companies mentioned that current DBD cases have yet to reach the outbreak level in FY19's. Although DBD cases are low revenue intensity in nature, a spike in cases shall improve hospitals' bed occupancy rate (BOR) and EBITDA margin. Looking back into 1Q19, we observed MIKA/SILO/HEAL BOR's improved to 69.9/62.6/73.1% from 59.3/53.8/62.7% in 1Q18 on the back of the DBD outbreak; consequently, MIKA/SILO/HEAL's EBITDA margins rose by +200/129/572bps yoy due to operating leverage (Fig. 18-19). As such, we believe DBD cases should partly improve hospital performance in 1Q24F. It is worth highlighting that hospitals' 1Q23 revenue is a normalized base without Covid (and no significant uptick in DBD cases).

Maintain Overweight

We maintain Overweight rating on the sector amid FY24F top-line growth outlook of 11.4%. In addition, hospital's sector has a pricing power as MIKA/SILO/HEAL have increased their private service price by +5-7/+3-5/+8% in Jan24. Moreover, MIKA mentioned is already fully passed-on the drug price hike of c.8% in early Jan24; hence, shall positively impact MIKA's revenue growth.

Fig. 1: Indonesia Hospital valuation summary

Ticker	Rating	Current price (Rp)	Target price (Rp)	EBITDA yoy growth		EV/EBITDA		ROIC	
				2024F	2025F	2024F	2025F	2024F	2025F
MIKA	HOLD	2,790	2,900	17.3%	13.1%	22.3	19.6	21.5%	22.1%
SILO	BUY	2,500	2,800	17.0%	15.3%	10.3	8.9	19.9%	20.8%
HEAL	BUY	1,185	1,900	11.4%	16.0%	10.6	9.1	13.9%	15.5%

Source: Bloomberg, Indo Premier

Share price closes as 04 April 2024

Fig. 2: Indonesia' Hospital guidance summary

FY23 Guidance					FY23 Result	FY24F
	Initial	Latest				
MIKA						
Revenue grow th	+13.0-15.0%	+5-5.5%		+5.3%	+12.5-15.0%	
EBITDA Margin	36.0-38.0%	34.5-36.0%		34.4%	35.5-37.0%	
ASP hike*	+7-8%	+7-8%			+5-7%	
SILO						
Revenue grow th	+10-15%	N/A		+17.2%	+10-15%	
EBITDA Margin	29-30%	N/A		30.8%	>30%	
ASP hike*	3-4%	N/A			+3-5%	
HEAL						
Revenue grow th	+14.0%	+14.0%		+18.0%	+18.0%	
EBITDA Margin	30.0%	26-28%		27.7%	28.7%	
ASP hike*					+8%	

Source: Company, Indo Premier

*Private service fee

Fig. 3: Indonesia' Hospitals FY23 revenue summary (Rp bn)

Ticker	4Q23	4Q22	% YoY	3Q23	% QoQ	12M23	12M22	% YoY	IPS FY23F	% IPS	Cons FY23F	% Cons
MIKA	1,107	976	13.5%	1,108	-0.1%	4,264	4,049	5.3%	4,244	100%	4,307	99%
SILO	2,289	2,010	13.9%	2,287	0.1%	8,663	7,393	17.2%	8,445	103%	8,660	100%
HEAL	1,554	1,260	23.4%	1,538	1.0%	5,784	4,902	18.0%	5,677	102%	5,721	101%
Indo's Hospital	4,951	4,246	16.6%	4,933	0.4%	18,711	16,344	14.5%	18,366	102%	18,688	100%

Source: Company, Bloomberg, Indo Premier

Fig. 4: Indonesia' Hospitals FY23 gross profit summary

Ticker	4Q23	4Q22	% YoY	3Q23	% QoQ	12M23	12M22	% YoY
MIKA	556	460	20.8%	557	-0.1%	2,128	2,077	2.5%
SILO	1,225	1,043	17.4%	1,219	0.5%	4,455	3,533	26.1%
HEAL	529	370	42.7%	583	-9.4%	2,075	1,708	21.5%
Indo's Hospital	2,309	1,874	23.2%	2,358	-2.1%	8,659	7,319	18.3%

Source: Company, Indo Premier

Fig. 5: Indonesia' Hospitals FY23 GPM summary

Ticker	4Q23	4Q22	% YoY	3Q23	% QoQ	12M23	12M22	% YoY
MIKA	50.2%	47.2%	305 bps	50.2%	-2 bps	49.9%	51.3%	-139 bps
SILO	53.5%	51.9%	160 bps	53.3%	20 bps	51.4%	47.8%	364 bps
HEAL	34.0%	29.4%	462 bps	37.9%	-391 bps	35.9%	34.9%	103 bps
Indo's Hospital	46.6%	44.1%	251 bps	47.8%	-117 bps	46.3%	44.8%	150 bps

Source: Company, Indo Premier

Fig. 6: Indonesia' Hospitals FY23 EBIT summary (Rp bn)

Ticker	4Q23	4Q22	% YoY	3Q23	% QoQ	12M23	12M22	% YoY	IPS FY23F	% of IPS	Cons FY23F	% of Cons
MIKA	299	331	-9.6%	327	-8.4%	1,207	1,341	-10.0%	1,224	99%	1,246	97%
SILO	493	367	34.5%	515	-4.2%	1,765	1,061	66.3%	1,698	104%	1,752	101%
HEAL	164	77	112.7%	261	-37.3%	781	516	51.2%	878	89%	831	94%
Indo's Hospital	957	775	23.4%	1,103	-13.3%	3,753	2,918	28.6%	3,799	99%	3,829	98%

Source: Company, Bloomberg, Indo Premier

Fig. 7: Indonesia' Hospitals FY23 EBIT margin summary

Ticker	4Q23	4Q22	% YoY	3Q23	% QoQ	12M23	12M22	% YoY
MIKA	27.0%	33.9%	-689 bps	29.5%	-245 bps	28.3%	33.1%	-482 bps
SILO	21.5%	18.3%	330 bps	22.5%	-98 bps	20.4%	14.4%	603 bps
HEAL	10.5%	6.1%	443 bps	17.0%	-644 bps	13.5%	10.5%	297 bps
Indo's Hospital	19.3%	18.3%	107 bps	22.4%	-304 bps	20.1%	17.9%	221 bps

Source: Company, Indo Premier

Fig. 8: Indonesia' Hospitals FY23 EBITDA summary (Rp bn)

Ticker	4Q23	4Q22	% YoY	3Q23	% QoQ	12M23	12M22	% YoY	IPS FY23F	% of IPS	Cons FY23F	% of Cons
MIKA	376	317	18.6%	403	-6.7%	1,501	1,518	-1.1%	1,489	101%	1,530	98%
SILO	720	589	22.2%	741	-2.8%	2,671	1,984	34.6%	2,621	102%	2,783	96%
HEAL	435	264	64.6%	465	-6.6%	1,600	1,138	40.5%	1,467	109%	1,489	107%
Indo's Hospital	1,531	1,170	30.8%	1,609	-4.9%	5,772	4,640	24.4%	5,577	103%	5,802	99%

Source: Company, Bloomberg, Indo Premier

Fig. 9: Indonesia' Hospitals FY23 EBITDA margin summary

Ticker	4Q23	4Q22	% YoY	3Q23	% QoQ	12M23	12M22	% YoY
MIKA	34.0%	32.5%	148 bps	36.4%	-241 bps	35.2%	37.5%	-230 bps
SILO	31.4%	29.3%	215 bps	32.4%	-96 bps	30.8%	26.8%	400 bps
HEAL	28.0%	21.0%	701 bps	30.2%	-227 bps	27.7%	23.2%	444 bps
Indo's Hospital	30.9%	27.6%	336 bps	32.6%	-171 bps	30.8%	28.4%	246 bps

Source: Company, Bloomberg, Indo Premier

Fig. 10: Indonesia' Hospitals FY23 opex to sales summary

Ticker	4Q23	4Q22	% YoY	3Q23	% QoQ	12M23	12M22	% YoY
MIKA	-23.2%	-13.2%	-993 bps	-20.7%	-244 bps	-21.6%	-18.2%	-343 bps
SILO	-31.9%	-33.6%	170 bps	-30.8%	-118 bps	-31.1%	-33.4%	239 bps
HEAL	-23.5%	-23.3%	-19 bps	-20.9%	-254 bps	-22.4%	-24.3%	195 bps
Indo's Hospital	-27.3%	-25.9%	-145 bps	-25.4%	-188 bps	-26.2%	-26.9%	71 bps

Source: Company, Indo Premier

Fig. 11: Indonesia' Hospitals FY23 net profit summary (Rp bn)

Ticker	4Q23	4Q22	% YoY	3Q23	% QoQ	12M23	12M22	% YoY	IPS FY23F	% of IPS	Cons FY23F	% of Cons
MIKA*	250	264	-12.8%	233	-1.3%	936	1,008	-9.1%	932	100%	962	97%
SILO	352	247	42.5%	356	-0.9%	1,211	696	73.9%	1,175	103%	1,147	106%
HEAL	89	53	66.8%	146	-39.6%	437	299	46.5%	487	90%	481	91%
Indo's Hospital	691	564	22.4%	735	-6.0%	2,585	2,003	29.0%	2,594	100%	2,590	100%

Source: Company, Bloomberg, Indo Premier

*Core profit

Fig. 12: Indonesia' Hospitals FY23 NPM summary

Ticker	4Q23	4Q22	% YoY	3Q23	% QoQ	12M23	12M22	% YoY
MIKA*	22.6%	27.0%	-447 bps	21.0%	154 bps	21.9%	24.9%	-295 bps
SILO	15.4%	12.3%	310 bps	15.5%	-16 bps	14.0%	9.4%	457 bps
HEAL	5.7%	4.2%	149 bps	9.5%	-383 bps	7.6%	6.1%	147 bps
Indo's Hospital	14.0%	13.3%	67 bps	14.9%	-95 bps	13.8%	12.3%	156 bps

Source: Company, Indo Premier

*Core profit

Fig. 13: Indonesia' Hospitals inpatient revenue intensity (Rp mn/day)

Ticker	4Q23	4Q22	% YoY	3Q23	% QoQ	12M23	12M22	% YoY
MIKA	3.6	3.3	7.7%	3.5	2.9%	3.5	3.6	-2.7%
SILO	6.8	6.3	7.5%	7.0	-2.7%	6.8	6.5	4.3%
HEAL	1.8	1.8	2.3%	2.0	-8.9%	1.9	2.1	-6.8%
Indo's Hospital	3.5	3.4	1.6%	3.7	-5.8%	3.6	3.7	-2.4%

Source: Company, Indo Premier

Fig. 14: Indonesia' Hospitals inpatient days ('000 days)

Ticker	4Q23	4Q22	% YoY	3Q23	% QoQ	12M23	12M22	% YoY
MIKA	208.0	193.2	7.6%	214.3	-3.0%	819.1	739.9	10.7%
SILO	242.7	226.1	7.4%	246.2	-1.4%	939.9	813.7	15.5%
HEAL	498.8	386.4	29.1%	453.2	10.1%	1,732.0	1,368.0	26.6%
Indo's Hospital	949.5	805.7	17.9%	913.7	3.9%	3,491.0	2,921.6	19.5%

Source: Company, Indo Premier

Fig. 15: Indonesia' Hospitals outpatient revenue intensity (Rp mn/visit)

Ticker	4Q23	4Q22	% YoY	3Q23	% QoQ	12M23	12M22	% YoY
MIKA	0.7	0.5	38.1%	0.5	34.8%	0.5	0.5	-0.6%
SILO	1.2	1.3	-5.8%	1.2	2.3%	1.2	1.3	-9.1%
HEAL	0.3	0.3	-8.5%	0.3	-6.8%	0.3	0.3	-2.5%
Indo's Hospital	0.6	0.6	-2.3%	0.6	1.8%	0.6	0.6	-4.7%

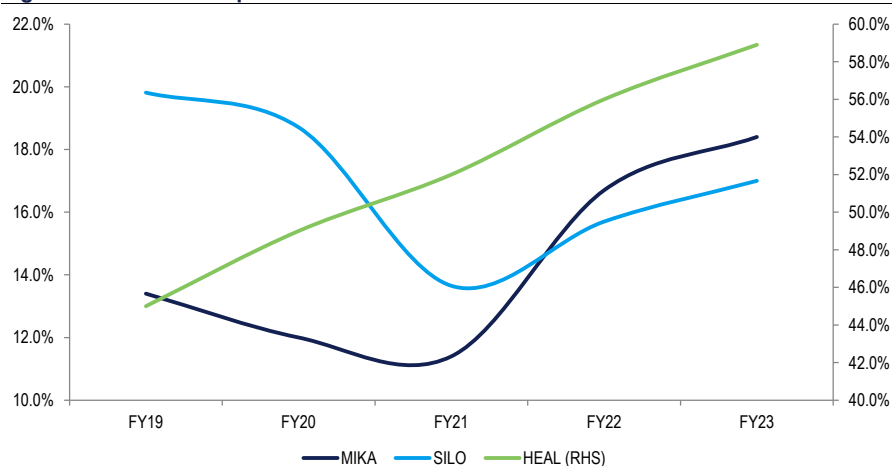
Source: Company, Indo Premier

Fig. 16: Indonesia' Hospitals outpatient visits (mn visitors)

Ticker	4Q23	4Q22	% YoY	3Q23	% QoQ	12M23	12M22	% YoY
MIKA	0.5	0.7	-21.3%	0.7	-25.8%	2.7	2.6	1.4%
SILO	1.1	0.9	18.9%	1.0	1.8%	3.9	3.2	25.3%
HEAL	2.3	1.8	27.8%	2.1	11.1%	8.0	6.6	21.2%
Indo's Hospital	3.9	3.4	15.4%	3.9	1.6%	14.6	12.4	18.1%

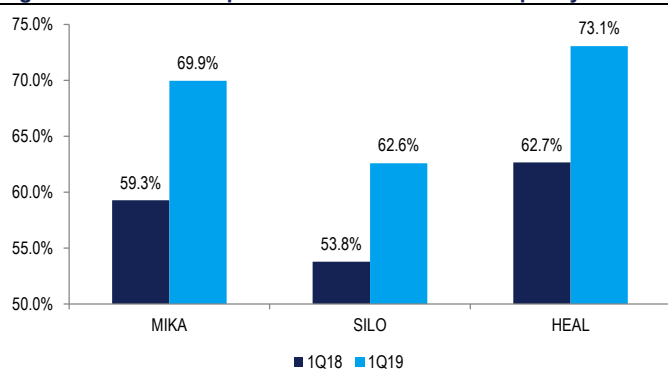
Source: Company, Indo Premier

Fig. 17: Indonesia' hospital JKN revenue contribution



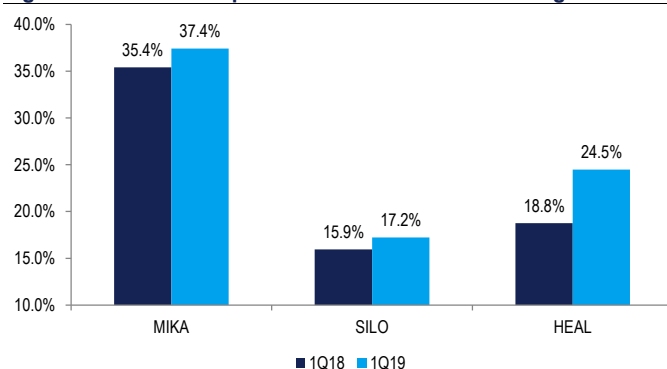
Source: Company, Indo Premier

Fig. 18: Indonesia Hospital' 1Q18 & 1Q19 Bed Occupancy Rate



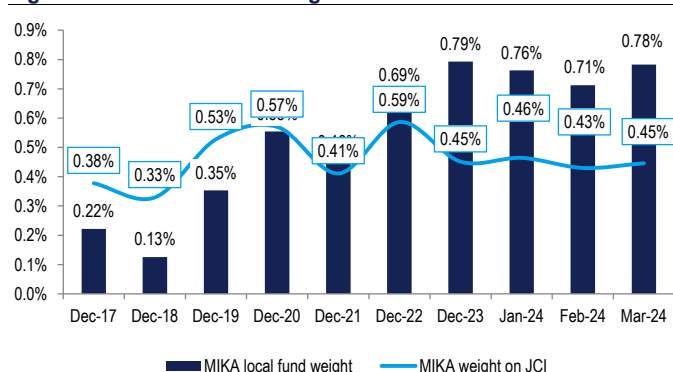
Source: Company, Indo Premier

Fig. 19: Indonesia Hospital's 1Q18 & 1Q19 EBITDA margin



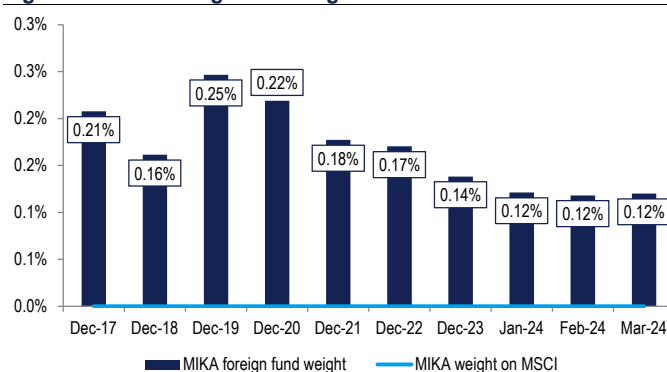
Source: Company, Indo Premier

Fig. 20: MIKA's local fund weight vs. JCI



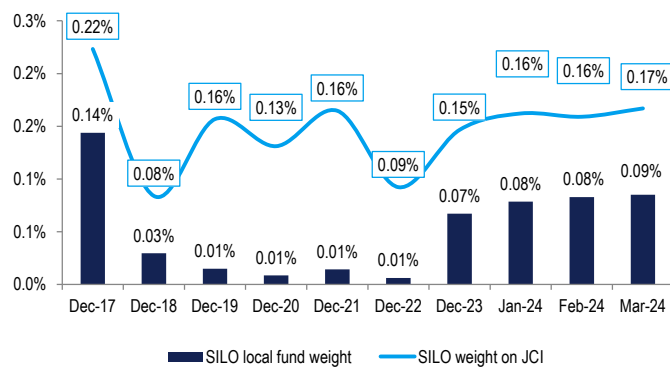
Source: KSEI, Indo Premier

Fig. 21: MIKA's foreign fund weight vs. MSCI



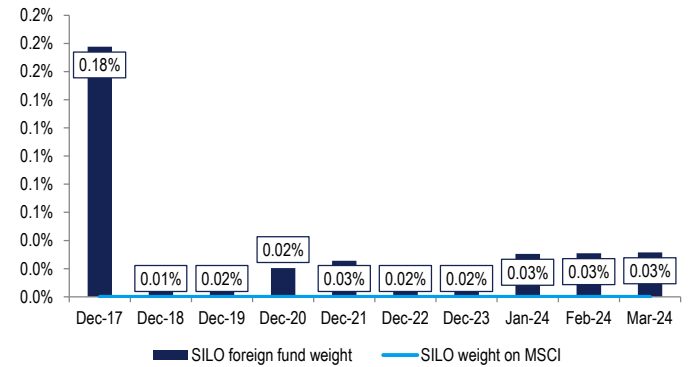
Source: MSCI, Indo Premier

Fig. 22: SILO's local fund weight vs. JCI



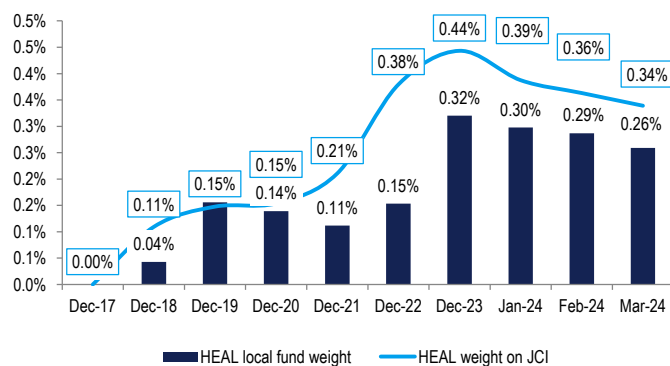
Source: KSEI, Indo Premier

Fig. 23: SILO's foreign fund weight vs. MSCI



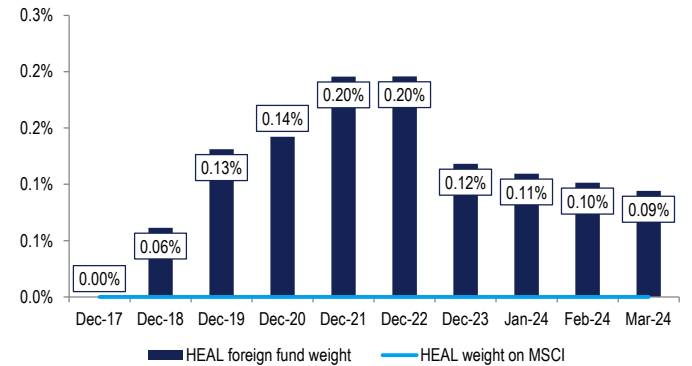
Source: MSCI, Indo Premier

Fig. 24: HEAL's local fund weight vs. JCI



Source: KSEI, Indo Premier

Fig. 25: HEAL's foreign fund weight vs. MSCI



Source: MSCI, Indo Premier

SECTOR RATINGS

- OVERWEIGHT** : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL** : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT** : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

COMPANY 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

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