

Mitra Keluarga Karyasehat

BUY (Upgraded)

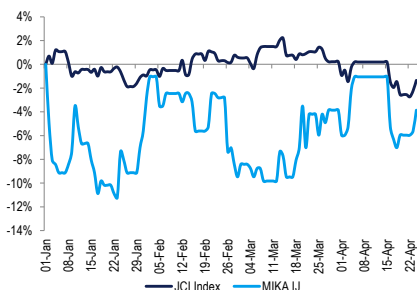
Company Update | Healthcare | MIKA IJ | 24 April 2024

Stock Data

| | |
|---------------------------|---------|
| Target price | Rp3,100 |
| Prior TP | Rp2,900 |
| Current price | Rp2,740 |
| Upside/downside | +13.1% |
| Shares outstanding (mn) | 14,246 |
| Market cap (Rp bn) | 39,035 |
| Free float | 34% |
| Avg. 6m daily T/O (Rp bn) | 30 |

Price Performance

| | 3M | 6M | 12M |
|-------------------|---------------|-------|-------|
| Absolute | 8.3% | -2.1% | 0.0% |
| Relative to JCI | 9.4% | -7.5% | -3.8% |
| 52w low/high (Rp) | 2,480 – 3,080 | | |



Major Shareholders

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

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In-line 1Q24 EBITDA on the back of margin recovery

- 1Q24 net profit of Rp289bn (+25.5% yoy/+25.8% qoq), came in-line with our/consensus estimate at 27/26%, EBITDA/revenue also in-line.
- Stellar 1Q24 EBITDA margin of 37.3% (vs. 35.1/34.0% in 1Q23/4Q23) was due to GPM improvement and ahead of ours' (35.9%).
- We upgrade to BUY with TP of Rp3,100/sh as we revised up our FY24/25F EBITDA by +4.6/+7.2%.

1Q24 EBITDA was in-line with our/consensus estimate

MIKA delivered 1Q24 net profit of Rp289bn (+25.5% yoy/+25.8% qoq) and this was in-line with our/consensus estimate at 27/26% (vs. 5yr avg. exclude covid period of 26%). 1Q24 revenue rose to Rp1.2tr (+21% yoy/+12.3% qoq), also in-line with our/consensus estimate at 26%. 1Q24 EBITDA recovered to Rp464bn (+28.5% yoy/+23.4% qoq) with EBITDA margin of 37.3%, came in-line with our/consensus estimate at 28/27%. To note, 1Q24 revenue growth was above' company guidance of +12.5-15.0% in FY24F, while 1Q24 EBITDA margin was slight above company guidance of 35.5-37.0%.

Margin improvement on the back of higher private revenue contribution

Robust 1Q24 revenue yoy/qoq growth was driven by stellar inpatient revenue intensity (+6.6% yoy/+2.2% qoq) and inpatient traffic (+16.6% yoy/+7.0% qoq). It is worth highlighting that higher revenue intensity was due to private service ASP hike of 5-7% and drugs price hike of 8-10% in early Jan24. In addition, robust 1Q24 inpatient traffic was partly due to dengue hemorrhagic fever (DBD) as we have discussed previously ([link](#)), resulting in higher Bed Occupancy Rate (BOR) of 64.1% (vs. 58.6/59.1% in 1Q23/4Q23). Moreover, 1Q24 JKN' revenue contribution declined to 15.7% (vs. 18.2/17.3% in 1Q23/4Q23). Hence, 1Q24 GPM improved significantly to 53.5% (vs. 49.1/50.2% in 1Q23/4Q23). 1Q24 opex to sales rose by 199bps yoy to 22.4% as salary as % of sales rose to 8.0% (+143bps yoy).

Revised up our FY24/25F EBITDA by +4.6/+7.2%

MIKA maintains its FY24F revenue guidance of +12.5-15.0% yoy and EBITDA margin at range of 35.5-37.0%. In sum, we revised up our FY24/25F EBITDA by +4.6/+7.2% respectively to incorporate robust 1Q24 top-line growth and higher than expected EBITDA margin.

Upgrade to BUY with TP of Rp3,100/sh

We upgrade to BUY rating with TP of Rp3,100/sh based on 23.0x FY24F EV/EBITDA (in-line with 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 | 4,859 | 5,444 | 6,062 |
| EBITDA | 1,518 | 1,501 | 1,781 | 2,065 | 2,361 |
| EBITDA growth | -14.0% | -1.1% | 18.6% | 16.0% | 14.3% |
| Net profit | 1,008 | 916 | 1,079 | 1,262 | 1,454 |
| EPS (Rp) | 71 | 64 | 76 | 89 | 102 |
| ROE | 18.8% | 16.3% | 17.6% | 18.6% | 19.3% |
| ROIC | 27.5% | 21.0% | 24.2% | 26.8% | 29.2% |
| EV/EBITDA (x) | 24.5 | 24.8 | 20.7 | 17.6 | 15.2 |
| Dividend yield | 1.3% | 1.3% | 1.2% | 1.4% | 1.7% |
| Forecast change | | | 2% | 6% | N/A |
| IPS vs. consensus | | | 96% | 100% | 107% |

Source: Company, Indo Premier

Share price closing as of: 24 April 2024

Fig. 1: MIKA 1Q24 Earnings summary

| (Rp bn) | 1Q24 | 1Q23 | % YoY | 4Q23 | % QoQ | IPS FY24F | % IPS | Cons. FY24F | % Cons | 5yr avg (exclude covid period) |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|----------------|------------|---|
| Net sales | 1,243 | 1,028 | 21.0% | 1,107 | 12.3% | 4,743 | 26% | 4,809 | 26% | 25% |
| COGS | (577) | (523) | 10.4% | (551) | 4.7% | | | | | |
| Gross profit | 666 | 505 | 31.9% | 556 | 19.8% | 2,386 | 28% | 2,415 | 28% | 26% |
| Operating expenses | (279) | (210) | 32.8% | (256) | 8.7% | | | | | |
| EBIT | 387 | 295 | 31.3% | 299 | 29.2% | 1,397 | 28% | 1,445 | 27% | 26% |
| EBITDA | 464 | 361 | 28.5% | 376 | 23.4% | 1,703 | 27% | 1,756 | 26% | 26% |
| PBT | 403 | 311 | 29.7% | 314 | 28.4% | | | | | |
| Tax | (90) | (61) | 48.6% | (59) | 52.2% | | | | | |
| Minorities | 23 | 19 | 20.7% | 24 | -5.8% | | | | | |
| Net profit | 289 | 231 | 25.5% | 230 | 25.8% | 1,055 | 27% | 1,123 | 26% | 26% |
| Margin (%) | | | | | | | | | | |
| Gross margin | 53.5% | 49.1% | | 50.2% | | | | | | |
| EBIT margin | 31.1% | 28.7% | | 27.0% | | | | | | |
| EBITDA margin | 37.3% | 35.1% | | 34.0% | | | | | | |
| Net margin | 23.3% | 22.4% | | 20.8% | | | | | | |

Source: Company, Indo Premier

Fig. 2: MIKA' 1Q24 Operational numbers

| (Rp bn) | 1Q24 | 1Q23 | % YoY | 4Q23 | % QoQ |
|-------------------------------------|-------|-------|-------|-------|-------|
| Traffic | | | | | |
| Inpatient admissions ('000) | 82 | 70 | 16.6% | 77 | 7.0% |
| Inpatient days ('000) | 229 | 198 | 15.6% | 208 | 10.1% |
| Bed Occupancy Rate (BOR) | 64.1% | 58.6% | 5.5% | 59.1% | 5.0% |
| Outpatient visit ('000) | 763 | 711 | 7.3% | 739 | 3.3% |
| Inpatient revenue intensity (Rp mn) | 3.7 | 3.5 | 6.6% | 3.6 | 2.2% |
| Outpatient revenue/visit (Rp mn) | 0.5 | 0.5 | 8.6% | 0.5 | 8.1% |

Source: Company, Indo Premier

Fig. 3: MIKA Earnings changes

| | Previous | | | Current | | | Changes | | |
|-----------------------------------|----------|-------|-------|---------|-------|-------|---------|-------|-------|
| | 2024F | 2025F | 2026F | 2024F | 2025F | 2026F | 2024F | 2025F | 2025F |
| Financial Perform. (Rp bn) | | | | | | | | | |
| Netsales | 4,743 | 5,261 | 5,805 | 4,859 | 5,444 | 6,062 | 2.5% | 3.5% | 4.4% |
| Gross profit | 2,386 | 2,662 | 2,921 | 2,476 | 2,815 | 3,162 | 3.8% | 5.7% | 8.3% |
| EBIT | 1,397 | 1,580 | 1,742 | 1,493 | 1,746 | 2,010 | 6.9% | 10.5% | 15.4% |
| EBITDA | 1,703 | 1,927 | 2,129 | 1,781 | 2,065 | 2,361 | 4.6% | 7.2% | 10.9% |
| Net profit | 1,055 | 1,188 | 1,306 | 1,079 | 1,262 | 1,454 | 2.2% | 6.2% | 11.3% |
| EPS (Rp) | 74 | 83 | 92 | 76 | 89 | 102 | 2.2% | 6.2% | 11.3% |
| Profitability (%) | | | | | | | | | |
| GPM | 50.3% | 50.6% | 50.3% | 51.0% | 51.7% | 52.2% | 0.7% | 1.1% | 1.8% |
| EBIT margin | 29.5% | 30.0% | 30.0% | 30.7% | 32.1% | 33.2% | 1.3% | 2.0% | 3.1% |
| EBITDA margin | 35.9% | 36.6% | 36.7% | 36.6% | 37.9% | 38.9% | 0.7% | 1.3% | 2.3% |
| Net profit margin | 22.2% | 22.6% | 22.5% | 22.2% | 23.2% | 24.0% | 0.0% | 0.6% | 1.5% |

Source: Indo Premier

Fig. 4: MIKA is traded at 21.0 fwd. 12M EV/EBITDA (-0.8 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 | 4,859 | 5,444 | 6,062 |
| Cost of sales | (1,972) | (2,136) | (2,383) | (2,629) | (2,900) |
| Gross profit | 2,077 | 2,128 | 2,476 | 2,815 | 3,162 |
| SG&A Expenses | (793) | (952) | (1,015) | (1,100) | (1,183) |
| Operating profit | 1,284 | 1,176 | 1,462 | 1,715 | 1,979 |
| Net interest | 46 | 57 | (5) | (5) | (4) |
| Forex gain (loss) | 0 | 0 | 0 | 0 | 0 |
| Others | 0 | 0 | 0 | 0 | 0 |
| Pre-tax income | 1,330 | 1,233 | 1,457 | 1,710 | 1,975 |
| Income tax | (292) | (267) | (315) | (368) | (424) |
| Net income | 1,008 | 916 | 1,079 | 1,262 | 1,454 |
| Core income | 963 | 892 | 1,054 | 1,238 | 1,430 |

| Balance Sheet (Rp bn) | 2022A | 2023A | 2024F | 2025F | 2026F |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Cash & equivalent | 696 | 843 | 1,265 | 1,641 | 2,182 |
| Receivable | 430 | 690 | 593 | 660 | 683 |
| Inventory | 63 | 82 | 73 | 82 | 91 |
| Other current assets | 145 | 162 | 162 | 162 | 162 |
| Total current assets | 1,333 | 1,777 | 2,092 | 2,545 | 3,118 |
| 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 | 6,812 | 7,585 | 8,446 |
| ST loans | 0 | 0 | 0 | 0 | 0 |
| Payable | 173 | 196 | 220 | 251 | 271 |
| Other payables | 0 | 0 | 0 | 0 | 0 |
| Current portion of LT loans | 480 | 360 | 360 | 360 | 360 |
| Total current liab. | 653 | 556 | 580 | 611 | 631 |
| Long term loans | 0 | 0 | 0 | 0 | 0 |
| Other LT liab. | 134 | 185 | 185 | 185 | 185 |
| Total liabilities | 786 | 741 | 765 | 796 | 816 |
| Equity | 748 | 814 | 814 | 814 | 814 |
| Retained earnings | 4,676 | 5,009 | 5,620 | 6,331 | 7,141 |
| Minority interest | 708 | 777 | 777 | 777 | 777 |
| Total SHE + minority int. | 6,132 | 6,600 | 7,211 | 7,922 | 8,732 |
| Total liabilities & equity | 6,918 | 7,341 | 7,976 | 8,718 | 9,548 |

Source: Company, Indo Premier

| Cash Flow Statement (Rp bn) | 2022A | 2023A | 2024F | 2025F | 2026F |
|---------------------------------|----------------|--------------|--------------|--------------|--------------|
| Profit before tax | 1,341 | 1,207 | 1,493 | 1,746 | 2,010 |
| Depr. & amortization | 218 | 258 | 288 | 320 | 351 |
| Changes in working capital | (199) | (256) | 131 | (46) | (12) |
| Others | (142) | (414) | (383) | (453) | (525) |
| Cash flow from operating | 1,218 | 795 | 1,529 | 1,566 | 1,824 |
| 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) | (551) | (644) |
| Others | 0 | 0 | 0 | 0 | 0 |
| Cash flow from financing | (841) | (397) | (468) | (551) | (644) |
| Changes in cash | (656) | 51 | 422 | 376 | 541 |

| Key Ratios | 2022A | 2023A | 2024F | 2025F | 2026F |
|-----------------------------|--------|--------|--------|--------|--------|
| Gross margin | 51.3% | 49.9% | 51.0% | 51.7% | 52.2% |
| Operating margin | 33.1% | 28.3% | 30.7% | 32.1% | 33.2% |
| Pre-tax margin | 34.2% | 29.6% | 30.6% | 32.0% | 33.1% |
| Net margin | 24.9% | 21.5% | 22.2% | 23.2% | 24.0% |
| ROA | 14.6% | 12.8% | 14.1% | 15.1% | 15.9% |
| ROE | 18.8% | 16.3% | 17.6% | 18.6% | 19.3% |
| 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 | -96.3 | -112.6 | -129.7 |
| Net gearing | -12.8% | -14.5% | -19.7% | -23.0% | -27.4% |

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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