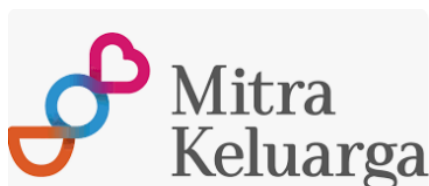


## Higher tariffs and better payer mix to support further growth

20 May 2025



MIKA IJ	BUY
Sector	Healthcare
Price at 19 May 2025 (IDR)	2,620
Price target (IDR)	3,400
Upside/Downside (%)	29.8

### Stock Information

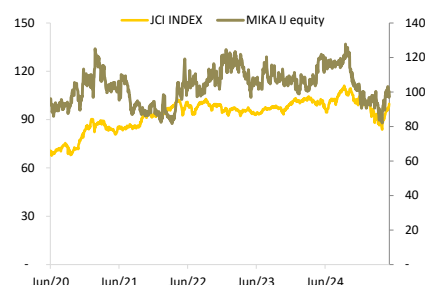
Mitra Keluarga Tbk (MIKA) is one of the largest hospital groups in Indonesia and has served for more than 31 years in several big cities.

Market cap (IDR bn)	36,440
Shares outstanding (mn)	13,907
52-week range (IDR)	2,070–3,310
3M average daily vol. ('000)	14,154
3M average daily val. (IDR mn)	33,856

### Shareholders (%)

Griyainsani Cakrasadaya	64.18
Rustiyanto	1.31
Public	34.51

### Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance (%)	4.9	2.0	(16.6)

Mitra Keluarga Karyasehat' (MIKA) earnings still grew 7.6% yoy/13.7% qoq in 1Q25 with a 120bps yoy/260bps qoq net margin expansion on higher tariffs (includes drugs) with better payers mix and cost management. While, MIKA' revenue still grew 2.3% yoy/1.3% qoq in 1Q25, despite with lower patients' traffic as MIKA' JKN patients traffic declined with lower cases of dengue fever. Note that, MIKA' revenue from JKN patients only around 12.4% of its total revenue in 1Q25 (vs 15.7% revenue contributions in 1Q24) with around 50% yoy lower dengue fever cases. All in all, MIKA' revenue and earnings in 1Q25, still came in-line with ours' (23%/23.6%) and consensus' (22.9%/22.9%) expectation. Thus, we maintained our '25F revenue and earnings for MIKA as per our expectation that the company' revenue and earnings could still grow by 13.6% yoy and 14.7% yoy, respectively in '25F on higher tariffs and case mix with better payer mix amidst 2 new hospitals' opening in 2H25F. Maintain BUY on MIKA with TP of IDR3,400, which implies 22.7x '25F EV/EBITDA. Currently, MIKA is trading at 17.1x '25F EV/EBITDA or slightly above -2stddev of its 5 years' mean EV/EBITDA.

### Further growth in '25F on higher tariffs and case mix, with better payer mix

After a 1Q25 results that came in-line, we continue to maintain our MIKA '25F revenue and still expect it to grow by 13.6% yoy on higher tariffs and case mix. According to MIKA, the pharmaceutical' companies have raised around 3%–5% of their products' average selling prices (ASP) since Jan'25. While, we also anticipate a further decline in the JKN patients' revenue contribution to MIKA' total revenue in '25F, due to the continuation of tighter referrals for patients from primary hospitals/clinics to private hospitals. The lower traffic of JKN patients is not necessarily bad for MIKA, on contrary it could bode well for the company as it could help improve its payer mix and expand its margins. Thus, we still expect MIKA '25F earnings to grow by 14.7% yoy to IDR1.32 tn, with a 30bps yoy net margin expansion, despite with a lower traffic of JKN patients amidst higher costs' pressure as MIKA plans to open 2 new hospitals in 2H25F.

### A 7.6% yoy/13.7% qoq earnings growth in 1Q25

MIKA' earnings grew 7.6% yoy/13.7% qoq in 1Q25 on higher tariffs with better payers mix and cost management amidst unpredictable weather. As a result, MIKA' 1Q25 earnings came in-line with ours' (23.6%) and cons' (22.9%) expectation.

### 1Q25' revenue growth on higher tariffs and drugs' ASP

MIKA' revenue still grew 2.3% yoy/1.3% qoq in 1Q25 on higher tariffs, despite with lower traffic of JKN patients and lower cases of dengue fever, yoy. Note that, MIKA' revenue from JKN patients only around 12.4% of its total revenue in 1Q25 (vs 15.7% revenue contributions in 1Q24) and according to MIKA that there were lower cases of dengue fever (~50% yoy) in 1Q25. Furthermore, MIKA also recorded that the number of inpatient' admissions and inpatient' days declined 12.2% yoy and 11.5% yoy, respectively in 1Q25 with a 8.7% yoy lower Bed Occupancy Rate (BOR) at 55.4%. At the same time, MIKA' outpatient' visits also declined 7.7% yoy in 1Q25. Yet, MIKA still recorded a 15.2% yoy higher average revenue per inpatients' day and a 11.7% yoy higher average revenue per outpatient' visits, respectively in 1Q25. Moreover, the revenue contribution from MIKA' private patients (non-JKN) expanded to 87.6% (+330bps yoy) of its total revenue in 1Q25, which also helped MIKA' margins.

### Net margin still expanded in 1Q25

Thanks to higher tariffs (includes drugs), MIKA' gross profit grew 3.6% yoy/2.2% qoq in 1Q25 with 70bps yoy/40bps qoq gross margin expansion. However, on operational side, MIKA' operating expenses (opex) grew 5.2% yoy/9.8% qoq in 1Q25 as MIKA paid the mandatory religious holiday allowances to its employees on Ramadan festivities, along with the preparation of 2 new hospitals opening in 2H25F. All in all, MIKA' net margin still reached 24.4% (+120bps yoy/+260bps qoq) in 1Q25.

### Maintain BUY with TP of IDR3,400

Maintain BUY on MIKA with TP of IDR 3,400/share, which implies 22.7x '25F EV/EBITDA. Risks to our call includes: a) tighter competition from local and regional peers, b) changes in government regulations on healthcare sector, and c) lawsuits. Currently, MIKA is trading at 17.1x '25F EV/EBITDA or slightly above -2stddev of its 5 years' mean EV/EBITDA.

### Exhibit 1: Key Statistics

Year end Dec	2023A	2024A	2025F	2026F	2027F
Revenue (IDR bn)	4,264	4,874	5,536	6,304	7,211
EBITDA (IDR bn)	1,501	1,840	2,091	2,402	2,764
Net profit (IDR bn)	916	1,146	1,315	1,506	1,731
EPS (IDR)	64	82	95	108	124
EPS growth (%)	(9.1)	28.2	14.7	14.5	14.9
ROE (%)	15.7	17.6	18.2	18.6	19.1
ROA (%)	12.5	13.9	14.3	14.7	15.1
PER (x)	40.7	31.8	27.7	24.2	21.1
PBV (x)	6.3	5.6	5.0	4.5	4.0
EV/EBITDA (x)	23.1	18.5	16.4	14.2	12.2
Div Yield (%)	1.4	1.3	1.6	1.8	2.1

Source: Company, KBVS Research

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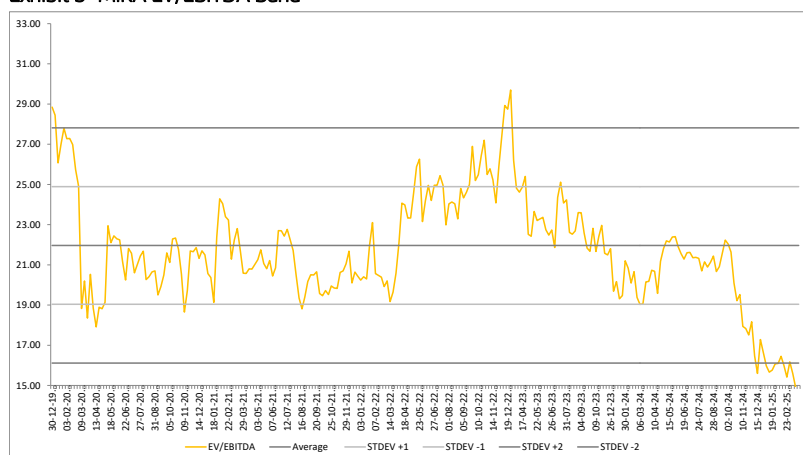
**Exhibit 2: MIKA 1Q25 results**

MIKA 1Q25 Results (IDRbn)	1Q25	1Q24	YoY	4Q24	QoQ	% to '25F	% to Cons'
Revenue	1,272	1,243	2.3%	1,255	1.3%	23.0%	22.9%
Inpatient	859	842	2.0%	809	6.2%		
Outpatient	413	401	3.1%	446	-7.4%		
COGS	(582)	(577)	0.9%	(581)	0.3%		
Gross profit	690	666	3.6%	675	2.2%	23.0%	23.7%
Operating expenses	(306)	(291)	5.2%	(278)	9.8%		
EBIT	384	375	2.4%	397	-3.1%	22.5%	22.0%
EBITDA	482	464	3.9%	476	1.3%	23.1%	22.9%
Profit before tax	416	402	3.4%	409	1.9%	22.8%	22.4%
Tax expense	(84)	(90)	-7.2%	(118)	-28.8%		
Minority interest	21	23	-7.5%	17	24.0%		
Net profit	311	289	7.6%	273	13.7%	23.6%	22.9%

**Margins (%)**

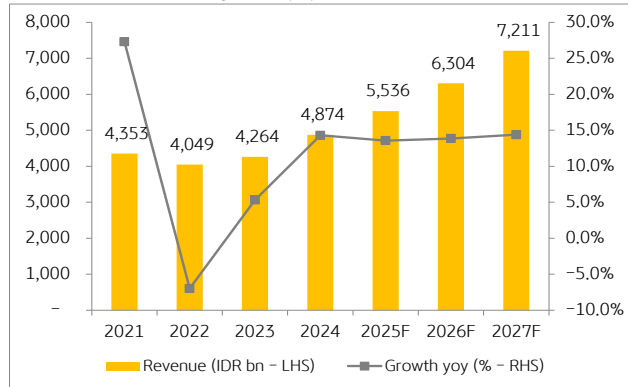
Gross margin	54.2%	53.5%	53.8%
EBIT margin	30.2%	30.2%	31.6%
EBITDA margin	37.9%	37.3%	37.9%
Pretax margin	32.7%	32.4%	32.5%
Net margin	24.4%	23.2%	21.8%

Source: Company, KBVS Research

**Exhibit 3: MIKA EV/EBITDA Band**


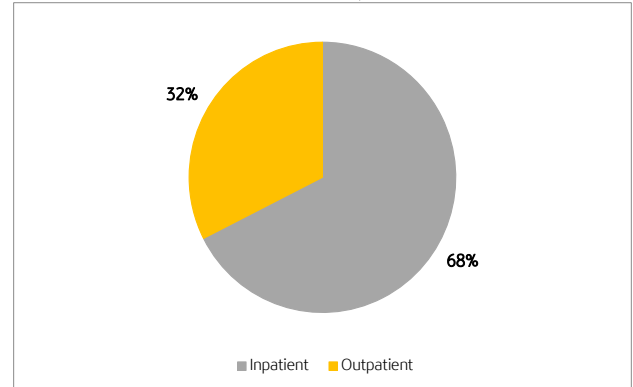
Source: Company, KBVS Research

**Exhibit 4: Revenue and growth yoy**



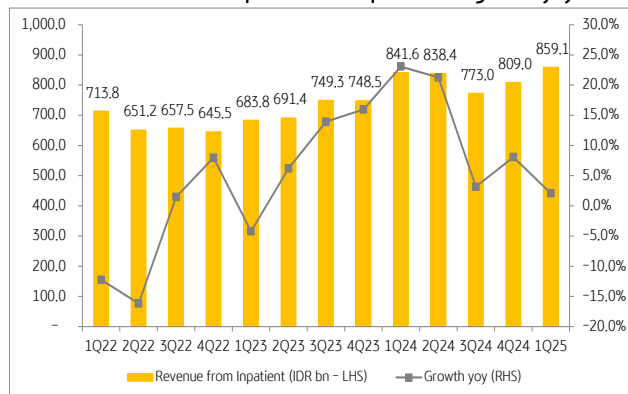
Source: Company, KBVS Research

**Exhibit 5: Revenue contribution from types of patient in 1Q25**



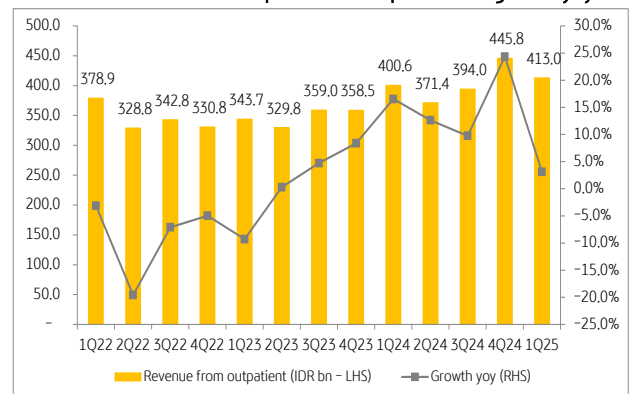
Source: Company, KBVS Research

**Exhibit 6: Revenue from inpatient each quarter and growth yoy**



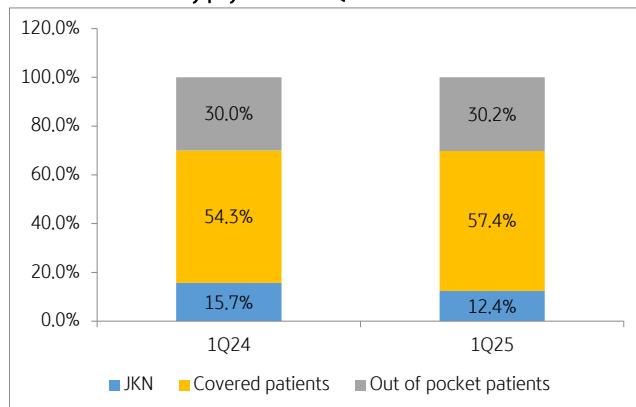
Source: Company, KBVS Research

**Exhibit 7: Revenue from outpatient each quarter and growth yoy**



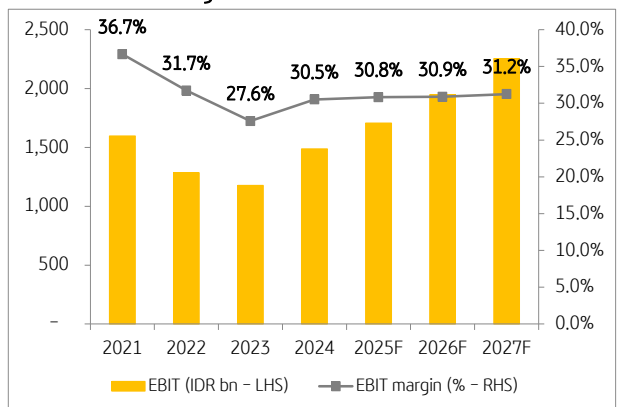
Source: Company, KBVS Research

**Exhibit 8: Revenue by payer mix in 1Q25**



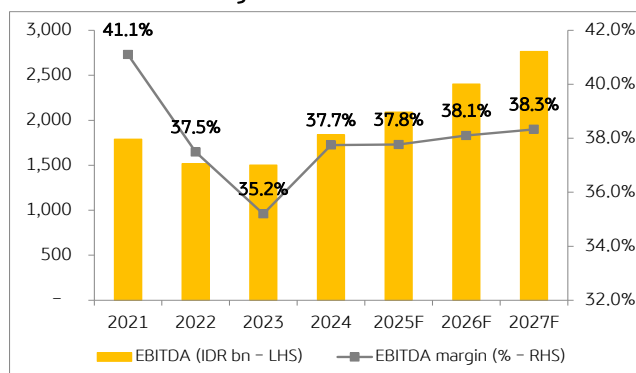
Source: Company, KBVS Research

**Exhibit 9: EBIT & margin**



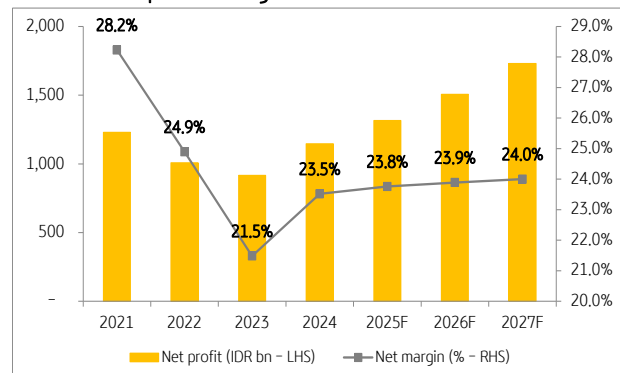
Source: Company, KBVS Research

**Exhibit 10: EBITDA & margin**



Source: Company, KBVS Research

**Exhibit 11: Net profit & margin**



Source: Company, KBVS Research

**Exhibit 12: Profit & loss summary**

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Revenue	4,264	4,874	5,536	6,304	7,211
COGS	(2,136)	(2,258)	(2,537)	(2,875)	(3,267)
Gross profit	2,128	2,616	2,999	3,428	3,945
Operating expenses	(952)	(1,129)	(1,293)	(1,482)	(1,692)
EBIT	1,176	1,487	1,706	1,946	2,253
EBITDA	1,501	1,840	2,091	2,402	2,764
Pre-tax profit	1,264	1,588	1,822	2,086	2,398
Net profit	916	1,146	1,315	1,506	1,731
EPS	64	82	95	108	124
EPS growth	-9%	28%	15%	15%	15%

Source: Company, KBVS Research

**Exhibit 13: Balance sheet**

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent (with ST Investment)	1,828	2,432	2,231	2,410	2,646
Accounts receivables	724	773	887	1,010	1,155
Inventories	82	63	154	175	200
Others	128	53	86	94	103
<b>Total current assets</b>	<b>2,762</b>	<b>3,321</b>	<b>3,357</b>	<b>3,689</b>	<b>4,104</b>
Fixed assets – Net	3,810	4,236	5,126	5,850	6,652
Others	769	690	701	716	737
<b>Total non-current assets</b>	<b>4,579</b>	<b>4,927</b>	<b>5,826</b>	<b>6,567</b>	<b>7,389</b>
<b>Total assets</b>	<b>7,341</b>	<b>8,247</b>	<b>9,184</b>	<b>10,256</b>	<b>11,493</b>
Accounts payable	276	314	357	406	465
Others	280	386	439	500	571
<b>Total current liabilities</b>	<b>556</b>	<b>700</b>	<b>795</b>	<b>906</b>	<b>1,036</b>
Others non-current liabilities	185	216	223	229	236
<b>Total non-current liabilities</b>	<b>185</b>	<b>216</b>	<b>223</b>	<b>229</b>	<b>236</b>
<b>Total liabilities</b>	<b>741</b>	<b>917</b>	<b>1,018</b>	<b>1,135</b>	<b>1,273</b>
Shareholders equity	142	139	139	139	139
Add Paid-in capital	1,363	606	606	606	606
Treasury stock & other items	(760)	0	0	0	0
Minority interests	777	833	926	1,033	1,155
Retained earnings	5,078	5,752	6,494	7,343	8,320
<b>Total Equity</b>	<b>5,823</b>	<b>6,497</b>	<b>7,239</b>	<b>8,088</b>	<b>9,066</b>
<b>Total Liabilities &amp; Equity</b>	<b>7,341</b>	<b>8,247</b>	<b>9,184</b>	<b>10,256</b>	<b>11,493</b>

Source: Company, KBVS Research

**Exhibit 14: Cash flow**

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Pre-tax profit	1,264	1,588	1,822	2,086	2,398
Tax	(267)	(361)	(414)	(474)	(545)
D&A	258	292	343	393	447
Changes in working capital	(295)	9	(162)	(95)	(112)
Others	355	201	31	61	68
<b>Operating cash flow</b>	<b>1,314</b>	<b>1,729</b>	<b>1,621</b>	<b>1,971</b>	<b>2,256</b>
Capital expenditures	(639)	(674)	(1,233)	(1,117)	(1,249)
Others	2	(324)	(16)	(17)	(19)
<b>Investing cash flow</b>	<b>(637)</b>	<b>(998)</b>	<b>(1,249)</b>	<b>(1,134)</b>	<b>(1,267)</b>
Net change in debt	-	-	-	-	-
Net change in equity	-	-	-	-	-
Others	(16)	(33)	-	-	-
Cash dividends paid	(515)	(473)	(573)	(658)	(753)
<b>Financing cash flow</b>	<b>(530)</b>	<b>(506)</b>	<b>(573)</b>	<b>(658)</b>	<b>(753)</b>
<b>Net change in cash</b>	<b>147</b>	<b>225</b>	<b>(201)</b>	<b>179</b>	<b>236</b>
Cash in beginning of the year	696	843	1,068	867	1,046
<b>Cash at the end of the year</b>	<b>843</b>	<b>1,068</b>	<b>867</b>	<b>1,046</b>	<b>1,282</b>

Source: Company, KBVS Research

**Exhibit 15: Ratio analysis**

Year End Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth (%)</b>					
Revenue	5.3	14.3	13.6	13.9	14.4
Gross profit	2.5	22.9	14.6	14.3	15.1
Operating profit	(8.4)	26.5	14.7	14.1	15.7
EBITDA	(1.1)	22.6	13.6	14.9	15.1
Net profit	(9.1)	25.1	14.7	14.5	14.9
<b>Profitability (%)</b>					
Gross margin	49.9	53.7	54.2	54.4	54.7
Operating margin	27.6	30.5	30.8	30.9	31.2
EBITDA margin	35.2	37.7	37.8	38.1	38.3
Net margin	21.5	23.5	23.8	23.9	24.0
ROA	12.5	13.9	14.3	14.7	15.1
ROE	15.7	17.6	18.2	18.6	19.1
<b>Solvency (x)</b>					
Current ratio	5.0	4.7	4.2	4.1	4.0
Quick ratio	4.8	4.7	4.0	3.9	3.8
Debt to equity	0.0	0.0	0.0	0.0	0.0
Interest coverage	75.9	84.8	97.3	111.0	128.5
Net gearing	(0.3)	(0.4)	(0.3)	(0.3)	(0.3)

Source: Company, KBVS Research

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