

To grow further in '25F

20 November 2024



MIKA IJ	BUY
Sector	Healthcare
Price at 19tolong b Nov 2024 (IDR)	2,610
Price target (IDR)	3,400
Upside/Downside (%)	30.3

Stock Information

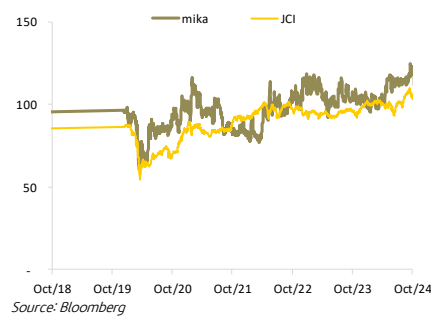
Mitra Keluarga Tbk (MIKA) is one of the largest hospital groups in Indonesia and has served for more than 31 years in several big cities.

Market cap (IDR bn)	36,299
Shares outstanding (mn)	13,908
52-week range (IDR)	2,490–3,310
3M average daily vol. ('000)	11,918
3M average daily val. (IDR mn)	35,312

Shareholders (%)

Griyainsani Cakrasadaya	62.23
Treasury stock	2.38
Public	35.39

Stock Performance



	1M	3M	12M
Performance (%)	(12)	(15)	(8)

Analyst

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Mitra Keluarga Karyasehat' (MIKA) revenue and earnings grew 14.6% yoy and 27.2% yoy, respectively in 9M24 with a 240bps yoy net margin expansion. In 3Q24, MIKA' revenue and earnings reached IDR1.17 tn (+5.3% yoy/-3.6% qoq), and IDR272 bn (+16.9% yoy/-12.6% qoq), respectively on lesser patients' traffic amidst higher opex. With good 9M24 results, unchanged guidance, and more clarity from the company, we adjusted our '24F revenue and earnings. As a result, MIKA could grow its revenue and earnings by 13.5% yoy and 26.8% yoy, respectively in '24F. We also expect MIKA could grow its revenue and earnings by 14.8% yoy and 15% yoy, respectively in '25F, on higher patients' traffic and tariffs' hike, amidst unpredictable weather. Thus, maintain BUY on MIKA with TP of IDR3,400, which implies 22.7x '25F EV/EBITDA. Currently, MIKA is trading at 17.4x '25F EV/EBITDA or below -1stdev of its 5 years' mean EV/EBITDA.

A double digit revenue growth in '24F and '25F

We have adjusted our MIKA' revenue and earnings in '24F and '25F, after a good 9M24 results with new updates from the company. With the latest updates, we have a more clarity on the cause of MIKA' lesser patients traffic qoq in 3Q24 and slightly lowered our revenue expectations in '24F (-2.2% from previous) and '25F (-2.9% from previous). Yet, we still expect MIKA' revenue could grow by 13.5% yoy in '24F on higher tariffs and patients' traffic amidst unpredictable weather, which would continue in '25F. With higher tariffs (2-3% higher), patients traffic and 2 new hospitals in 2025 (1 hospital will start to operate in 3Q25, while the other is going to operate in 4Q25) amidst unpredictable weather, we expect MIKA to deliver a 14.8% yoy revenue growth in '25F.

EBIT and EBITDA could grow further in '25F

We still expect MIKA' EBIT and EBITDA could grow by 23.6% yoy and 21.4% yoy, respectively in '24F on higher patients' traffic, despite higher opex yoy due to early staffs' hiring for its new hospitals. Note that, MIKA' EBIT and EBITDA reached IDR1.1 tn (+24.1% yoy) and IDR1.36 tn (+21.2% yoy), respectively in 9M24, on higher tariffs and more non JKN patients, with better cost management. MIKA' EBIT' and EBITDA' margin also expanded by 230bps yoy and 210bps yoy, respectively in 9M24. Thus, we expect MIKA to continue to grow its EBIT and EBITDA by 15% yoy and 16.1% yoy, with its EBIT' and EBITDA' margin could expand to 30.1% and 38.1%, respectively in '25F on 2 new hospitals and better cost management.

A 15% yoy earnings growth in '25F with net margin expansion

All in all, we expect MIKA' earnings to grow by 26.8% yoy and 15% yoy, respectively in '24F and in '25F, on higher tariffs, patients' traffic and better cost management. We also expect MIKA' net margin to expand to 24% and 24.1%, respectively in '24F and '25F.

9M24' earnings came in-line with ours'

MIKA' earnings reached IDR272 bn (+16.9% yoy/-12.6% qoq) in 3Q24 with its net margin reached 23.3% (+230bps yoy/-250bps qoq). All in all, MIKA' earnings grew 27.2% yoy in 9M24 with 240bps yoy net margin expansion on higher tariffs, patients' traffic, and better cost management. Moreover, MIKA' 9M24 earnings came in-line with ours' (75.1%), but slightly lower than consensus' (74%).

Revenue still grew 5.3% yoy in 3Q24 amidst challenges

MIKA' revenue in 3Q24 reached IDR1.17 tn (+5.3% yoy/-3.6% qoq), despite lesser patients' traffic qoq as there were 2 insurance companies that stopped their cashless program, which affected several of MIKA' hospitals. Note that, the 2 insurance companies have resumed their cashless program in Sept'24. MIKA also informed us on another potential issue that the National Health Social Security (BPJS Kesehatan) has started to reduce its referrals for JKN patients to hospitals, starting this Sept'24. Yet, we think that BPJS Kesehatan will still refer the JKN patients with severe conditions to hospitals. Moreover, based on payer mix, MIKA' revenue in 9M24 came from Non-JKN patients (84.9% or was higher than 81.2% in 9M23) and JKN patients (15.1% or was down from 18.8% in 9M23), which also has helped MIKA to expand its margins. As a result, MIKA' 9M24 revenue still grew 27.2% yoy at IDR873 bn.

Exhibit 1: Key Statistics

Year end Dec	2022A	2023A	2024F	2025F	2026F
Revenue (IDR bn)	4,049	4,264	4,840	5,554	6,394
EBITDA (IDR bn)	1,518	1,501	1,822	2,116	2,448
Net profit (IDR bn)	1,008	916	1,162	1,336	1,545
EPS (IDR)	71	64	82	94	108
EPS growth (%)	(18.0)	(9.1)	26.8	15.0	15.6
ROE (%)	18.6	15.7	17.9	18.8	19.7
ROA (%)	14.6	12.5	14.2	14.8	15.4
PER (x)	37.7	41.5	32.7	28.5	24.6
PBV (x)	7.0	6.5	5.9	5.3	4.8
EV/EBITDA (x)	23.8	24.1	20.0	17.4	15.1
Div Yield (%)	1.3	1.4	1.3	1.8	2.1

Source: Company, KBVS Research

Exhibit 2: MIKA 9M24 results

MIKA 9M24 Results (IDRbn)	9M24	9M23	YoY	3Q24	3Q23	YoY	2Q24	QoQ	% to '24F	% to Cons'
Revenue	3,619	3,157	14.6%	1,166	1,108	5.3%	1,209	-3.6%	73.1%	73.4%
Inpatient	2,453	2,125	15.5%	773	749	3.2%	858	-7.8%		
Outpatient	1,166	1,032	12.9%	394	359	9.6%	371	6.0%		
COGS	(1,677)	(1,584)	5.9%	(543)	(552)	-1.6%	(557)	-2.5%		
Gross profit	1,942	1,573	23.5%	623	557	12.0%	653	-4.5%	73.9%	75.6%
Operating expenses	(851)	(694)	22.7%	(288)	(238)	20.9%	(272)	5.7%		
EBIT	1,091	879	24.1%	335	318	5.4%	380	-11.8%	72.3%	71.7%
EBITDA	1,364	1,125	21.2%	428	403	6.2%	472	-9.3%	73.4%	74.3%
Profit before tax	1,179	950	24.2%	365	340	7.5%	412	-11.4%	73.6%	72.8%
Tax expense	(243)	(208)	16.7%	(73)	(85)	-14.1%	(79)	-7.0%		
Minority interest	64	56	14.3%	19	21	-9.3%	21	-10.5%		
Net profit	873	686	27.2%	272	233	16.9%	312	-12.6%	75.1%	74.0%

Margins (%)

Gross margin	53.6%	49.8%		53.4%	50.2%		54.0%	
EBIT margin	30.1%	27.8%		28.8%	28.7%		31.4%	
EBITDA margin	37.7%	35.6%		36.7%	36.4%		39.0%	
Pretax margin	32.6%	30.1%		31.3%	30.6%		34.1%	
Net margin	24.1%	21.7%		23.3%	21.0%		25.8%	

MIKA 9M24 Results (IDRbn)

MIKA 9M24 Results (IDRbn)	9M24	9M23	YoY	3Q24	3Q23	YoY	2Q24	QoQ
Jakarta and West Java								
Revenue	2,874	2,553	12.6%	921.7	893.2	3.2%	955.5	-3.5%
Gross profit	1,410	1,272	10.8%	486.5	450.5	8.0%	448.0	8.6%
Gross margin (%)	49.1%	49.8%		52.8%	50.4%		46.9%	
EBIT	803.9	787.1	2.1%	276.5	282.3	-2.0%	259.4	6.6%
EBITmargin (%)	28.0%	30.8%		30.0%	31.6%		27.1%	

Tegal and Surabaya

Revenue	744.9	603.7	23.4%	244.8	215.1	13.8%	253.9	-3.6%
Gross profit	531.8	300.7	76.8%	136.9	106.0	29.2%	204.5	-33.1%
Gross margin	71.4%	49.8%		55.9%	49.3%		80.5%	
EBIT	290.3	86.9	234.2%	58.1	33.6	73.0%	121.9	-52.3%
EBITmargin (%)	39.0%	14.4%		23.7%	15.6%		48.0%	

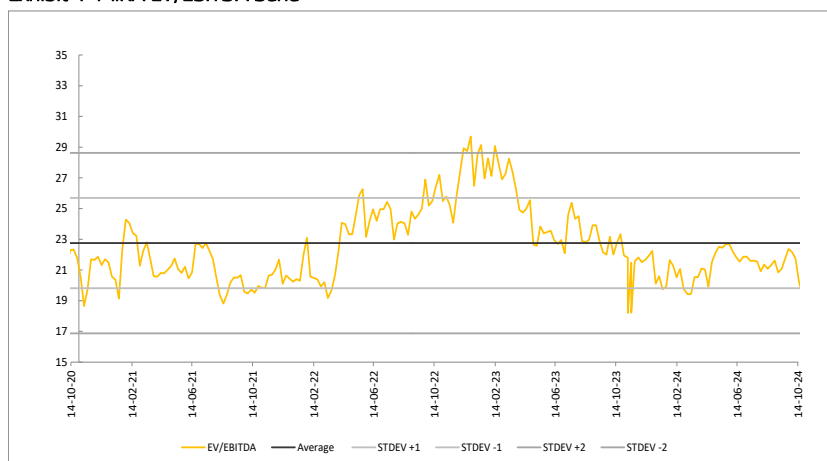
Source: Company, KBVS Research

Exhibit 3: Revenue and earnings adjustments

Adjustments	New		Old		Diff (%)	
	2024F	2025F	2024F	2025F	2024F	2025F
Revenue	4,840	5,554	4,950	5,719	-2.2%	-2.9%
Gross profit	2,590	2,980	2,629	3,048	-1.5%	-2.2%
EBIT	1,454	1,672	1,508	1,758	-3.6%	-4.9%
EBITDA	1,822	2,116	1,858	2,157	-1.9%	-1.9%
Net Profit	1,162	1,336	1,162	1,352	0.0%	-1.1%

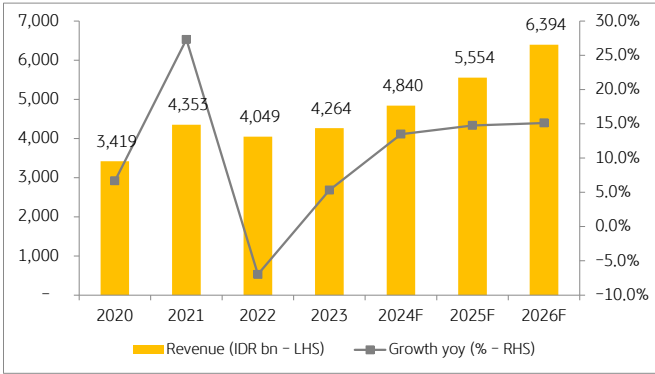
Source: Company, KBVS Research

Exhibit 4: MIKA EV/EBITDA Band



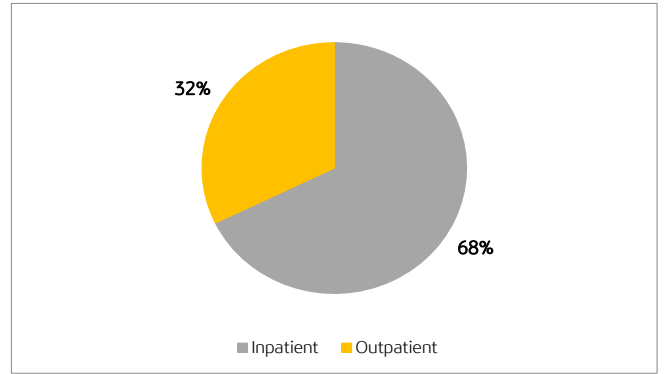
Source: Company, KBVS Research

Exhibit 5: Revenue and growth yoy



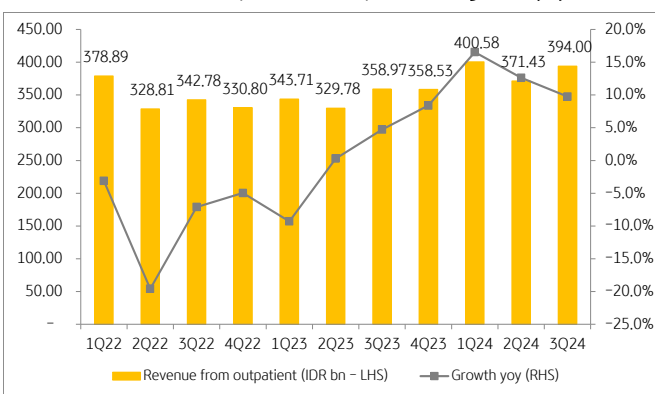
Source: Company, KBVS Research

Exhibit 6: Revenue contribution from types of patient in 9M24



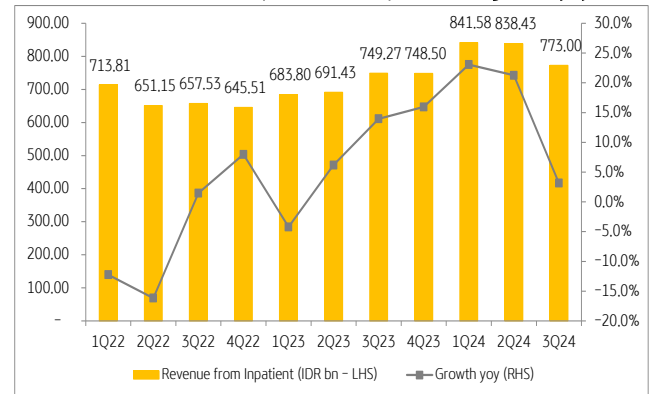
Source: Company, KBVS Research

Exhibit 7: Revenue from inpatient each quarter and growth yoy



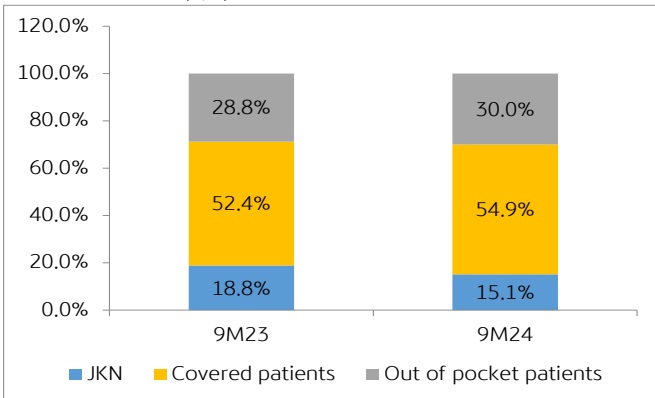
Source: Company, KBVS Research

Exhibit 8: Revenue from outpatient each quarter and growth yoy



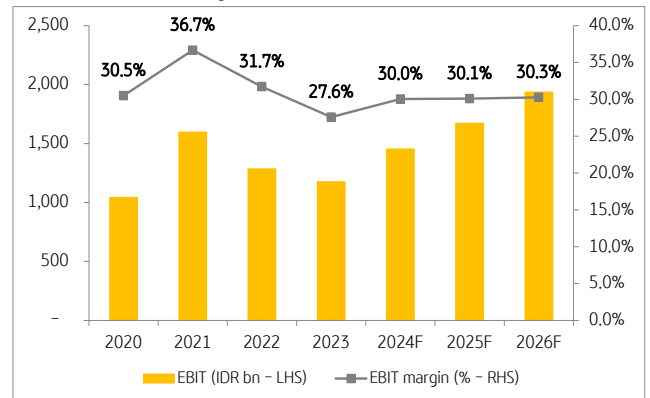
Source: Company, KBVS Research

Exhibit 9: Revenue by payer mix in 9M24



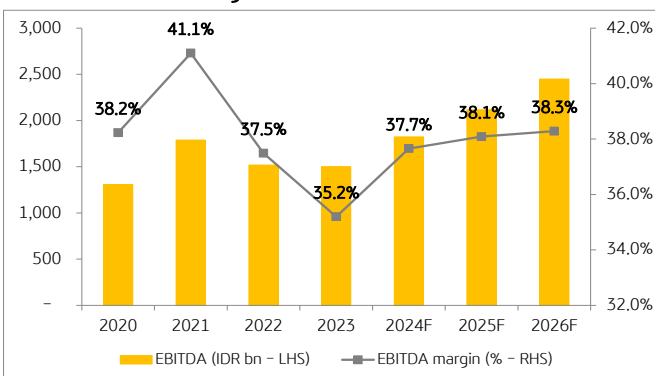
Source: Company, KBVS Research

Exhibit 10: EBIT & margin



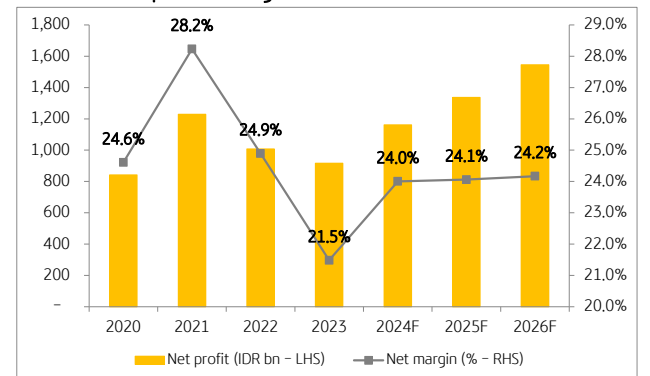
Source: Company, KBVS Research

Exhibit 11: EBITDA & margin



Source: Company, KBVS Research

Exhibit 12: Net profit & margin



Source: Company, KBVS Research

Exhibit 13: Profit & loss summary

Year End Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
Revenue	4,049	4,264	4,840	5,554	6,394
COGS	(1,972)	(2,136)	(2,250)	(2,575)	(2,960)
Gross profit	2,077	2,128	2,590	2,980	3,434
Operating expenses	(793)	(952)	(1,136)	(1,308)	(1,498)
EBIT	1,284	1,176	1,454	1,672	1,936
EBITDA	1,518	1,501	1,822	2,116	2,448
Pre-tax profit	1,386	1,264	1,578	1,816	2,100
Net profit	1,008	916	1,162	1,336	1,545
EPS	71	64	82	94	108
EPS growth	-18%	-9%	27%	15%	16%

Source: Company, KBVS Research

Exhibit 14: Balance sheet

Year End Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent (with ST Investment)	1,858	1,828	1,594	1,297	1,154
Accounts receivables	467	724	716	878	1,010
Inventories	63	82	185	213	245
Others	107	128	149	155	163
Total current assets	2,494	2,762	2,645	2,542	2,572
Fixed assets - Net	3,430	3,810	4,799	5,779	6,750
Others	994	769	736	713	706
Total non-current assets	4,424	4,579	5,535	6,492	7,456
Total assets	6,918	7,341	8,180	9,035	10,028
Accounts payable	294	276	313	359	414
Others	359	280	318	365	420
Total current liabilities	653	556	631	724	834
Others non-current liabilities	134	185	191	196	202
Total non-current liabilities	134	185	191	196	202
Total liabilities	786	741	822	921	1,036
Shareholders equity	142	142	142	142	142
Add Paid-in capital	1,363	1,363	1,363	1,363	1,363
Treasury stock & other items	(757)	(760)	(760)	(760)	(760)
Minority interests	708	777	878	994	1,129
Retained earnings	4,676	5,078	5,736	6,375	7,118
Total Equity	5,424	5,823	6,481	7,120	7,864
Total Liabilities & Equity	6,918	7,341	8,180	9,035	10,028

Source: Company, KBVS Research

Exhibit 15: Cash flow

Year End Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
Pre-tax profit	1,386	1,264	1,578	1,816	2,100
Tax	(292)	(267)	(316)	(363)	(420)
D&A	218	258	323	385	449
Changes in working capital	(194)	(295)	(58)	(142)	(111)
Others	17	355	14	52	55
Operating cash flow	1,135	1,314	1,542	1,747	2,073
Capital expenditures	(952)	(639)	(1,312)	(1,365)	(1,420)
Others	111	2	40	17	6
Investing cash flow	(840)	(637)	(1,272)	(1,347)	(1,414)
Net change in debt	-	-	-	-	-
Net change in equity	(354)	-	-	-	-
Others	(26)	(16)	-	-	-
Cash dividends paid	(501)	(515)	(504)	(697)	(802)
Financing cash flow	(881)	(530)	(504)	(697)	(802)
Net change in cash	(587)	147	(234)	(298)	(143)
Cash in beginning of the year	1,283	696	843	609	311
Cash at the end of the year	696	843	609	311	168

Source: Company, KBVS Research

Exhibit 16: Ratio analysis

Year End Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Revenue	-7.0	5.3	13.5	14.8	15.1
Gross profit	-8.2	2.5	21.7	15.0	15.2
Operating profit	-19.5	-8.4	23.6	15.0	15.8
EBITDA	-15.1	-1.1	21.4	16.1	15.7
Net profit	-18.0	-9.1	26.8	15.0	15.6
Profitability (%)					
Gross margin	51.3	49.9	53.5	53.6	53.7
Operating margin	31.7	27.6	30.0	30.1	30.3
EBITDA margin	37.5	35.2	37.7	38.1	38.3
Net margin	24.9	21.5	24.0	24.1	24.2
ROA	14.6	12.5	14.2	14.8	15.4
ROE	18.6	15.7	17.9	18.8	19.7
Solvency (x)					
Current ratio	3.8	5.0	4.2	3.5	3.1
Quick ratio	3.7	4.8	3.9	3.2	2.8
Debt to equity	0.0	0.0	0.0	0.0	0.0
Interest coverage	99.7	75.9	93.8	107.8	276.5
Net gearing	(0.3)	(0.3)	(0.2)	(0.2)	(0.1)

Source: Company, KBVS Research

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