

Mitra Keluarga Tbk (MIKA)

Inpatient Segment Supports Recovery

MIKA booked net income of IDR 570 Bn in 9M20 or a slight decline of -2.9% yoy. However, performance improved greatly on a quarterly basis with 3Q20 net income jumped 160% to IDR 253 Bn (vs IDR 97 Bn in 2Q20). Declining volume from patient admissions and visits were able to be balanced out by increases in average spending.

Performance Recovery in 3Q20. MIKA's performance has started to show strong signs of recovery in 3Q20. Revenue increased by 54.3% compared to previous quarter. This resulted net income to jumped to IDR 253.Bn in 3Q20 (vs IDR 97 Bn in 2Q20) or a surge of 160%. Meanwhile, 9M20 revenue has reached IDR 2,316 Bn (-2.8% yoy), while net income also decline by -2.9% to IDR 570 Bn (vs IDR 587 Bn). Revenue from inpatient segment managed to record a modest growth of 1.7% (IDR 1,502 Bn vs IDR 1,476 Bn); while outpatient segment decreased by 10.2%. We see this slight performance decline as a positive, considering the company was greatly affected by the PSBB period in 2Q20 which greatly reduced the number of hospital visits.

Increase in Average Spending offsets Declining Volume. While both Inpatient and Outpatient segments saw declines in number of admissions and visits, it was made up for in average spending per visit. Average revenue per inpatient rose 11.9% to IDR 3.4 Mn (vs IDR 3.1 Mn in 9M19); while the number of admission declined by 12.2% from 158,000 to 139,000 in 9M20. Inpatient segment was supported by admissions of Covid-19 patients which on average needed 8-14 days of hospitalization, and hence boosted the number of revenues. Meanwhile, Outpatient segment fared a bit worse with number of visits down by 23.2% yoy. However, this was also able to be offset by average spending per visit which went up from IDR 457,000 in 9M19 to IDR 535,000 in 9M20.

Maintain Hospital Expansion Plan. Amid the Covid-19 pandemic, MIKA will continue its expansion plan. In 2020, MIKA has acquired a hospital in Cirebon through its subsidiary, Rumah Kasih Indonesia (RKI). The company has also completed the construction of its hospital in Surabaya, which currently awaits for approval to operate. For next year, MIKA will allocate between IDR 300-400 Bn to build 2 new hospitals.

Initiate BUY with Target Price of IDR 2,810/share. We see MIKA's strong performance in 3Q20 along with its healthy balance sheet as positive catalysts for its share price. Hence, we initiate a BUY call for MIKA with a Target Price of IDR 2,810/ share based on our DCF-based valuation. Our TP implies a 2021 forward P/E of 51.4x. MIKA is currently traded at around its 3-year P/E average.

Mitra Keluarga Tbk | Summary (IDR bn)

in IDR bn	2019/12A	2020/12E	2021/12F	2022/12F
Sales	3,205	3,209	3,791	4,218
Sales growth	18.1%	0.1%	18.1%	11.3%
EBITDA	1,103	1,050	1,150	1,244
Net profit	731	673	779	843
EPS (IDR)	51	47	55	59
EPS growth	19.1%	-7.9%	15.9%	8.2%
BVPS (IDR)	337	370	396	418
EBITDA margin	34.4%	32.7%	30.3%	29.5%
NPM	22.8%	21.0%	20.6%	20.0%
ROE	15.2%	12.8%	13.8%	14.2%
ROA	13.1%	11.1%	11.9%	11.7%
ROIC	15.5%	12.9%	14.5%	14.9%
P/E	52.1x	59.5x	51.4x	47.5x
P/BV	7.9x	7.6x	7.1x	6.7x
EV/EBITDA	33.9x	37.0x	34.1x	31.5x
DPS (IDR)	18	21	33	38
Dividend yield	0.7%	0.7%	1.2%	1.4%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer



Company Report | November 16, 2020

BUY

Target Price (IDR)	2,810
Consensus Price (IDR)	2,805
TP to Consensus Price	0.2%
vs. Last Price	22.7%

Shares data

Last Price (IDR)	2,290
Price date as of	13 November 2020
52 wk range (Hi/Lo)	2,840 / 1,570
Free float (%)	38.1
Outstanding sh.(mn)	14,246
Market Cap (IDR bn)	33,051
Market Cap (USD mn)	2,329
Avg. Trd Vol - 3M (mn)	28.2
Avg. Trd Val - 3M (bn)	68.9
Foreign Ownership (%)	7.16

Healthcare

Hospital

Bloomberg	MIKA IJ
Reuters	MIKA JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-16.4%	-8.8%	-4.2%	-15.2%
Rel. Ret.	-3.0%	-14.8%	-8.0%	-1.0%

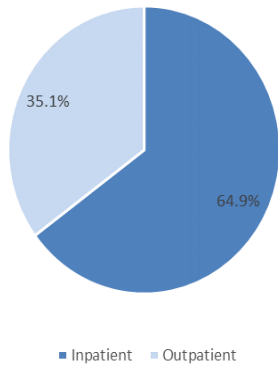
Anggaraksa Arismunandar

+62 21 5088 9134

anggaraksa@nhsec.co.id

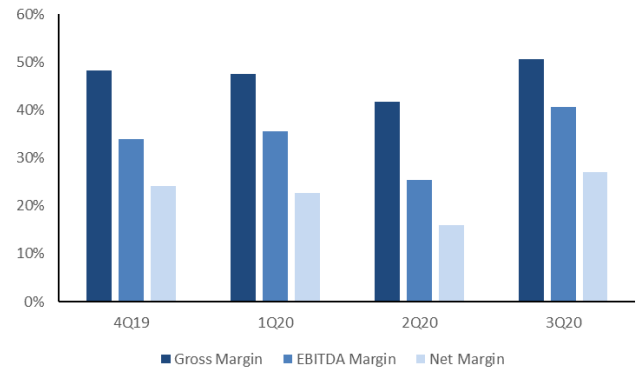
Performance Highlights

Revenue Breakdown | 9M20



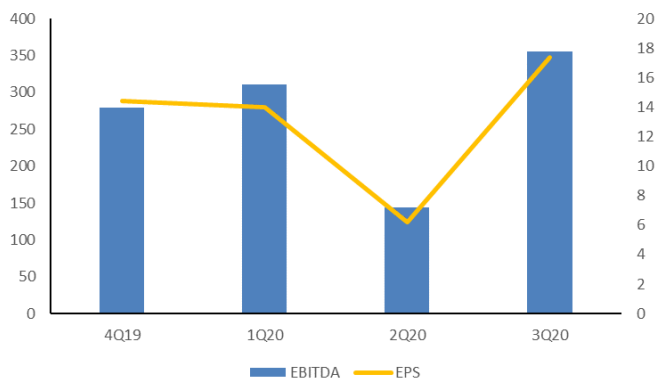
Source: Company Data, NHKSI Research

Profitability Margin | Quarterly



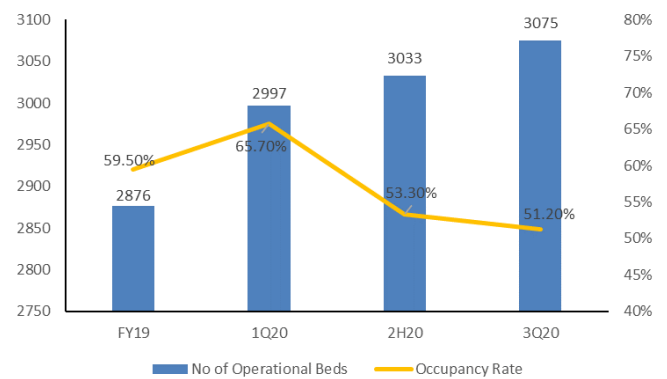
Source: Bloomberg, NHKSI Research

EPS and EBITDA Movement



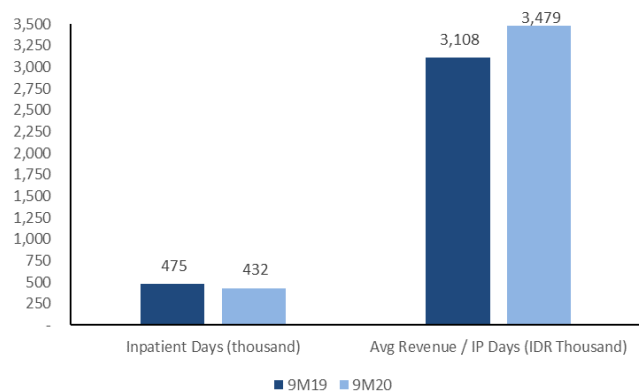
Source: Bloomberg, NHKSI Research

No of Operational Beds



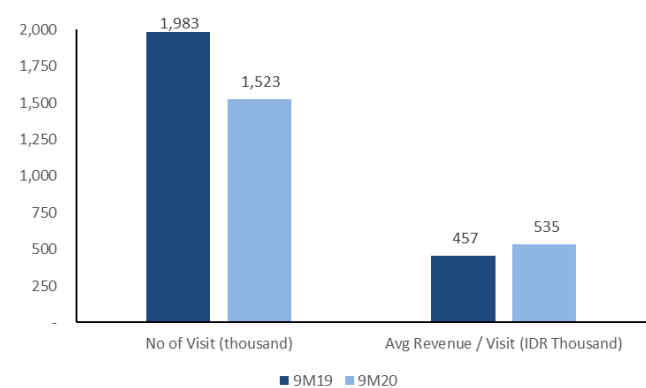
Source: Company Data, NHKSI Research

Segment Performance | Inpatient



Source: Company Data, NHKSI Research

Segment Performance | Outpatient



Source: Various Sources, NHKSI Research



Company Background

Mitra Keluarga started operation in 1989 with the opening of its first hospital in Jatinegara—Jakarta. The company is one of the largest private hospital operators in Indonesia. Currently, Mitra Keluarga operates hospitals throughout several cities in Java regions, such as: Greater Jakarta, Cirebon, Tegal, and Surabaya. MIKA was listed on the Indonesia Stock Exchange (IDX) on 24 Mar 2015. In 2017, it announced the acquisition of PT Rumah Kasih Indonesia (Kasih Group) in Jakarta. As of 3Q20, the company manages 25 hospitals with 3,075 beds capacity.

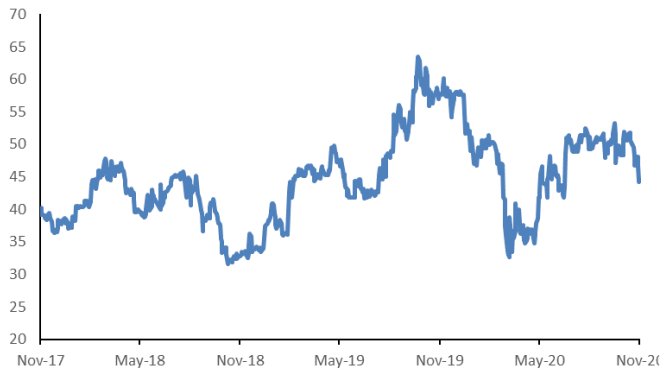
Asia Pacific Peers Comparison

Company	Market Cap (USD Mn)	Assets (USD)	Sales (USD Mn)	Net Income (USD Mn)	DER (%)	PER (x)	PBV (x)	ROE (%)
Indonesia								
MITRA KELUARGA KARYASEHAT TB	2,325	395,474,838	217	50.03	0	44.66	7.35	16.74
MEDIKALOKA HERMINA TBK PT	721	391,130,667	264	21.24	51.09	33.24	4.34	13.97
Thailand								
BUMRUNGRAD HOSPITAL PCL	2,777	764,973,410	454	61.61	13.85	41	4.57	10.21
SAMITIVEJ PUBLIC CO LTD	1,292	413,058,305	346	50.69	3.15	24.84	4.37	19.94
RAMKHAMHAENG HOSPITAL PUB CO	1,120	817,899,537	205	41.34	53.45	31.28	3.12	9.37
CHULARAT HOSPITAL PCL	914	205,589,624	168	23.97	44.55	37.25	7.47	20.55
BANGKOK DUSIT MED SERVICE	11,318	4,206,514,859	2,289	230.01	33.79	48.42	4.14	8.71
VIBHAVADI MEDICAL CENTER PCL	640	643,054,489	203	20.72	79.34	29.77	2.55	8.47
India								
NARAYANA HRUDAYALAYA LTD	976	383,563,500	441	17.19	83.78	60.87	6.37	10.73
Hong Kong								
CHINA RESOURCES MEDICAL HOLD	896	1,212,402,942	293	46.25	13.32	17.95	1.01	5.45
Malaysia								
IHH HEALTHCARE BHD	11,610	10,254,650,764	3,268	107.44	42.41	N/A	2.24	-1.16

Source: Bloomberg (data as of 12 November 2020)

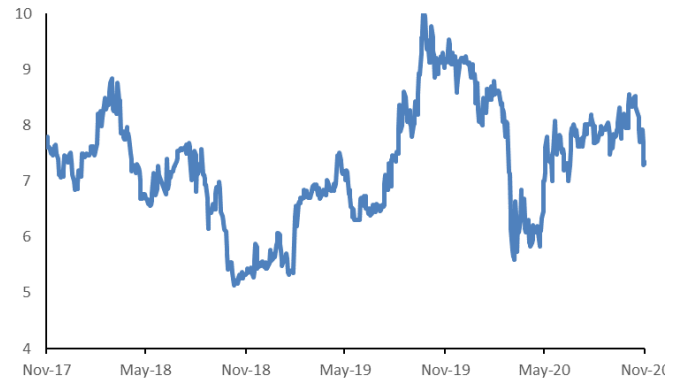
Multiple Valuation

Historical P/E Movement | Last 3 years



Source: Bloomberg, NHKSI research

Historical P/BV Movement | Last 3 years



Source: Bloomberg, NHKSI research

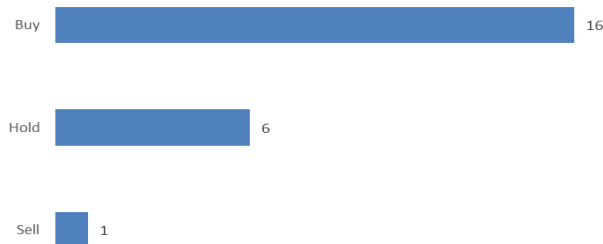
Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
16/11/2020	Buy	2,810	2,290	2,805	+22.7	+0.2%

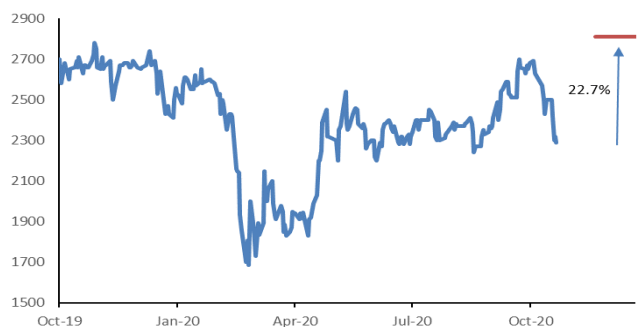
Source: NHKSI research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to 15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E		2019/12A	2020/12E	2021/12E	2022/12E
Net Sales	3,205	3,209	3,791	4,218	ROE	15.2%	12.8%	13.8%	14.2%
<i>Growth</i>	18.1%	0.1%	18.1%	11.3%	ROA	13.1%	11.1%	11.9%	11.7%
COGS	(1,671)	(1,692)	(1,990)	(2,215)	ROIC	15.5%	12.9%	14.5%	14.9%
Gross Profit	1,534	1,517	1,800	2,003	Cash Dividend (IDR bn)	256	299	471	545
<i>Gross Margin</i>	47.9%	47.3%	47.5%	47.5%	Dividend Yield	0.7%	0.7%	1.2%	1.4%
Operating Expenses	(654)	(648)	(751)	(869)	Payout Ratio	35.0%	44.5%	60.4%	64.7%
EBIT	943	869	1,050	1,135	DER	0.1%	0.0%	0.0%	0.0%
<i>EBIT Margin</i>	29.4%	27.1%	27.7%	26.9%	Net Gearing	0.2%	0.0%	0.0%	0.0%
Depreciation	160	181	100	110	LT Debt to Equity	0.0%	0.0%	0.0%	0.0%
EBITDA	1,103	1,050	1,150	1,244	Capitalization Ratio	0.1%	0.0%	0.0%	0.0%
<i>EBITDA Margin</i>	34.4%	32.7%	30.3%	29.5%	Equity Ratio	86.0%	86.9%	86.6%	83.0%
Interest Expenses	56	38	-	-	Debt Ratio	0.1%	0.0%	0.0%	0.0%
EBT	1,005	937	1,085	1,174	Financial Leverage	101.7%	99.0%	100.4%	104.3%
Income Tax	(213)	(213)	(206)	(239)	Current Ratio	574.6%	712.5%	595.8%	547.6%
Minority Interest	(61)	(58)	(68)	(73)	Par Value (IDR)	10	10	10	10
Net Profit	731	673	779	843	Total Shares (mn)	14,246	14,246	14,246	14,246
<i>Growth</i>	19.1%	-7.9%	15.9%	8.2%	Share Price (IDR)	2,670	2,810	2,810	2,810
<i>Net Profit Margin</i>	22.8%	21.0%	20.6%	20.0%	Market Cap (IDR tn)	38.0	40.0	40.0	40.0

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E		2019/12A	2020/12E	2021/12E	2022/12E
Cash	1,141	1,708	1,423	1,422	Price /Earnings	52.1x	59.5x	51.4x	47.5x
Receivables	475	448	545	607	Price /Book Value	7.9x	7.6x	7.1x	6.7x
Inventories	49	39	53	59	Price/Sales	11.9x	12.5x	10.6x	9.5x
Total Current Assets	2,475	2,755	2,596	2,655	PE/EPS Growth	2.7x	-7.5x	3.2x	5.8x
Net Fixed Assets	2,390	2,471	3,238	3,952	EV/EBITDA	33.9x	37.0x	34.1x	31.5x
Other Non Current Assets	711	840	691	566	EV/EBIT	39.7x	44.8x	37.3x	34.5x
Total Assets	5,576	6,066	6,524	7,173	EV (IDR bn)	37,413	38,891	39,176	39,177
Payables	415	381	426	474	Sales CAGR (3-Yr)		8.7%	11.8%	9.6%
ST Bank Loan	3	-	-	-	EPS CAGR (3-Yr)		-0.4%	8.3%	4.9%
LT Debt	2	-	-	-	Basic EPS (IDR)	51	47	55	59
Total Liabilities	783	796	845	894	Diluted EPS (IDR)	51	47	55	59
Capital Stock & APIC	1,505	1,505	1,505	1,505	BVPS (IDR)	337	370	396	418
Retained Earnings	2,777	3,187	3,515	3,818	Sales PS (IDR)	225	225	266	296
Shareholders' Equity	4,794	5,270	5,647	5,950	DPS (IDR)	18	21	33	38

CASH FLOW STATEMENT					OWNERSHIP				
(IDR bn)	2019/12A	2020/12E	2021/12E	2022/12E		% Shareholders			%
Operating Cash Flow	890	903	879	952	By Geography				
Investing Cash Flow	(661)	(135)	(693)	(408)	Indonesia	93.0	PT Griyasani Cakrasada		61.9
Financing Cash Flow	(263)	(304)	(471)	(545)	United States	4.2	Matthews International Cap		2.7
Net Changes in Cash	(34)	464	(285)	(1)	Norway	1.4	Norges Bank		0.9
					Others	1.4	Others		34.6

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