

Mitra Keluarga Tbk (MIKA)

Boosted by Covid-19 Related Services



Company Report | May 7, 2021

BUY

Target Price (IDR)	3,250
Consensus Price (IDR)	3,206
TP to Consensus Price	1.4%
vs. Last Price	24.5%

Shares data

Last Price (IDR)	2,610
Price date as of	May 6, 2021
52 wk range (Hi/Lo)	3,220 / 1,860
Free float (%)	38.1
Outstanding sh.(mn)	14,246
Market Cap (IDR bn)	37,041
Market Cap (USD mn)	2,568
Avg. Trd Vol - 3M (mn)	25.7
Avg. Trd Val - 3M (bn)	71.7
Foreign Ownership (%)	8.5

Healthcare

Hospital

Bloomberg	MIKA IJ
Reuters	MIKA JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-4.8%	-0.4%	-16.9%	42.1%
Rel. Ret.	-4.7%	-0.5%	-14.1%	4.4%

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MIKA continued its V-shaped recovery with a 1Q21 Revenue of IDR 1,204 Bn (up 37.6% yoy) and Net Income of IDR 374 Bn (up 69.6% yoy). Increased capacity and patient volume for Covid-19 cases have steadily support MIKA's performance since bottoming out in 2Q20. With the pandemic expected to be more controllable, new hospital openings both through self-developed constructions and acquisitions, are expected to sustain healthy performance growth.

Performance Growth Continues in 1Q21

- MIKA's recorded 1Q21 Revenue of IDR 1,204 Bn, a 37.6% yoy growth compared to IDR 875 Bn in 1Q20.
- Profitability also improved with EBITDA margin up by 750 bps to 43.8%. This led to a significant jump in Net Income; up 69.6% to IDR 374 Bn (vs IDR 220 Bn in 1Q20).
- From the operational side, MIKA's total operational beds also rose to 3,224; with inpatient days up 2.7% to 184,000 in 1Q21 (compared to 179,000 in the same period last year). This was able to offset the decrease in Occupancy Rate, which was slightly down by 2.3%

Covid-19 Related Services Support Inpatient Segment

- The inpatient segment still has the biggest contribution, making up 67.5% of MIKA's total revenue in 1Q21. This was supported by a rapid increase in Revenue per Inpatient Day; which grew 43.8% yoy to IDR 4.42 million/day.
- Increase in inpatient segment was supported by Covid-19 Related Services; with 1,042 beds allocated to treatment of the novel virus, compared to only 210 beds in 1Q20. Occupancy rate for Covid-19 also stood at 79%, or significantly higher than non-Covid occupancy at 61%.
- In terms of type of Services, the Drugs & Medical Supplies segment still leads with 43% revenue contribution; down from 46% last year. This was followed by Medical Support Services (27%) and Inpatient Accommodation (14%).

Continue with Organic and Inorganic Expansion Plans

- In February 2021, MIKA has successfully opened a new hospital in Surabaya. This will be followed with the development of 5 new hospitals around Greater Jakarta and East Java region, with 2 of them expected to be fully operational in 2022.
- MIKA is currently in the process of acquiring 2 hospitals, with the deals expected to be finalize in mid-2021. We view that these continued expansion strategies are important to sustain MIKA's growth, especially when income from Covid-19 related services started to normalize.

Maintain BUY recommendation with higher TP

- We maintain our BUY call for MIKA with an increased TP of IDR 3,250/share. Our TP reflects a forward P/E of 40x (-0.5 std from 3-year average).
- In our view, Covid-19 related services should still contribute significantly to MIKA's revenue until 1H21. While recovery from non-Covid patient volume and additional capacity from new hospitals will be key catalysts for growth from 2H21

Mitra Keluarga Tbk | Summary (IDR bn)

In IDR Bn		2019/12A	2020/12A	2021/12E	2022/12E
Sales		3,205	3,419	4,719	4,955
	<i>Sales growth</i>	18.1%	6.7%	38.0%	5.0%
Net profit		730	842	1,225	1,155
	<i>Net profit growth</i>	19.0%	15.3%	45.5%	-5.7%
EPS (IDR)		51	59	86	81
ROE		15.2%	15.3%	20.0%	15.7%
EV/EBITDA		33.0x	28.9x	27.1x	24.9x
P/E		51.9x	46.1x	37.7x	40.0x
P/BV		7.9x	7.0x	7.6x	6.3x
DER		0.0x	0.0x	0.0x	0.0x
Dividend yield		0.7%	0.8%	0.9%	0.9%

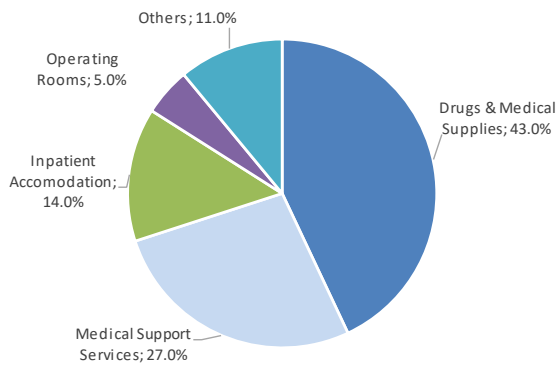
Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

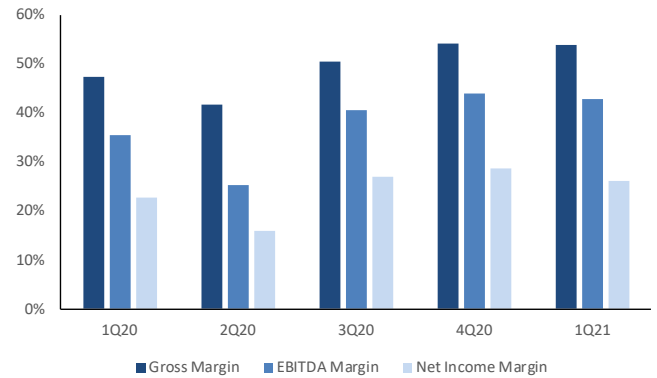
Performance Highlights

Revenue Breakdown | 3M21



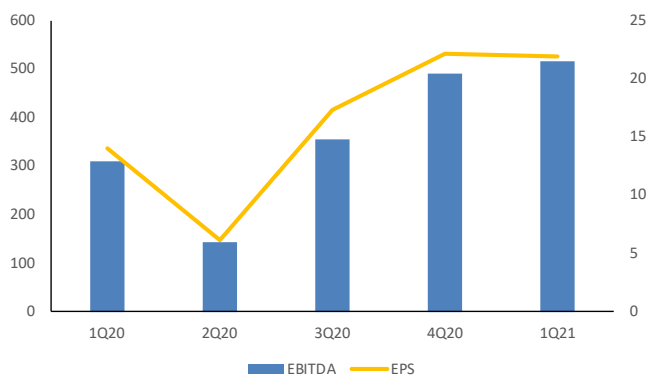
Source: Company Data

Profitability Margin | Quarterly



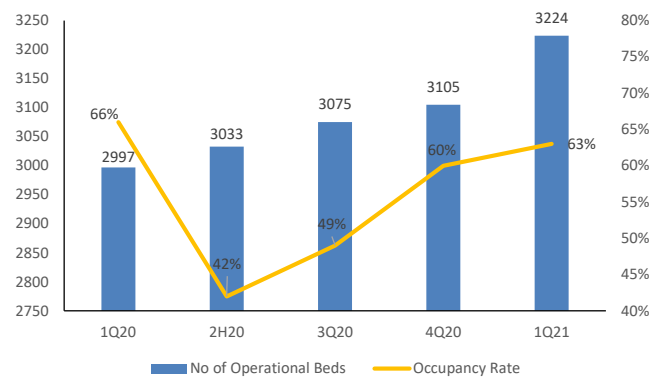
Source: Bloomberg, NHKSI Research

EPS and EBITDA Movement



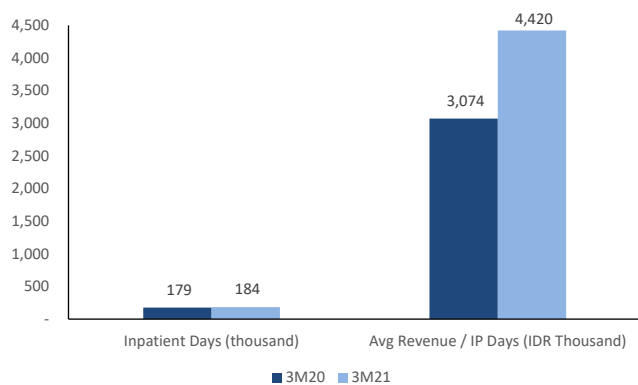
Source: Bloomberg, NHKSI Research

No of Operational Beds



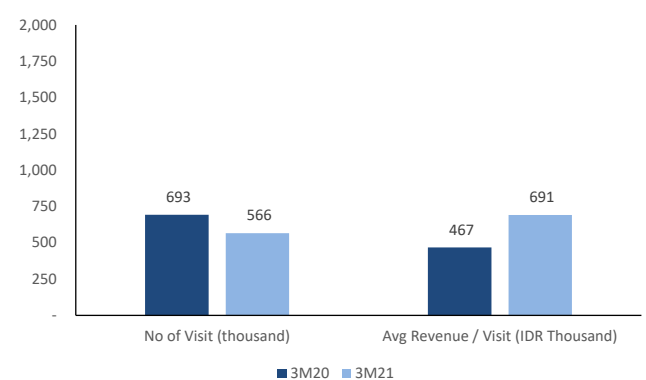
Source: Company Data, NHKSI Research

Segment Performance | Inpatient



Source: Company Data, NHKSI Research

Segment Performance | Outpatient



Source: Company Data, 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. In March 2015, MIKA became a public company after listing its shares on the Indonesian Stock Exchange (IDX). In 2017, the company announced the acquisition of PT Rumah Kasih Indonesia (Kasih Group) in Jakarta. As of 1Q21, the company manages 26 hospitals with 3,224 beds capacity.

Asia Pacific Peers Comparison

Company	Market Cap (USD Mn)	Assets (USD)	Revenue (USD Mn)	Net Income (USD Mn)	DER (%)	PER (x)	PBV (x)	ROE (x)
Indonesia								
MITRA KELUARGA KARYASEHAT TB			257.7	66.35	0	38.72	7.08	19.77
MEDIKALOKA HERMINA TBK PT			264.38	21.24	51.09	43.65	5.7	13.97
Thailand								
BUMRUNGRAD HOSPITAL PCL			350.32	17.36	13.79	195.47	5.56	2.69
SAMITIVEJ PUBLIC CO LTD			330.67	46.34	3.08	28.88	4.3	15.21
CHULARAT HOSPITAL PCL			173.78	27.99	28.11	40.17	8.75	22.69
RAMKHAMHAENG HOSPITAL PUB CO	1,108	908,729,861	250.21	20.18	55.94	54.85	2.86	5.11
BANGKOK DUSIT MED SERVICE			2177.47	168.9	26.51	48.2	3.92	8.4
VIBHAVADI MEDICAL CENTER PCL			192.7	14.44	72.37	70.35	3.89	5.64
India								
NARAYANA HRUDAYALAYA LTD			441.32	17.19	83.78	67.75	7.09	10.73
Hong Kong								
CHINA RESOURCES MEDICAL HOLD			399.07	47.62	11.84	22.28	1.19	5.16
Malaysia								
IHH HEALTHCARE BHD			3191.62	144.61	43.01	229.2	2.09	0.9

Source: Bloomberg (data as of 5 May 2021)

Multiple Valuation

Blended Forward P/E Ratio | 3 years



Source: Bloomberg, NHKSI Research

P/B Ratio | 3 years



Source: Bloomberg, NHKSI Research

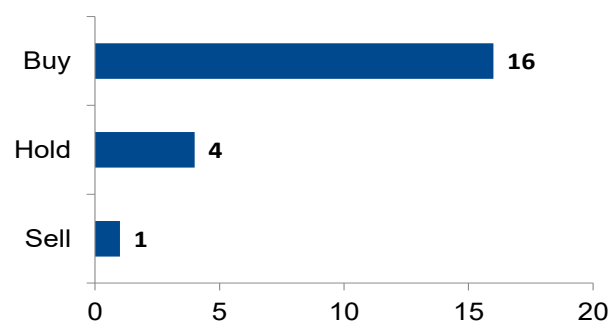
Rating and Target Price Update

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%
07/05/2021	Buy	3,250	2,610	3,206	+24.5%	+1.4%

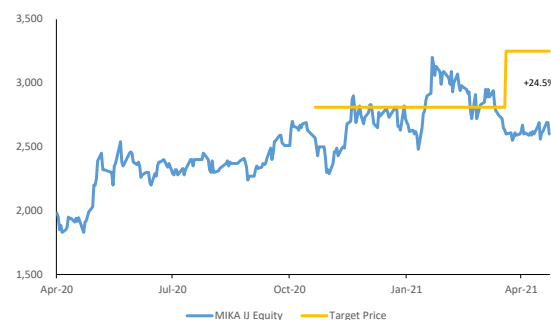
Source: NHKSI Research

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

(IDR bn)	2019/12A	2020/12A	2021/12E	2022/12E
Net Sales	3,205	3,419	4,719	4,955
<i>Growth</i>	18.1%	6.7%	38.0%	5.0%
COGS	(1,671)	(1,727)	(2,443)	(2,576)
Gross Profit	1,534	1,692	2,276	2,378
<i>Gross Margin</i>	47.9%	49.5%	48.2%	48.0%
Operating Expenses	(591)	(571)	(845)	(876)
EBIT	943	1,122	1,431	1,502
<i>EBIT Margin</i>	29.4%	32.8%	30.3%	30.3%
Depreciation	160	162	234	274
EBITDA	1,103	1,284	1,665	1,776
<i>EBITDA Margin</i>	34.4%	37.5%	35.3%	35.9%
Interest Expenses	-	(67.2)	-	-
EBT	1,004	1,170	1,695	1,597
Income Tax	(213)	(246)	(366)	(340)
Minority Interest	(61)	(82)	(104)	(102)
Net Profit	730	842	1,225	1,155
<i>Growth</i>	19.0%	15.3%	45.5%	-5.7%
<i>Net Profit Margin</i>	22.8%	24.6%	26.0%	23.3%

PROFITABILITY & STABILITY

	2019/12A	2020/12A	2021/12E	2022/12E
ROE	15.2%	15.3%	20.0%	15.7%
ROA	13.1%	13.2%	17.2%	13.7%
Inventory Turnover	72.6x	66.1x	8.3x	8.3x
Receivable Turnover	8.0x	6.1x	8.5x	7.4x
Payables Turnover	9.0x	7.2x	8.3x	8.1x
Dividend Yield	0.7%	0.8%	0.9%	0.9%
Payout Ratio	35.0%	35.4%	35.2%	35.3%
DER	0.0x	0.0x	0.0x	0.0x
Net Gearing	0.0x	0.0x	0.0x	0.0x
Equity Ratio	86.0%	86.6%	86.2%	87.3%
Debt Ratio	0.1%	0.0%	0.1%	0.0%
Financial Leverage	115.4%	115.9%	115.8%	115.3%
Current Ratio	574.6%	546.0%	573.2%	686.1%
Quick Ratio	5.6x	5.4x	5.7x	6.8x
Par Value (IDR)	10	10	10	10
Total Shares (mn)	14,246	14,241	14,241	14,241
Share Price (IDR)	2,670	2,730	3,250	3,250
Market Cap (IDR tn)	38.0	38.9	46.3	46.3

BALANCE SHEET

(IDR bn)	2019/12A	2020/12A	2021/12E	2022/12E
Cash	1,141	2,101	2,469	3,681
Receivables	475	646	720	794
Inventories	49	55	48	48
Total Current Assets	2,475	3,104	3,569	4,887
Net Fixed Assets	2,390	2,534	2,772	2,745
Other Non Current Assets	711	734	771	810
Total Non Current Asset	3,101	3,269	3,543	3,555
Total Assets	5,576	6,372	7,112	8,443
Payables	415	539	602	696
ST Bank Loan	3	-	-	-
Total Current Liabilities	431	568	623	712
LT Debt	2	-	4	3
Total Liabilities	783	855	983	1,076
Capital Stock & APIC	1,505	1,505	1,505	1,505
Retained Earnings	2,777	3,405	4,113	5,276
Shareholders' Equity	4,793	5,517	6,129	7,367

VALUATION INDEX

	2019/12A	2020/12A	2021/12E	2022/12E
Price /Earnings	51.9x	46.1x	37.7x	40.0x
Price /Book Value	7.9x	7.0x	7.6x	6.3x
PE/EPS Growth	2.7x	3.0x	0.8x	-7.0x
EV/EBITDA	33.0x	28.9x	27.1x	24.9x
EV/EBIT	38.6x	33.1x	31.6x	29.4x
EV (IDR bn)	36,364	37,148	45,161	44,192
Sales CAGR (3-Yr)	-73.9%	11.1%	20.3%	15.6%
Net Income CAGR (3-Yr)	-66.7%	7.4%	25.9%	16.5%
Basic EPS (IDR)	51	59	86	81
BVPS (IDR)	336.42	387.41	430.35	517.33
DPS (IDR)	18	21	30	29

CASH FLOW STATEMENT

(IDR bn)	2019/12A	2020/12A	2021/12E	2022/12E
Operating Cash Flow	894	1,066	1,246	1,888
Investing Cash Flow	(675)	(624)	(438)	(283)
Financing Cash Flow	(481)	(306)	(439)	(393)
Net Changes in Cash	(262)	136	368	1,212

OWNERSHIP

Shareholders	%
Griyainsani Cakrasadaya PT	61.9
Matthews International Capital Management LLC	2.6
Vanguard Group Inc/The	1.1
Others	34.4
By Geography	%
Indonesia	91.5
United States	5.8
Norway	1.4
Others	1.3

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