

Mitra Keluarga Karyasehat Tbk (MIKA IJ)

1Q22 Performance Supported by Non-Covid19 Patients

MIKA booked 1Q22 revenue of IDR1.1 trillion or down 9.2% compared to the same period last year (vs 1Q21: IDR1.2 trillion) due to declines in the Inpatient and Outpatient segments. We expect performance in 2022 will be more supported by Non-Covid19 patients reflected in the 1Q22 income of the segment which booked IDR975 billion.

Top and Bottom Performance Declined

- MIKA booked 1Q22 revenue of IDR1.1 trillion or down 9.2% from the same period last year (vs 1Q21: IDR1.2 trillion). Both Inpatient and Outpatient segments recorded declines of 12.2% YoY to IDR713.8 billion and 3.1% YoY to IDR378.9 billion.
- Gross profit in 1Q22 was booked lower at IDR580.5 billion (-10.5% YoY) as COGS fell to IDR512.2 billion (-7.7% YoY). The increase in operating costs due to rising sales cost as well as administration and general expenses suppressed operating profit by 21.4% YoY to IDR367.9 billion. This also caused net profit to be low (-14.9% YoY) at IDR269.4 billion (vs 1Q21: IDR 316.3 billion).
- The total volume of MIKA's patients grew 13.5% YoY in 1Q22 to 698 thousand (vs 1Q21: 615 thousand), with Bed Occupancy Ratio (BOR) recorded lower at 57.8% (vs 1Q21: 63.4%) and Average Length of Stay (ALoS) also fell 20.6% YoY to 3.0 days (vs 1Q21: 3.7 days).
- Meanwhile, profitability ratios in 1Q22 both GPM, EBIT Margin, and NPM were recorded lower than 1Q21 at 53.1%, 33.7%, and 24.6% (vs 1Q21: 53.9%, 38, 9%, and 26.3%).

Intensity Jumps for All Segments

- We see that MIKA's performance in 2022 will be supported by non-Covid19 patients as a result of post-pandemic normalization. This is reflected in 1Q22 revenue which was mostly supported by Non-Covid19 patients at IDR975 billion.
- To increase capacity, in 2022 MIKA adds three hospitals in Deltamas, Pamulang, and Slawi. So far MIKA has operated 26 hospitals, of which 16 hospitals are located in Greater Jakarta, 5 hospitals in West Java, 4 hospital in Surabaya and 1 hospital in Tegal.
- MIKA also opened its first radiotherapy center in Bekasi and will operate a neurosurgery and sports injury center which is estimated to open in the fourth quarter of 2022 and first quarter of 2023, which of course is expected to boost revenue performance.
- In addition, there was an increase in intensity in 1Q22 for inpatients by 11% and for outpatients by 2.1%. This is due to an increase in prices, which caused a higher intensity. Meanwhile, 1Q22 Average Revenue IP/IP Day and Average Revenue OP/OP Day were IDR4.1 million and IDR1.0 million, respectively.

Recommend OVERWEIGHT with TP of IDR3,000

- We recommend OVERWEIGHT for MIKA with a target price of IDR 3,000/share. This TP implies a P/E of 39.3x or +1 STD with a potential increase of 9.1%. Meanwhile, revenue and net profit for 2022F are projected at IDR4.4 trillion and IDR1.1 trillion, respectively.

Mitra Keluarga Karyasehat Tbk | Summary (IDR Bn)

	2021A	2022F	2023F	2024F
Net Sales	4,353	4,380	4,622	4,860
Growth	27.3%	0.6%	5.5%	5.2%
Net Profit	1,229	1,107	1,193	1,249
Growth	46.0%	-9.9%	7.8%	4.7%
EPS (IDR)	86	78	84	88
P/E	26.2x	38.6x	35.8x	34.2x
P/BV	5.4x	6.7x	5.6x	5.3x
EV/EBITDA	16.7x	25.1x	22.0x	20.8x
ROE	20.7%	17.4%	15.5%	15.3%
DER	0.0x	0.0x	0.0x	0.0x
Dividend Yield	1.6%	1.4%	1.2%	1.3%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

Company Update | July 13, 2022

OVERWEIGHT

Target Price (IDR)	3,000
Consensus Price (IDR)	2,869
TP to Consensus Price	4.6%
Potential Upside	9.1%

Shares data

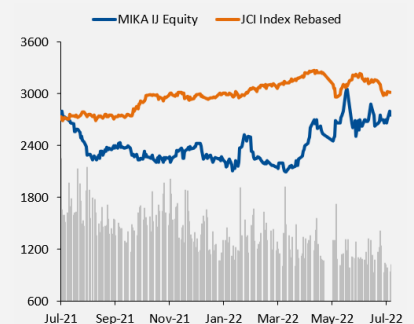
Last Price (IDR)	2,750
Price date as of	July 12, 2022
52 wk range (Hi/Lo)	3,140/2,080
Free float (%)	38.1
Outstanding sh.(mn)	14,246
Market Cap (IDR bn)	33,177
Market Cap (USD mn)	2,615
Avg. Trd Vol - 3M (mn)	14.77
Avg. Trd Val - 3M (bn)	39.62
Foreign Ownership	6.9%

Healthcare

Healthcare Equipment & Providers

Bloomberg	MIKA IJ
Reuters	MIKA.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	22.8%	1.9%	11.3%	0.7%
Rel. Ret.	22.0%	5.8%	18.2%	-9.8%

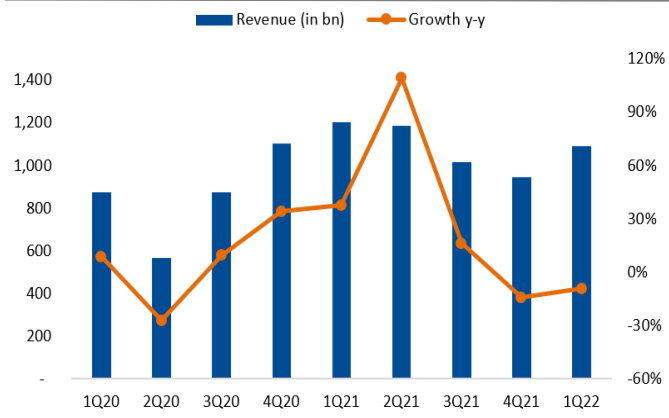
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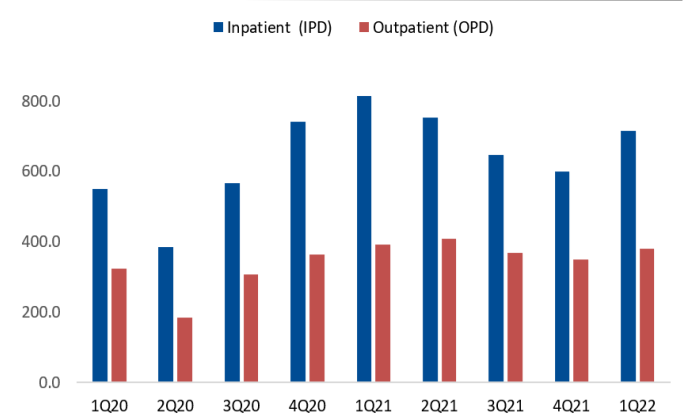
Performance Highlights

MIKA's 1Q20—1Q22 Revenues



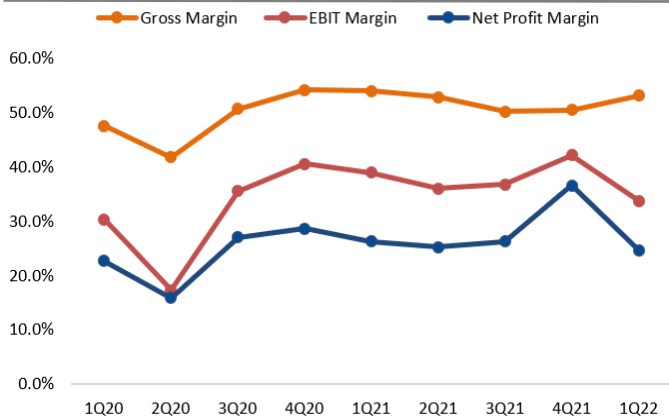
Source: Company Data, NHKSI Research

MIKA's Revenue Segments



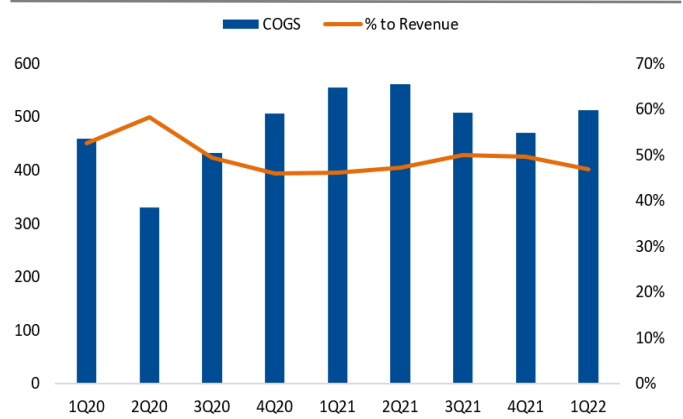
Source: Company Data, NHKSI Research

MIKA's Margin Ratios



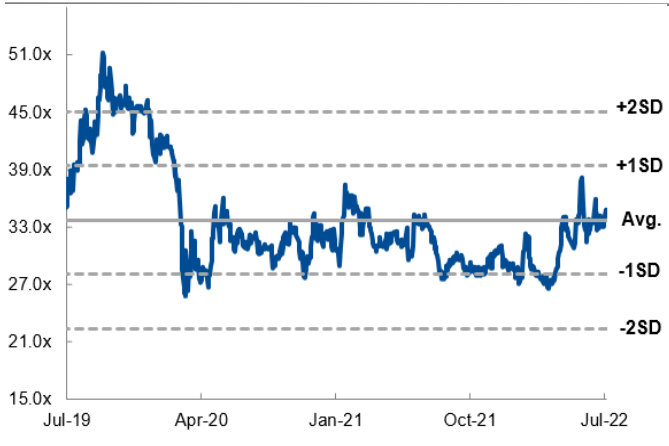
Source: Company Data, NHKSI Research

MIKA's COGS to Revenue



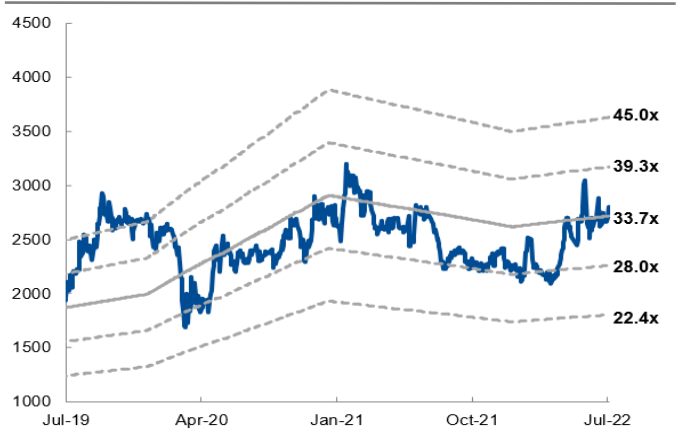
Source: Company Data, NHKSI Research

Forward P/E Band (Last 3 Years)



Source: Company Data, NHKSI Research

Dynamic Forward P/E Band (Last 3 Years)



Source: Company Data, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Net Sales	4,353	4,380	4,622	4,860
Growth	27.3%	0.6%	5.5%	5.2%
COGS	(2,092)	(2,175)	(2,358)	(2,481)
Gross Profit	2,261	2,205	2,265	2,380
Gross Margin	52.0%	50.3%	49.0%	49.0%
Operating Expenses	(593)	(759)	(676)	(718)
EBIT	1,668	1,446	1,589	1,662
EBIT Margin	38.3%	33.0%	34.4%	34.2%
Depreciation	195	187	229	245
EBITDA	1,863	1,633	1,818	1,907
EBITDA Margin	42.8%	37.3%	39.3%	39.2%
Interest Expenses	(64)	(52)	(49)	(55)
EBT	1,720	1,515	1,661	1,740
Income Tax	(623)	(504)	(588)	(618)
Minority Interest	133	95	120	127
Net Profit	1,229	1,107	1,193	1,249
Growth	46.0%	-9.9%	7.8%	4.7%
Net Profit Margin	28.2%	25.3%	25.8%	25.7%

PROFITABILITY & STABILITY

	2021/12A	2022/12E	2023/12E	2024/12E
ROE	20.7%	17.4%	15.5%	15.3%
ROA	17.9%	15.1%	13.8%	13.7%
Inventory Turnover	34.3x	35.1x	34.2x	34.5x
Receivable Turnover	9.6x	7.6x	7.5x	8.2x
Payables Turnover	10.3x	10.7x	10.1x	10.4x
Dividend Yield	1.6%	1.4%	1.2%	1.3%
Payout Ratio	60.9%	60.1%	45.3%	48.4%
DER	0.0x	0.0x	0.0x	0.0x
Net Gearing	0.0x	0.0x	0.0x	0.0x
Equity Ratio	86.4%	86.8%	88.7%	89.0%
Debt Ratio	0.0%	0.0%	0.0%	0.0%
Financial Leverage	106.4%	100.1%	89.0%	111.0%
Current Ratio	4.2x	4.7x	5.9x	6.1x
Quick Ratio	5.6x	6.2x	8.2x	8.4x
Par Value (IDR)	10	10	10	10
Total Shares (mn)	14,246	14,246	14,246	14,247
Share Price (IDR)	2,260	3,000	3,000	3,000
Market Cap (IDR tn)	32.2	42.7	42.7	42.7

BALANCE SHEET

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Cash	1,283	1,979	2,867	3,358
Receivables	259	890	615	596
Inventories	67	57	69	72
Total Current Assets	3,198	3,677	4,721	4,987
Net Fixed Assets	2,696	2,679	3,032	3,203
Other Non Current Assets	967	991	898	952
Total Non Current Asset	3,663	3,670	3,930	4,155
Total Assets	6,861	7,347	8,650	9,142
Payables	206	200	232	239
ST Bank Loan	-	-	-	-
Total Current Liabilities	557	586	567	584
LT Debt	-	-	-	-
Total Liabilities	936	973	980	1,007
Capital Stock & APIC	1,505	1,505	1,505	1,505
Retained Earnings	4,156	4,672	5,969	6,434
Shareholders' Equity	5,925	6,374	7,670	8,136

CASH FLOW STATEMENT

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Operating Cash Flow	2,090	808	1,694	1,534
Investing Cash Flow	(527)	571	(304)	(466)
Financing Cash Flow	(985)	(683)	(501)	(577)
Net Changes in Cash	577	696	888	491

VALUATION INDEX

	2021/12A	2022/12E	2023/12E	2024/12E
Price /Earnings	26.2x	38.6x	35.8x	34.2x
Price /Book Value	5.4x	6.7x	5.6x	5.3x
PE/EPS Growth	0.6x	-3.9x	4.6x	7.3x
EV/EBITDA	16.7x	25.1x	22.0x	20.8x
EV/EBIT	18.7x	28.3x	25.2x	23.8x
EV (IDR bn)	31,178	40,957	40,068	39,580
Sales CAGR (3-Yr)	11.1%	17.1%	11.0%	10.6%
Net Income CAGR (3-Yr)	7.4%	26.1%	14.9%	12.3%
Basic EPS (IDR)	86	78	84	88
BVPS (IDR)	416	447	538	571
DPS (IDR)	36	41	35	40

OWNERSHIP

Shareholders	%
Griyainsani Cakrasadaya	61.9
Vanguard Group	1.5
Norges Bank	1.3
Invesco Ltd	0.6
By Geography	%
Indonesia	93.1
United States	3.8
Norway	1.9
Luxembourg	0.4

Source: Company Data, NHKSI Research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. 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%

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