

# Mitra Keluarga Karyasehat Tbk (MIKA IJ)

## Volume Increases Amid Slowing Covid-19 Cases



Throughout 1H22, MIKA posted a decrease in revenue and net profit of 13.3% YoY and 14.0% YoY, respectively. All segments contracted at 1H22. However, total volume of MIKA patients during 1H22 grew by 11.0% YoY supported by growth in inpatient admissions and also outpatient visits.

### 1H22 Performance Contracts

- Throughout 1H22, MIKA posted revenue of IDR2.1 trillion or decreased by 13.3% YoY (vs 1H21: IDR2.4 trillion). Inpatient and Outpatient segments contracted by 14.2% YoY and 11.5% YoY, respectively. Meanwhile in 2Q22, revenue was recorded at IDR980.0 billion (-17.4% YoY; -10.3% QoQ).
- Geographically, revenue from Jakarta and West Java fell 14.1% YoY to IDR1.7 trillion (vs 1H21: IDR2.0 trillion) while revenue from Tegal and Surabaya also fell 9.4% YoY to IDR376.3 billion (vs 1H21: IDR415.1 billion) in 1H22.
- Throughout 1H22, gross profit was recorded at IDR1.1 trillion (-14.3% YoY) amid a decrease in cost of revenue by 12.1% YoY. Operating expense increased by 1.8% causing operating profit contracted 20.7% YoY to IDR710.1 billion. Net profit also contracted 14.0% YoY to IDR529.8 billion (vs 1H21: IDR615.9 billion).
- On a quarterly basis, gross profit, operating profit and net profit in 2Q22 contracted to IDR511.6 billion (-18.3% YoY), IDR342.2 billion (-19.9% YoY), and IDR260.4 billion (-13.1% YoY), respectively. Meanwhile, GPM, OPM, and NPM were recorded lower by 52.2%, 34.9%, and 26.6%, respectively (vs 2Q22: 52.8%, 36.0%, and 25.2%).

### The Increasing Number of Patients

- In the midst of the slowdown in Covid-19 cases, MIKA experienced an increase in volume along with increasing patient confidence and medical support.
- Total volume of MIKA patients during 1H22 grew 11.0% YoY to 1,388 thousand (vs. 1H21: 1,250 thousand) supported by growth in inpatient admissions by 20.7% to 123 thousand (vs. 1H21: 102 thousand) as well as outpatient visits grew 10.2% to 1,265 thousand (vs 1H21: 1,148 thousand).
- Bed Occupancy Ratio (BOR) was recorded lower in 1H22 by 57.7% (vs. 1H21: 62.1%) and Average Length of Stay (ALoS) which also decreased by 20.7% YoY to 2.9 days (vs. 1H21: 3.6 days).
- MIKA announced the opening of its 27th hospital which has a total capacity up to 200 beds. As for the future, MIKA plans to build nine other new hospitals and has conducted groundbreaking for the 4th location.
- In addition, MIKA also continues to drive its performance with the opening of new services such as radiotherapy centers, Sport Injury Clinics, and MBrio Fertilization Clinics. In terms of digitization, MIKA also encourages the use of Alteacare, a digital application that includes online pharmacy and doctor consultations.

### Recommend OVERWEIGHT with TP IDR3,000

- We recommend OVERWEIGHT for MIKA with a target price of IDR 3,000/share which has a potential increase of 12.8%. Meanwhile, the risks of our recommendation are inflation, exchange rate depreciation, and patient volume decline.

### Mitra Keluarga Karyasehat Tbk | Summary (IDR Bn)

	2021A	2022F	2023F	2024F
Net Sales	4,353	4,375	4,831	5,507
Growth	27.3%	0.5%	10.4%	14.0%
Net Profit	1,229	1,195	1,212	1,356
Growth	46.0%	-2.8%	1.4%	11.8%
EPS (IDR)	86	84	85	95
P/E	26.2x	35.8x	35.3x	31.5x
P/BV	5.4x	6.6x	5.8x	5.6x
EV/EBITDA	16.7x	23.3x	21.4x	19.4x
ROE	20.7%	18.6%	16.5%	17.8%
DER	0.0x	0.0x	0.0x	0.0x
Dividend Yield	1.6%	1.4%	1.6%	1.9%

Source: Company Data, Bloomberg, NIKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

Company Update | Sep 23, 2022

## OVERWEIGHT

Target Price (IDR)	3,000
Consensus Price (IDR)	2,959
TP to Consensus Price	1.4%
Potential Upside	12.8%

### Shares data

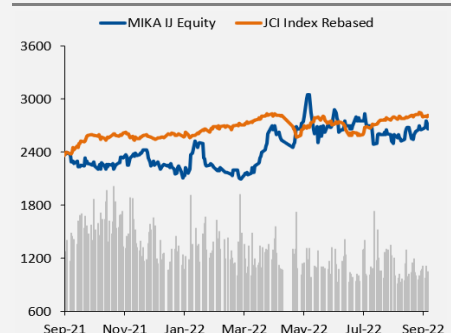
Last Price (IDR)	2,660
Price date as of	Sep 22, 2022
52 wk range (Hi/Low)	3,140/2,080
Free float (%)	38.1
Outstanding sh.(mn)	14,246
Market Cap (IDR bn)	37,895
Market Cap (USD mn)	2,525
Avg. Trd Vol - 3M (mn)	13.29
Avg. Trd Val - 3M (bn)	35.23
Foreign Ownership	7.8%

### Healthcare

#### Healthcare Equipment & Providers

Bloomberg	MIKA IJ
Reuters	MIKA.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	18.8%	3.9%	-4.3%	11.8%
Rel. Ret.	10.4%	2.3%	-7.7%	-6.4%

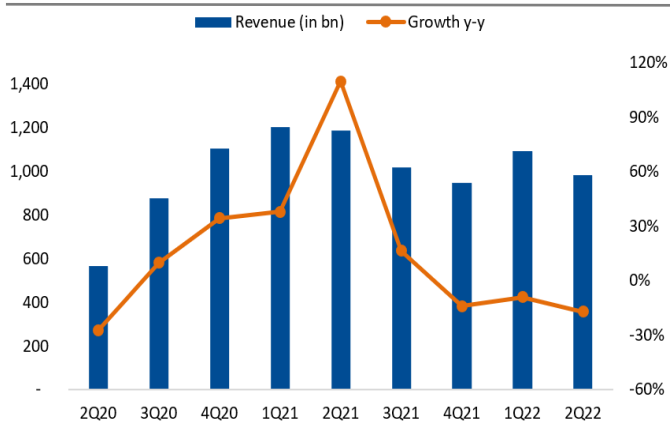
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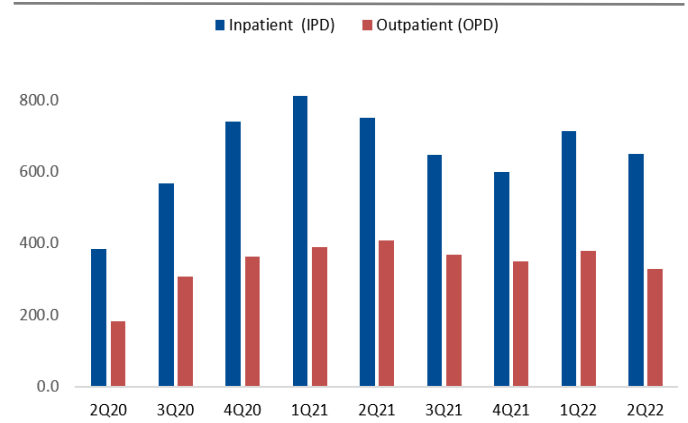
## Performance Highlights

### MIKA's 2Q20—2Q22 Revenues



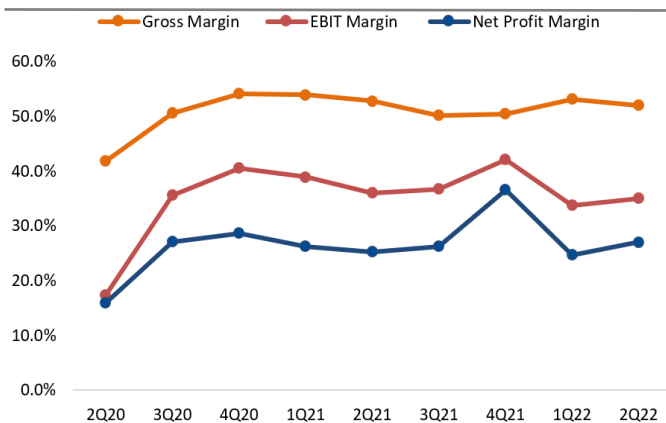
Source: Company Data, NHKSI Research

### MIKA's Revenue Segments



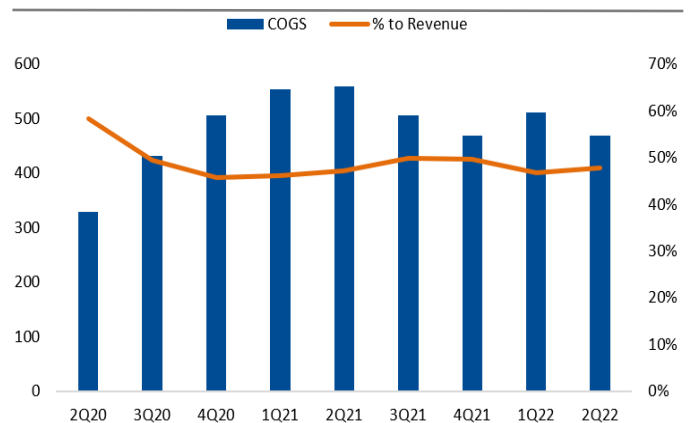
Source: Company Data, NHKSI Research

### 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	4,375	4,831	5,507
Growth	27.3%	0.5%	10.4%	14.0%
COGS	(2,092)	(2,107)	(2,342)	(2,636)
Gross Profit	2,261	2,268	2,489	2,871
Gross Margin	52.0%	51.8%	51.5%	52.1%
Operating Expenses	(593)	(724)	(806)	(1,016)
EBIT	1,668	1,544	1,683	1,855
EBIT Margin	38.3%	35.3%	34.8%	33.7%
Depreciation	195	207	194	199
EBITDA	1,863	1,752	1,877	2,054
EBITDA Margin	42.8%	40.0%	38.9%	37.3%
Interest Expenses	(64)	(52)	(49)	(64)
EBT	1,720	1,604	1,755	1,920
Income Tax	(623)	(507)	(636)	(666)
Minority Interest	133	98	93	102
Net Profit	1,229	1,195	1,212	1,356
Growth	46.0%	-2.8%	1.4%	11.8%
Net Profit Margin	28.2%	27.3%	25.1%	24.6%

## BALANCE SHEET

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Cash	1,283	1,978	2,704	3,063
Receivables	259	888	642	676
Inventories	67	53	68	76
Total Current Assets	3,198	3,550	4,525	4,686
Net Fixed Assets	2,696	2,860	2,991	3,182
Other Non Current Assets	967	1,014	905	962
Total Non Current Asset	3,663	3,874	3,896	4,144
Total Assets	6,861	7,424	8,421	8,830
Payables	206	187	231	254
ST Bank Loan	-	-	-	-
Total Current Liabilities	557	614	648	756
LT Debt	-	-	-	-
Total Liabilities	936	995	1,063	1,199
Capital Stock & APIC	1,505	1,505	1,505	1,505
Retained Earnings	4,156	4,852	5,782	6,055
Shareholders' Equity	5,925	6,429	7,358	7,631

## CASH FLOW STATEMENT

(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Operating Cash Flow	2,090	895	1,707	1,648
Investing Cash Flow	(527)	520	(302)	(509)
Financing Cash Flow	(985)	(721)	(678)	(780)
Net Changes in Cash	577	695	727	359

## PROFITABILITY &amp; STABILITY

	2021/12A	2022/12E	2023/12E	2024/12E
ROE	20.7%	18.6%	16.5%	17.8%
ROA	17.9%	16.1%	14.4%	15.4%
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%	1.6%	1.8%
Payout Ratio	60.9%	60.1%	56.8%	64.4%
DER	0.0x	0.0x	0.0x	0.0x
Net Gearing	0.0x	0.0x	0.0x	0.0x
Equity Ratio	86.4%	86.6%	87.4%	86.4%
Debt Ratio	0.0%	0.0%	0.0%	0.0%
Financial Leverage	106.4%	99.2%	94.5%	109.4%
Current Ratio	4.2x	4.4x	5.1x	4.6x
Quick Ratio	5.6x	5.7x	6.9x	6.1x
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

## VALUATION INDEX

	2021/12A	2022/12E	2023/12E	2024/12E
Price /Earnings	26.2x	35.8x	35.3x	31.5x
Price /Book Value	5.4x	6.6x	5.8x	5.6x
PE/EPS Growth	0.6x	-13.0x	24.4x	2.7x
EV/EBITDA	16.7x	23.3x	21.4x	19.4x
EV/EBIT	18.7x	26.4x	23.8x	21.4x
EV (IDR bn)	31,178	40,833	40,106	39,750
Sales CAGR (3-Yr)	11.1%	17.1%	10.9%	12.2%
Net Income CAGR (3-Yr)	7.4%	26.1%	17.8%	12.9%
Basic EPS (IDR)	86	84	85	95
BVPS (IDR)	416	451	516	536
DPS (IDR)	36	41	48	55

## OWNERSHIP

Shareholders	%
Griyainsani Cakrasadaya	61.9
Vanguard Group	1.5
Norges Bank	1.3
Invesco Ltd	0.6
By Geography	%
Indonesia	92.2
United States	3.9
Norway	1.9
Luxembourg	0.6

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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