

BUY | TP : IDR3,200
AUTO Stock Price Data

Last Price	:	IDR2,700
52wk High	:	IDR3,100
52wk Low	:	IDR2,430
Share Out	:	14.25bn
Market Cap	:	IDR38.47tn

AUTO Stock Price Performance

1-Day	:	-3.2%
1-Week	:	+0.8%
1-Month	:	+4.7%
3-Month	:	+4.3%
Year-to-Date	:	-5.7%

Shareholders

PT Griyainsani Cakrasadaya	:	62.23%
Public (<5%)	:	35.29%
Treasury stock	:	2.38%

PT Mitra Keluarga Karyasehat Tbk (MIKA IJ)
Expecting A Greater Performance in FY24E
Services Volume Increased, Yet Profitability Shrank

- MIKA booked a revenue of IDR4.3tn in FY23, reflecting a growth of 5.3% YoY. This improvement aligned with an increase in outpatient visit volume at 2.9mn (vs 2.6mn in FY22) or grew by +8.9% YoY and a rise in inpatient days +10.7% YoY to 819k in FY23. Furthermore, the operational beds expanded by +11.5% YoY to 3,868 units, with a bed occupancy ratio of 58.0%. Meanwhile, the ASP of in/outpatient declined to IDR3.5mn/IDR487k respectively in FY23.
- The gross profit improved by +2.5% YoY to IDR2.1tn, albeit a weakening operating profit at -10.0% YoY, following the increase in G&A expenses (+20.1% YoY) to IDR952.3bn in FY23 (vs IDR792.7bn in FY22).
- As a result, MIKA's net profit slipped by -9.1% YoY to IDR916bn, with a NPM of 21.5% or declined by 340bps in FY23.

Capex Investment for New Hospitals and Services Innovation

- MIKA owns 8 pipelines for additional hospitals, targeting 1,500 beds with an estimated capex of >IDR1tn. MIKA is currently constructing Mitra Keluarga hospital in Sidoarjo, East Java, with a capacity of 200 beds and Kasih hospital in West Java possessing 100 beds. Both facilities are targeted to fully operate in FY25F. Furthermore, MIKA is expecting a ground-breaking establishment of new hospitals in Jabodetabek area in FY24E, thus a capex of ~IDR800bn-1tn is prepared for FY24E. Previously, MIKA has operated 3 new hospitals, namely Mitra Keluarga Pamulang, Slawi and Grand Wisata with a total additional capacity of ~380 new beds in FY23.
- MIKA also applies more veritable medical services to intensify its revenue, including: 1) MIKA established "Women and Children Clinic" facility in Mitra Keluarga Kemayoran; 2) Oncology and radio therapy for cancer treatment services in two hospitals, Mitra Keluarga Bekasi and Kenjeran East Java.
- We estimate revenue to increase by +11.8% YoY in FY24E following the operational of 3 new hospitals in FY23, resulting in an estimated total volume growth of +7.8% YoY amidst our anticipation of ASP to only grow within the range of 2%-5%. We expect its EBITDA margin to enhance to 36%, followed by net profit +18.1% YoY to IDR1.1tn and NPM of 22.5% in FY24E.

Valuation and Recommendation: BUY with a TP IDR3,200

We recommend a BUY rating for MIKA at a TP: IDR3,200, which implies PE and EV/EBITDA of 42.3x/25.9x in FY24E and 37.5x/23.1x in FY25F. Its stable financial position and strong brand positioning should serve as favorable growth drivers. Downside risks to our call include: 1) Changes in regulation; 2) The industry's competitive layout (local, Malaysia, and Singapore); 3) higher drugs and medical supplies cost. Reflecting on its 5-years average of EV/EBITDA, MIKA is currently trading at its mean level at 24.9x.

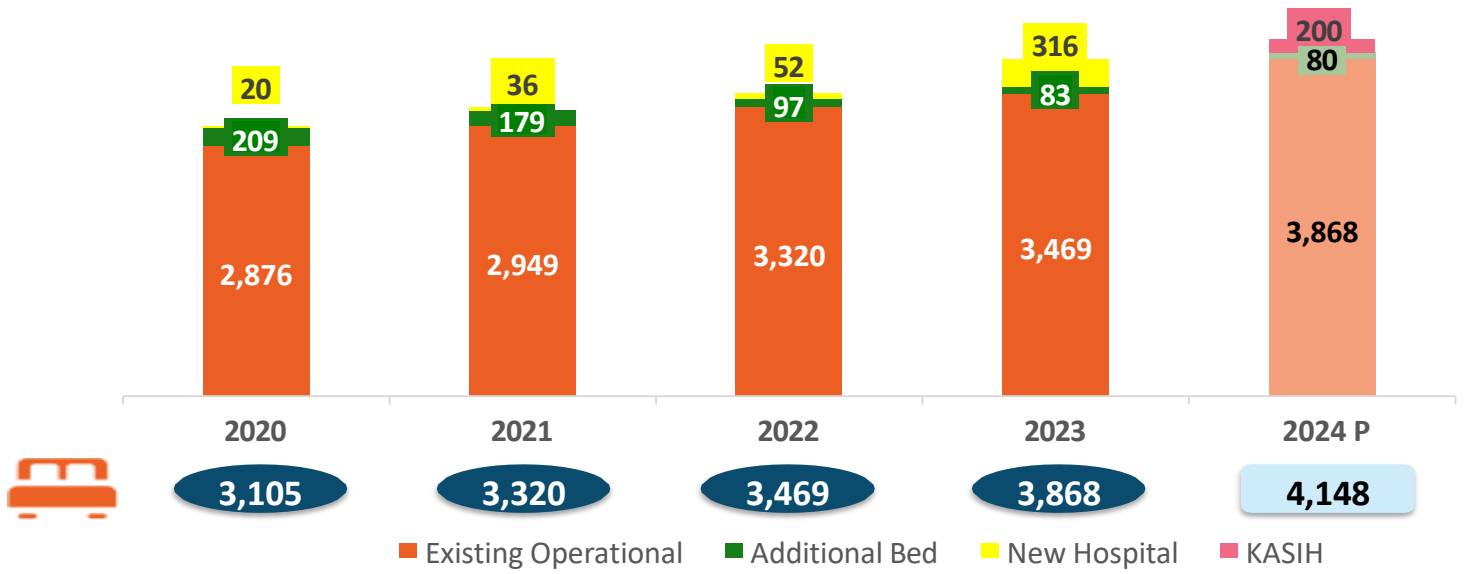

Research Analyst

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Key Financial Highlight	FY20	FY21	FY22	FY23E	FY24F
Revenue (IDR Bn)	4,352.9	4,048.9	4,264.3	4,810.5	5,378.9
EBITDA (IDR Bn)	1,866.7	1,553.8	1,448.4	1,730.8	1,942.4
Net Income (IDR Bn)	1,228.8	1,008.0	916.1	1,082.3	1,219.4
ROA (%)	17.9	14.6	12.5	13.6	14.1
ROE (%)	20.7	16.4	13.9	15.0	15.4
PE (x)	31.3	38.2	42.0	35.5	31.5
PBV (x)	6.5	6.3	5.8	5.3	4.9
EPS (IDR)	86.3	70.8	64.3	76.0	85.6

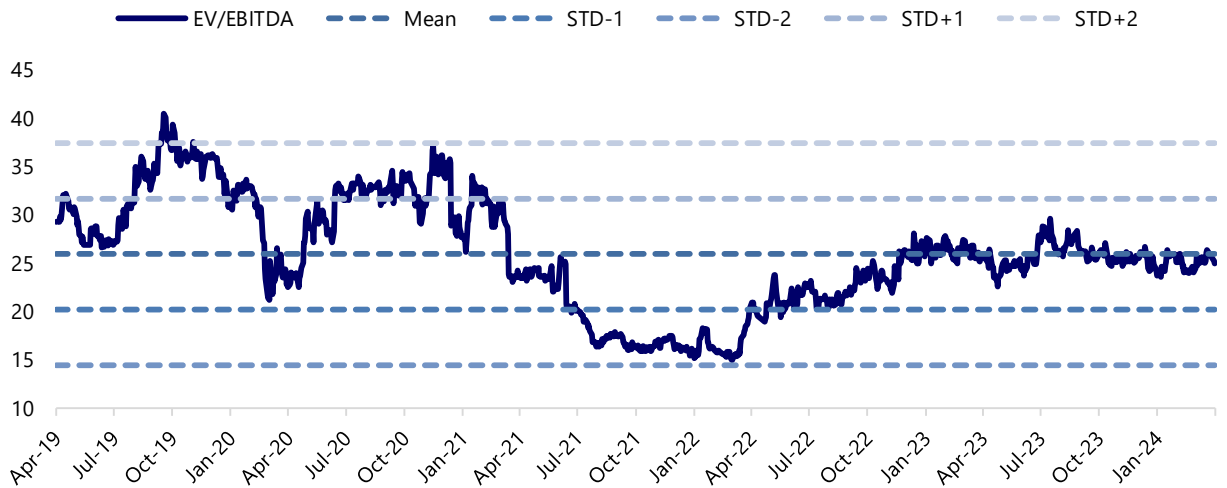
Sources : Bloomberg, MNCS Research

Exhibit 01. Sustainable operational bed expansion



Sources : Company, MNCS

Exhibit 02. MIKA's Currently Trading Near at 0STD (5-Year Average) at 24.9x EV/EBITDA band



Sources : Bloomberg, MNCS

Exhibit 03. Offering more complex service via center of excellence

One Stop Comprehensive and Integrated Oncology Center
Greater Jakarta & East of Java



Women's & Children's Clinic
Mitra Keluarga Grand Wisata & Kemayoran



Mitra Keluarga Grand Wisata
Mitra Keluarga Kemayoran

COMING SOON → Mitra Keluarga Kelapa Gading

Establish Hearing and Otology Center
Mitra Keluarga Kelapa Gading



Mitra Keluarga Kelapa Gading

kasoem hearing center
Cochlear Hear now. And always

NSW Investment NSW

Sources : Company, MNCS

Exhibit 04. Financial Projections

Income Statement					
in Billion IDR	FY21	FY22	FY23	FY24E	FY25F
Revenue	4,352.9	4,048.9	4,264.3	4,810.5	5,378.9
COGS	(2,091.5)	(1,971.9)	(2,135.8)	(2,390.0)	(2,660.9)
Gross Profit	2,261.4	2,077.0	2,128.5	2,420.6	2,718.0
Selling Expense	(60.0)	(61.1)	(66.2)	(86.8)	(94.6)
G&A Expense	(605.2)	(731.6)	(886.1)	(964.0)	(1,084.1)
Other Income (Expense)	72.0	56.6	30.8	70.2	70.4
Operating Income	1,668.2	1,340.9	1,207.0	1,440.0	1,609.7
Finance income	63.5	58.4	72.1	46.4	49.4
Finance expenses	(12.2)	(12.9)	(15.5)	(8.4)	(9.1)
Profit Before Tax	1,719.5	1,386.4	1,263.6	1,478.0	1,650.0
Tax Income (Expense)	(358.0)	(292.4)	(267.3)	(312.7)	(349.1)
Minority Interest	(132.7)	(86.0)	(80.1)	(83.0)	(81.6)
Net Income	1,228.8	1,008.0	916.13	1,082.3	1,219.4
EPS (IDR)	86.3	70.8	64.3	76.0	85.6

Cash Flow					
in Billion IDR	FY21	FY22	FY23	FY24E	FY25F
Net Income	1,228.8	1,008.0	916.1	1,082.3	1,219.4
D&A	198.5	212.9	241.3	290.8	332.7
Changes in WC	433.0	(344.4)	(256.3)	(3.7)	(43.1)
Change in others	111.4	175.0	(111.6)	(11.9)	(12.4)
Operating CF	1,971.7	1,051.4	789.6	1,357.4	1,496.6
Capex	(360.7)	(946.1)	(621.5)	(741.3)	(956.6)
Others	(64.3)	39.3	401.1	(4.2)	(4.4)
Investing CF	(425.1)	(906.8)	(220.4)	(745.5)	(960.9)
Dividend Paid	(512.7)	(514.6)	(500.7)	(531.9)	(629.4)
Net Change in Debt	-	136.2	(37.0)	(99.2)	-
Equity Fund Raised	(347.5)	(311.4)	68.8	74.1	81.2
Others	(108.7)	(41.6)	46.5	-	-
Financing CF	(968.9)	(731.3)	(422.5)	(557.0)	(548.2)
Cash at Beginning	705.0	1,282.7	696.1	842.8	897.7
Cash at Ending	1,282.7	696.1	842.8	897.7	885.0

Balance Sheet					
in Billion IDR	FY21	FY22	FY23	FY24E	FY25F
Cash & Equivalents	1,282.7	696.1	842.8	897.7	885.0
Trade Receivables	259.1	429.6	690.1	764.4	840.0
Inventory	67.0	62.5	81.7	91.7	96.1
Others Current Assets	1,588.7	1,306.2	1,147.6	1,166.0	1,185.1
Total Current Assets	3,197.5	2,494.4	2,762.2	2,919.7	3,006.2
Fixed Assets - net	2,696.5	3,429.7	3,809.9	4,260.4	4,884.3
Other Non-Cur. Assets	967.0	994.0	768.7	772.9	777.3
Total Non-Cur. Assets	3,663.5	4,423.7	4,578.6	5,033.3	5,661.6
TOTAL ASSETS	6,861.0	6,918.1	7,340.8	7,953.1	8,667.8
Trade Payables	351.0	172.6	196.1	276.6	313.5
Short-term Debt	-	136.2	97.3	-	-
Other Current Liabilities	411.4	343.8	262.8	269.2	275.8
Total Current Liabilities	762.5	652.6	556.1	545.7	589.3
Long-term Debt	-	-	1.9	-	-
Other Long-term Liabilities	173.4	133.6	183.0	183.0	183.0
Total LT-Liabilities	173.4	133.6	185.0	183.0	183.0
Total Equity	5,925.1	6,131.9	6,599.8	7,224.3	7,895.4
TOTAL LIA. & EQUITY	6,861.0	6,918.1	7,340.8	7,953.1	8,667.8

Ratios					
	FY21	FY22	FY23	FY24E	FY25F
Revenue Growth (%)	27.3	(7.0)	5.3	12.8	11.8
Operating Profit Growth (%)	49.7	(19.6)	(10.0)	19.3	11.8
Net Profit Growth (%)	46.0	(18.0)	(9.1)	18.1	12.7
Receivable Days (x)	21.7	38.7	59.1	58.0	57.0
Inventory Days (x)	11.7	11.6	14.0	14.0	13.2
Payable Days (x)	61.3	32.0	33.5	42.2	43.0
DER (x)	-	-	-	-	-
Net Gearing Ratio (x)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
Interest Coverage (x)	136.6	104.1	77.9	171.6	177.7
Dividend Yield (%)	1.3	1.3	1.3	1.4	1.6
ROE (%)	20.7	16.4	13.9	15.0	15.4
Gross Profit Margin (%)	52.0	51.3	49.9	50.3	50.5
Operating Profit Margin (%)	38.3	33.1	28.3	29.9	29.9
EBITDA Margin (%)	42.9	38.4	34.0	36.0	36.1
Net Income Margin (%)	28.2	24.9	21.5	22.5	22.7
BVPS (IDR)	415.9	430.4	463.3	507.1	554.2

Sources : Company, MNCS

MNC Research Industry Ratings Guidance

- **OVERWEIGHT** : Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months
- **NEUTRAL** : Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months
- **UNDERWEIGHT** : Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

- **BUY** : Share price may exceed 10% over the next 12 months
- **HOLD** : Share price may fall within the range of +/- 10% of the next 12 months
 - **SELL** : Share price may fall by more than 10% over the next 12 months
 - **Not Rated** : Stock is not within regular research coverage

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