

**BUY | TP : IDR3,500**
**MIKA Stock Price Data**

Last Price	:	IDR3,000
52wk High	:	IDR3,200
52wk Low	:	IDR2,430
Share Out	:	14.25bn
Market Cap	:	IDR42.9tn

**MIKA Stock Price Performance**

1-Day	:	-2.9%
1-Week	:	+2.0%
1-Month	:	+1.0%
3-Month	:	+11.5%
Year-to-Date	:	+5.7%

**Shareholders**

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


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**PT Mitra Keluarga Karyasehat Tbk (MIKA IJ)**
**1H24: Still In-line with Improvement Margin**
**MIKA's 1H24 Sees Robust Revenue Growth and Profit Surge, Exceeding Expectations**

- MIKA recorded a revenue of IDR2.4tn in 1H24 (+19.7% YoY), reflecting 51.0%/50.2% of MNCS/Consensus estimation for FY24E. The income streamed from inpatient expanded by +22.2% YoY to IDR1.7tn, coupled by the outpatient segment that also showed a solid advancement by +14.6% YoY to IDR772.0bn in 1H24. This growth resulted from the rise in the volumes of both the inpatient to 163k (+14.9% YoY) and the outpatient to 1.5mn (+7.2% YoY), increasing from 1.4mn in 1H23.
- The ASP of in/outpatient also increased to IDR3.7mn/IDR519k, indicating a growth of +6.7%/+6.9% YoY in 1H24. The rise in the patients volume was in line with the expansion of operational bed to 3,974 units (vs 3,733 units in 1H23), with a bed occupancy ratio of 62.9% (vs 58.7% in 1H23).
- The gross profit spiked by +29.7% YoY to IDR2.1tn, achieving to a higher GPM of 53.7% (vs 49.6% in 1H23). Following this, the operating profit also rose by +34.7% YoY to IDR754.7bn, reflecting 52.4%/51.5% MNCS/Consensus target.
- Furthermore, the bottom-line strengthened by +32.5% YoY, reaching IDR600.6bn, which was slightly above the expectations at 55.5%/52.5% from MNCS/Consensus projections for FY24E. This resulted in a 237bps increase in the NPM of 24.5% in 1H24.

**MIKA Boosts Non-JKN Patients to 84.9% in 1H24, Accelerates Hospital Expansion**

- MIKA successfully scaled up its non-JKN patients to 84.9% in 1H24 (vs 82.0% in 1H23), in line with the focus to expand the units of Mitra Keluarga hospitals. The streamlined private insurance claiming process, in contrast to the complexities of JKN, has emerged as a key driver in MIKA's strategic emphasis on expanding the Mitra Keluarga hospital network over Kasih Group, fostering accelerated market acceptance.
- As of 1H24, MIKA has absorbed IDR379bn capex from the target of IDR1tn in FY24E. The capex was majorly utilized for land rights and hospitals constructions. MIKA aims for a new hospital in Sidoarjo to effectively operate in 2Q25F and the site 3 to begin in Aug-2024 for the construction permits secured.
- MIKA maintains its pipelines, targeting 8 additional hospital units with 1,500 new operational beds with a capex of >IDR1tn. In FY23, MIKA successfully operated 3 new hospitals that has notably contributed to ~3% of the total revenue.
- Management has revised the guidance for FY24E, expecting revenue growth to be higher at 15-17% YoY (previously 13-15% YoY) and EBITDA to increase by 37-38.5% YoY (previously 35.5-37% YoY). However, we maintain our estimates with revenue growth projected at ~12-13% YoY and EBITDA growth at 19-20% YoY for FY24E.

**Valuation and Recommendation: BUY with a TP IDR3,500**

We recommend a BUY rating for MIKA at a TP: IDR3,500, 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 26.7x.

Key Financial Highlight	FY21	FY22	FY23	FY24E	FY25F
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	42.4	46.7	42.3	37.5
PBV (x)	6.5	7.0	6.5	5.9	5.4
EPS (IDR)	86.3	70.8	64.3	76.0	85.6

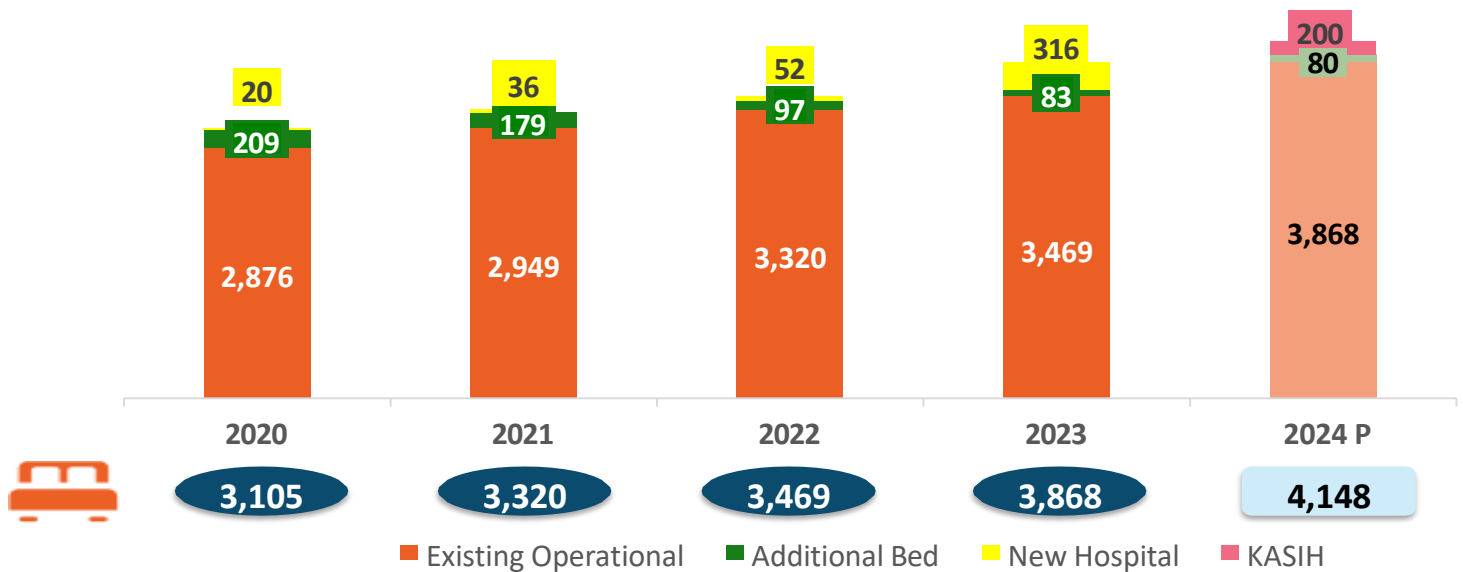
Sources : Bloomberg, MNCS Research

**Exhibit 01. Revenue was relatively in-line with our target, while the bottom-line slightly surpassed our target**

	IDR Bn	1H23	1H24	YoY	FY24E Cons	FY24E MNCS	% Cons	% MNCS
<b>Revenues</b>		<b>2,048.7</b>	<b>2,452.5</b>	<b>19.7%</b>	<b>4,881.5</b>	<b>4,810.5</b>	<b>50.2%</b>	<b>51.0%</b>
COGS		1,032.6	1,134.3	9.8%				
<b>Gross Profit</b>		<b>1,016.1</b>	<b>1,318.2</b>	<b>29.7%</b>				
GPM		49.6%	53.7%					
<b>Operating Profit</b>		<b>560.5</b>	<b>754.7</b>	<b>34.7%</b>	<b>1,466.8</b>	<b>1,440.0</b>	<b>51.5%</b>	<b>52.4%</b>
OPM		27.4%	30.8%					
PBT		607.9	811.7	33.5%	1,574.3	1,478.0	51.6%	54.9%
<b>Net Profit</b>		<b>453.1</b>	<b>600.6</b>	<b>32.5%</b>	<b>1,134.3</b>	<b>1,082.3</b>	<b>52.9%</b>	<b>55.5%</b>
NPM		22.1%	24.5%					

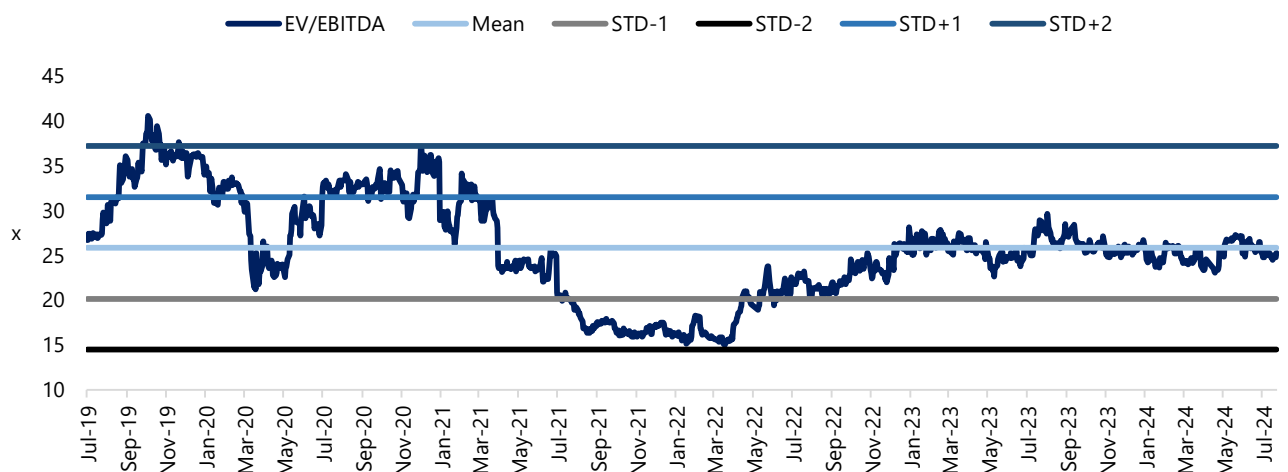
Sources : Company, MNCS

**Exhibit 02. Sustainable operational bed expansion**



Sources : Company, MNCS

**Exhibit 03. MIKA's Currently Trading Near at 0STD (5-Year Average) at 26.7x EV/EBITDA band**



Sources : Bloomberg, MNCS

**Exhibit 04. Financial Projections**

Income Statement					
in Billion IDR	FY21	FY22	FY23	FY24E	FY25F
<b>Revenue</b>	<b>4,352.9</b>	<b>4,048.9</b>	<b>4,264.3</b>	<b>4,810.5</b>	<b>5,378.9</b>
COGS	(2,091.5)	(1,971.9)	(2,135.8)	(2,390.0)	(2,660.9)
<b>Gross Profit</b>	<b>2,261.4</b>	<b>2,077.0</b>	<b>2,128.5</b>	<b>2,420.6</b>	<b>2,718.0</b>
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
<b>Operating Income</b>	<b>1,668.2</b>	<b>1,340.9</b>	<b>1,207.0</b>	<b>1,440.0</b>	<b>1,609.7</b>
Finance income	63.5	58.4	72.1	46.4	49.4
Finance expenses	(12.2)	(12.9)	(15.5)	(8.4)	(9.1)
<b>Profit Before Tax</b>	<b>1,719.5</b>	<b>1,386.4</b>	<b>1,263.6</b>	<b>1,478.0</b>	<b>1,650.0</b>
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)
<b>Net Income</b>	<b>1,228.8</b>	<b>1,008.0</b>	<b>916.13</b>	<b>1,082.3</b>	<b>1,219.4</b>
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)
<b>Operating CF</b>	<b>1,971.7</b>	<b>1,051.4</b>	<b>789.6</b>	<b>1,357.4</b>	<b>1,496.6</b>
Capex	(360.7)	(946.1)	(621.5)	(741.3)	(956.6)
Others	(64.3)	39.3	401.1	(4.2)	(4.4)
<b>Investing CF</b>	<b>(425.1)</b>	<b>(906.8)</b>	<b>(220.4)</b>	<b>(745.5)</b>	<b>(960.9)</b>
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	-	-
<b>Financing CF</b>	<b>(968.9)</b>	<b>(731.3)</b>	<b>(422.5)</b>	<b>(557.0)</b>	<b>(548.2)</b>
Cash at Beginning	705.0	1,282.7	696.1	842.8	897.7
<b>Cash at Ending</b>	<b>1,282.7</b>	<b>696.1</b>	<b>842.8</b>	<b>897.7</b>	<b>885.0</b>

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
<b>Total Current Assets</b>	<b>3,197.5</b>	<b>2,494.4</b>	<b>2,762.2</b>	<b>2,919.7</b>	<b>3,006.2</b>
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
<b>Total Non-Cur. Assets</b>	<b>3,663.5</b>	<b>4,423.7</b>	<b>4,578.6</b>	<b>5,033.3</b>	<b>5,661.6</b>
<b>TOTAL ASSETS</b>	<b>6,861.0</b>	<b>6,918.1</b>	<b>7,340.8</b>	<b>7,953.1</b>	<b>8,667.8</b>
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
<b>Total Current Liabilities</b>	<b>762.5</b>	<b>652.6</b>	<b>556.1</b>	<b>545.7</b>	<b>589.3</b>
Long-term Debt	-	-	1.9	-	-
Other Long-term Liabilities	173.4	133.6	183.0	183.0	183.0
<b>Total LT-Liabilities</b>	<b>173.4</b>	<b>133.6</b>	<b>185.0</b>	<b>183.0</b>	<b>183.0</b>
<b>Total Equity</b>	<b>5,925.1</b>	<b>6,131.9</b>	<b>6,599.8</b>	<b>7,224.3</b>	<b>7,895.4</b>
<b>TOTAL LIA. &amp; EQUITY</b>	<b>6,861.0</b>	<b>6,918.1</b>	<b>7,340.8</b>	<b>7,953.1</b>	<b>8,667.8</b>

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
EV/EBITDA (x)	19.9	27.1	28.9	25.9	23.1
EV/Sales (x)	8.5	10.4	9.8	9.3	8.3
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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