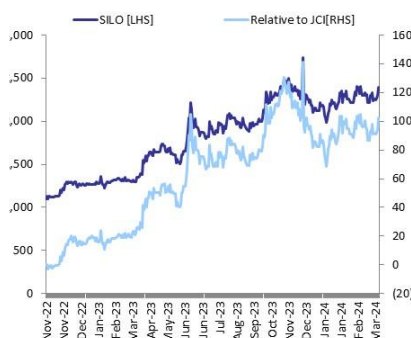


Buy

(Maintained)

Last Price (Rp)	2,360
Target Price (Rp)	2,900
Previous Target Price (Rp)	2,900
Upside/Downside	+22.9%
No. of Shares (mn)	12,987
Mkt Cap (Rpbn/US\$mn)	30,649/1,933
Avg, Daily T/O (Rpbn/US\$mn)	8.8/0.6
Free Float (%)	15.4
Major Shareholder (%)	
PT Lippo Karawaci Tbk	58.1
Prima Health Company	26.2
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	105.1 127.4 132.1
Consensus	104.8 121.2 153.0
BRIDS/Cons (%)	0.3 5.1 (13.7)

SILO relative to JCI Index



Source: Bloomberg

Siloam Hospitals (SILO IJ)

FY24 Outlook: Expect Growth Continuation from Revenue Intensity and Cost-Savings

- SILO reported FY23 a solid net profit of Rp1.21tn (+73.9% yoy), demonstrating its cost-saving and higher revenue intensity initiatives.
- We believe SILO's efforts in pushing intensity and cost-savings will continue to drive growth. We lift our FY24/25F net profit est. by +2/+5%.
- We maintain our Buy rating with an unchanged TP of Rp2,900 on still attractive FY24-25F EPS growth of 13-21% and undemanding valuation.

FY23 Results: In-Line with Market Expectations

SILO reported FY23 net profit of Rp1.21tn (+73.9% yoy), in-line with our forecast and consensus estimates, at 101.3% and 104.7% of FY23 est. respectively. The key driver of FY23 net profit growth was the lower cost of medicines/salary costs (down 100bps to 22/31% of total revenues, respectively), with overall opex only up by 9.9% yoy, yielding EBITDA margin expansion of 260 bps to 25.2% in FY23 (in-line with our forecast and the consensus). The efficiency efforts were supported by strong volume growth (+22% yoy) and higher revenue intensity (up +40% for inpatient and +15% for outpatient vs. the pre-pandemic FY19 level).

FY24: Focus on Revenue Intensity and Cost Savings to Drive Profit Growth

We believe the company's strategic efforts will continue to drive net profit growth in FY24F despite no new hospital additions. We expect revenue intensity growth to be supported by C.O.N.G.O Case Mix (**exh.10**), while volume to be aided by the operation of the new capacity-extended hospitals (Lippo Village: expected to open in 1Q24; Makassar: 3Q24; and Sentosa Bekasi: 4Q24). On the cost front, we expect procurement efficiency (**exh.11**) and IT initiatives to help lower COGS and patient waiting times (27% decline in 4Q23 vs. 1Q23 according to the mgmt.), ultimately to drive a BOR improvement to reach 70% level (FY23 at 65% vs. FY22 at 59%). Up until 1Q24, price increases reached ~3%, with the management noting positive qoq growth in patient volume. The management expects low to mid double-digit revenue growth (10-15%) in FY24.

We lift FY24/25F net profit est. by +2/5%; Maintain Buy rating

Taking into account the FY23 result, we raise our FY24/25F net profit estimates by +2/5%. We maintain our Buy rating with an unchanged TP of Rp2,900 (implying 11.2x FY24 EV/EBITDA) on still attractive growth outlook and current undemanding valuation at 9.0x FY24F EV/ EBITDA. Key risks are: 1) cost-control strategy execution and 2) weaker purchasing power which may lead to soft growth in revenue intensity.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	9,518	11,190	12,951	15,322	17,838
EBITDA (Rpbn)	2,150	2,821	3,340	3,971	4,918
EBITDA Growth (%)	0.1	31.2	18.4	18.9	23.8
Net Profit (Rpbn)	696	1,211	1,366	1,655	2,166
EPS (Rp)	53.6	93.3	105.1	127.4	166.8
EPS Growth (%)	3.3	73.9	12.7	21.2	30.9
BVPS (Rp)	535.6	609.5	714.7	842.1	1,008.9
PER (x)	44.0	25.3	22.4	18.5	14.1
PBV (x)	4.4	3.9	3.3	2.8	2.3
EV/EBITDA	10.5	10.7	9.0	7.5	5.9

Source: SILO, BRIDS Estimates

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Exhibit 1. FY23 Results Summary

SILO (in Rpbn, unless stated)	4Q22	3Q23	4Q23	qoq, %	yoy, %	FY22	FY23	yoy, %	FY23F BRIDS Old	A/BRIDS, %	FY23F Cons. A/Cons, %
Revenue	2,587	2,964	2,945	(0.6)	13.9	9,518	11,191	17.6	11,384	98.3%	11,159 100.3%
Inpatient	1,431	1,722	1,651	(4.1)	15.4	5,299	6,385	20.5	6,412		
Outpatient	1,156	1,242	1,294	4.2	12.0	4,219	4,805	13.9	4,973		
COGS	(1,544)	(1,745)	(1,720)	(1.4)	11.5	(5,985)	(6,735)	12.5	(6,987)	96.4%	(6,825) 98.7%
Doctors Fee, Salaries and Employees Benefit	(766)	(888)	(881)	(0.7)	15.1	(3,012)	(3,487)	15.8	(3,494)		
as % of Sales	-30%	-30%	-30%			-32%	-31%		-28%		
Medicine, Medical and Clinical Supplies	(587)	(652)	(641)	(1.7)	9.2	(2,213)	(2,470)	11.6	(2,708)		
as % of Sales	-23%	-22%	-22%			-23%	-22%		-23%		
Gross profit	1,043	1,219	1,225	0.5	17.4	3,533	4,455	26.1	4,397	101.3%	4,334 102.8%
Opex	(633)	(659)	(735)	11.6	16.1	(2,345)	(2,577)	9.9	(2,520)	102.2%	(2,582) 99.8%
Op.Profit	410	560	489	(12.6)	19.5	1,188	1,879	58.1	1,877	100.1%	1,752 107.2%
EBITDA	641	795	725	(8.8)	13.2	2,150	2,821	31.2	2,975	94.8%	2,783 101.4%
Pre-tax profit	339	489	469	(4.1)	38.3	984	1,666	69.3	1,549		1,609 103.6%
Net profit	253	367	363	(1.2)	43.5	710	1,247	75.5	1,208	103.2%	
Net profit to common	247	356	352	(0.9)	42.5	696	1,211	73.9	1,195	101.4%	1,157 104.7%
Gross margin (%)	40.3	41.1	41.6	0.5	1.3	37.1	39.8	2.7	38.6		38.8
Opex to sales (%)	(24.5)	(22.2)	(25.0)	(2.7)	(0.5)	(24.6)	(23.0)	1.6	(22.1)		(23.1)
Operating margin (%)	15.8	18.9	16.6	(2.3)	0.8	12.5	16.8	4.3	16.5		15.7
EBITDA margin (%)	24.8	26.8	24.6	(2.2)	(0.2)	22.6	25.2	2.6	26.1		24.9
Net margin (%)	9.6	12.0	12.0	(0.0)	2.4	7.3	10.8	3.5	10.5		10.4

Source: Company, BRIDS, Bloomberg

Key Operational Indicators	4Q22	3Q23	4Q23	qoq, %	yoy, %	FY22	FY23	yoy, %
Inpatient Days ('000)	226	245	243	(1.0)	7.5	814	939	15.4
Inpatient Revenue per Days (IDR'000/days)	6,330	7,015	6,796	(3.1)	7.4	6,509	6,797	4.4
Inpatient Admissions ('000)	68	80	79	(1.2)	16.6	241	302	25.6
ALoS	3.32	3.06	3.06	0.2	(7.8)	3.38	3.11	(8.0)
				qoq	yoy			yoy
BOR (%)	65.2%	68.2%	66.2%	-2.0%	1.0%	58.9%	65.2%	6.3%
Operational Beds (#of Beds)	3,784	3,941	3,987	46	203	3,784	3,987	203
Outpatient Visits	897	1,047	1,066	1.8	18.9	3,152	3,949	25.3
Outpatient Revenue per Visits (IDR'000/patient)	1,289	1,186	1,214	2.3	(5.8)	1,339	1,217	(9.1)

Source: Company, BRIDS, Bloomberg

Exhibit 2. SILO Forecast Changes Summary

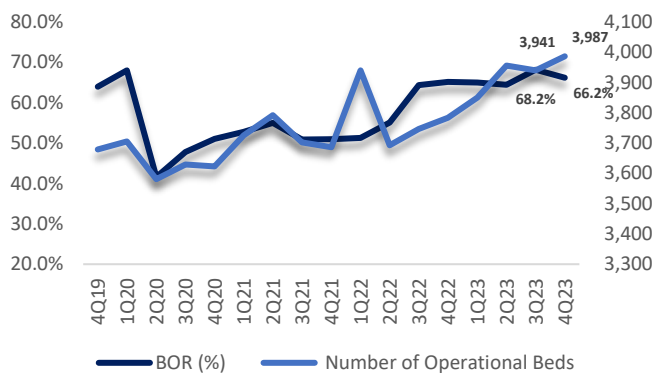
Assumptions	2024F		2025F	
	Prev	New	Prev	New
Operational beds	4,164	4,187	4,644	4,667
Bed occupancy rate (BOR)	67.7%	71.0%	69.9%	73.3%
Inpatient Admissions Growth	10.0%	15.0%	15.0%	15.0%
ALoS	3.1	3.1	3.1	3.1
Inpatient volume growth	10.0%	15.5%	15.0%	15.0%
Inpatient revenue per inpatient days growth	3.5%	3.5%	3.5%	4.0%
Outpatient revenue per outp. Volume growth	3.0%	3.0%	3.5%	3.5%
Outpatient volume growth	7.5%	7.5%	12.5%	12.5%
Implied ASP growth	4.2%	6.1%	4.4%	4.7%
Patient volume growth	8.0%	9.0%	13.0%	13.0%

Financials, IDRbn	2024F			2025F		
	Prev	New	% changes	Prev	New	% changes
Revenue	12,805	12,951	1%	15,099	15,322	1%
Gross profit	4,822	5,035	4%	5,688	5,974	5%
Operating profit	2,089	2,231	7%	2,471	2,666	8%
EBITDA	3,217	3,340	4%	3,793	3,971	5%
Net profit	1,337	1,366	2%	1,573	1,655	5%

Margins	2024F			2025F		
	Prev	New	% changes	Prev	New	% changes
Gross profit	37.7%	38.9%	1%	37.7%	39.0%	1%
Operating profit	16.3%	17.2%	1%	16.4%	17.4%	1%
EBITDA	25.1%	25.8%	1%	25.1%	25.9%	1%
Net profit	10.4%	10.5%	0%	10.4%	10.8%	0%

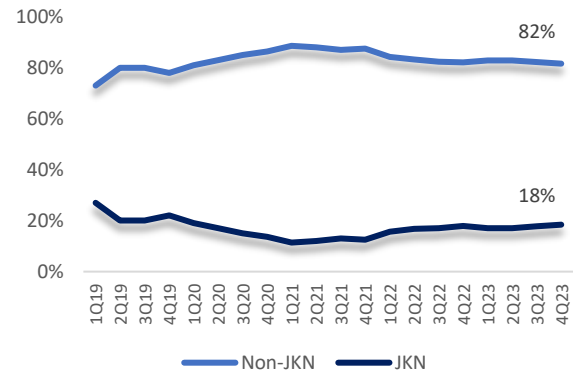
Source: BRIDS

Exhibit 3. SILO Hospital Capacity (BOR) Trend



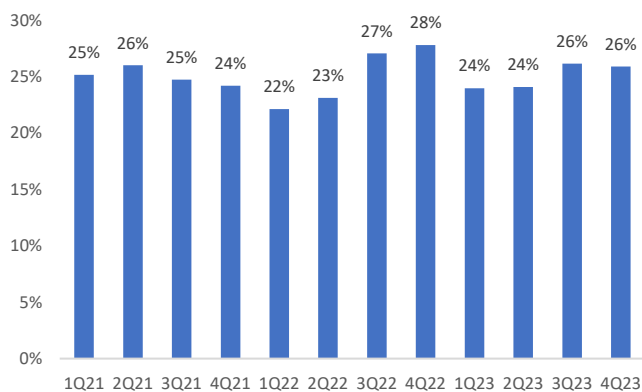
Source: Company, BRIDS

Exhibit 4. SILO's Payer Mix



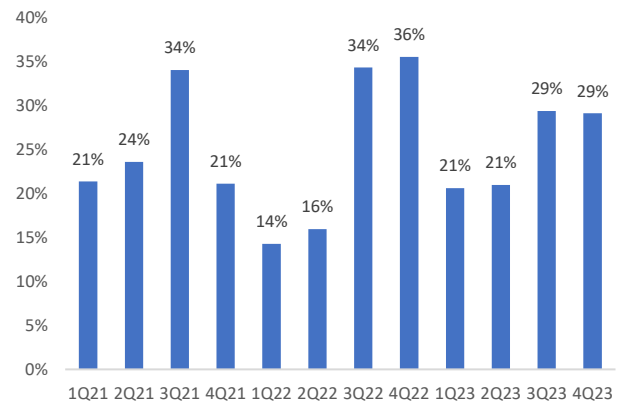
Source: Company, BRIDS

Exhibit 5. Seasonality of Inp. Days (% Contribution to FY)



Source: Company, BRIDS

Exhibit 6. Seasonality of Earnings (% Contribution to FY)



Source: Company, BRIDS

Exhibit 7. SILO's Valuation Summary

FCFF Projection SILO		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
			0	1	2	3	4	5	6	7	8	9	10
EBIT * (1-tax)		1,465	1,740	2,080	2,662	3,256	4,047	4,588	4,994	5,485	6,104	6,681	7,370
Depreciation		942	1,109	1,304	1,505	1,737	2,000	2,297	2,616	2,970	3,176	3,674	4,128
Change in working capita		(188)	(184)	(234)	(255)	(283)	(276)	(305)	(292)	(326)	(365)	(403)	(454)
Capex		1,871	1,943	2,605	2,676	3,097	3,499	3,957	4,252	4,729	5,261	5,855	6,294
Minority interest		36	36	36	36	36	36	36	36	36	36	36	36
FCFF		314	687	510	1,201	1,577	2,237	2,587	3,030	3,364	3,619	4,061	4,715
Discount factor			1.00	1.11	1.23	1.37	1.52	1.69	1.88	2.09	2.32	2.58	2.86
Present value of FCFF			687	459	973	1,151	1,468	1,529	1,612	1,611	1,560	1,576	1,647
Terminal value													64,740
PV of terminal value													22,613
NPV	IDR Bn			36,886									
Net debt (as of end 2024)	IDR Bn		(539)										
Equity value	IDR Bn		37,425										
Outstanding share	Bn sh		12.99										
Equity value per share	IDR/sh		2,882										
Target price	IDR/sh			2,900									
Multiples (EV/EBITDA)		2023	2024	2025									
EV EBITDA - at current price	x	10.7	9.1	7.6									
EV EBITDA - at TP of	x	13.2	11.2	9.4									
EBITDA	EBITDA (IDR bn.)	2,821	3,340	3,971									
%yoy			18.4%	18.9%									

Assumptions		
Market return (Rm)		14.31%
Tax rate		22.00%
Adjusted Beta		0.62
Debt Portion		5%
Cost of equity		11.27%
Cost of debt Pre-Tax		10.27%
WACC		11.1%
Terminal growth		3.0%

Source: BRIDS

Exhibit 8. SILO's Peers Valuation

Ticker		Company	Mkt.Cap (US\$ mn.)	EV/EBITDA	
				FY24F	FY25F
Healthcare Indonesia					
HEAL IJ*	MEDIKALOKA HERMINA TBK PT		19,383	12.5	11.1
MIKA IJ*	MITRA KELUARGA KARYASEHAT TBK		38,893	23.0	20.0
SILO IJ*	SILOAM INTERNATIONAL HOSPITAL		31,085	9.1	7.6
Emerging Market Peers					
000516 CH	XIAN INTERNATIONAL MEDICAL-A		31,173	19.6	14.6
NARH IN	NARAYANA HRUDAYALAYA LTD		48,566	22.3	19.6
MEDANTA in	GLOBAL HEALTH LTD/INDIA		65,765	41.7	34.2
301239 CH	CHENGDU BRIGHT EYE HOSPITA-A		18,436	13.2	10.3
ASTERDM IN	ASTER DM HEALTHCARE LTD		41,464	13.5	11.5
KIMS IN	KRISHNA INSTITUTE OF MEDICAL		31,116	26.4	21.7
RAM TB	RAMKHAMHAENG HOSPITAL PUB CO		15,940	27.2	24.4
IHH MK	IHH SINGAPORE		178,597	13.2	12.3
TNH VN	THAI NGUYEN INTL HSPTL JSC		1,594	11.0	9.0
BH TB	BUMRUNGRAD HOSPITAL PCL		77,893	17.3	16.2
BDMS TB	BANGKOK DUSIT MED SERVICE		197,250	17.9	16.6
KPJ MK	KPJ HEALTHCARE BERHAD		28,380	13.7	13.0
OPTIMAX MK	OPTIMAX HOLDINGS BHD		1,175	10.6	9.3
RFMD SP	RAFFLES MEDICAL GROUP LTD		22,706	12.3	11.5
MPARK TI	MLP SAGLIK HIZMETLERI AS		18,485	5.9	4.6
Developed Market Peers					
HCA US	HCA HEALTHCARE INC		1,371,300	9.7	9.1
UHS US	UNIVERSAL HEALTH SERVICES-B		188,571	8.5	8.1
THC US	TENET HEALTHCARE CORP		161,872	8.3	7.8
CYH US	COMMUNITY HEALTH SYSTEMS INC		7,096	8.1	7.7
RHC AU	RAMSAY HEALTH CARE LTD		130,898	11.3	10.2
Indonesia					
Median			31,085	12.5	11.1
Simple Average			29,787	14.9	12.9
Weighted Average			31,945	15.9	13.7
Emerging Market Peers					
Median			31,100	13.7	13.0
Simple Average			48,217	17.7	15.3
Weighted Average			106,383	18.7	16.5
Developed Market Peers					
Median			161,872	8.5	8.1
Simple Average			371,947	9.2	8.6
Weighted Average			1,053,595	9.5	9.0

Source: *BRIDS, Bloomberg

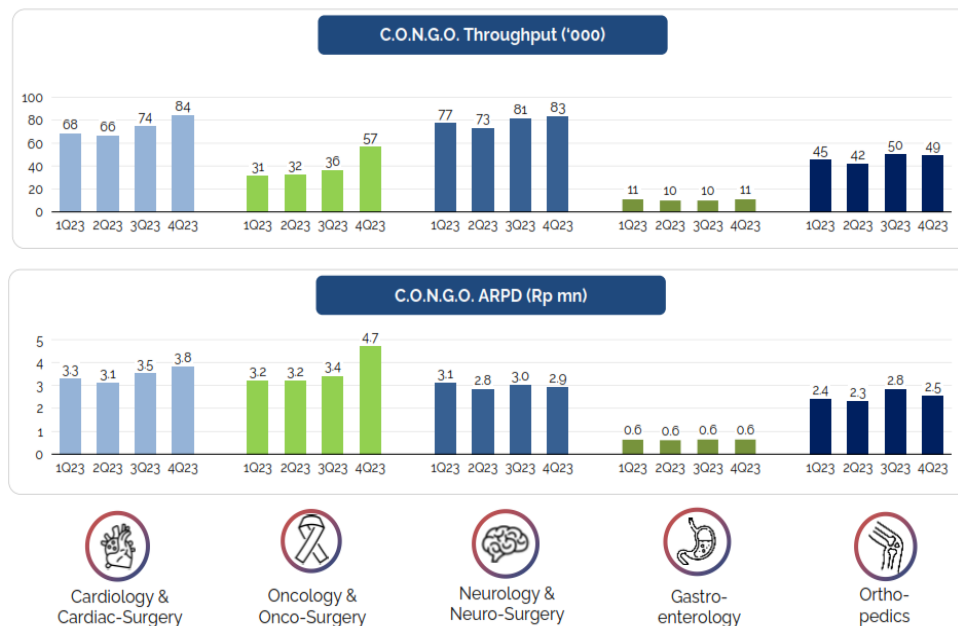
Exhibit 9. SILO's Rolling Fwd EV/EBITDA Band



Source: BRIDS Estimates

Exhibit 10. C.O.N.G.O Case Mix

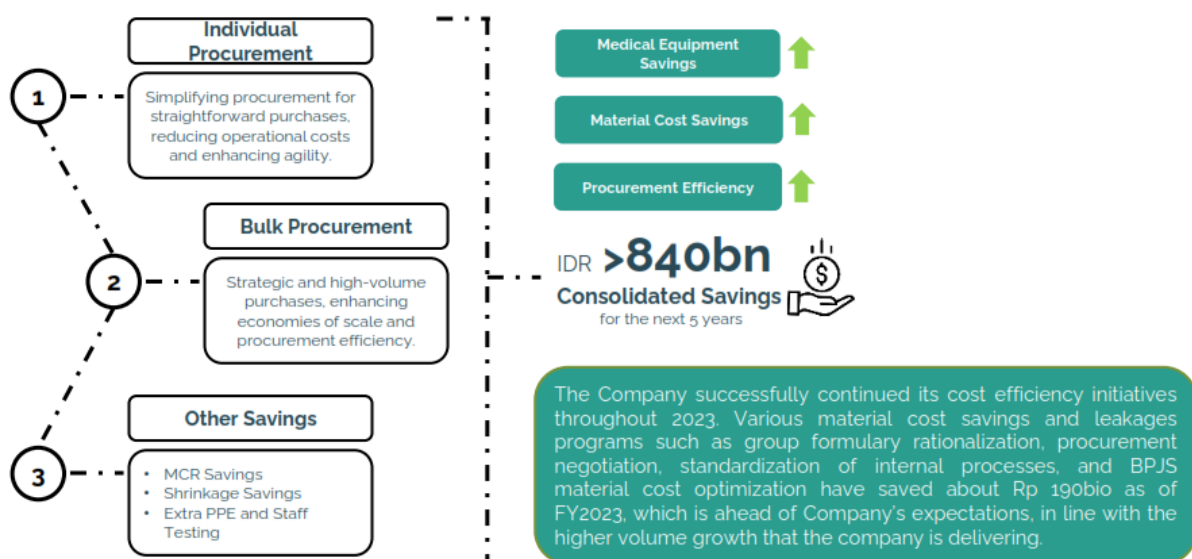
Continued Growth from High Complexity Clinical Programs (Cardiology, Oncology, Neurology, Gastro, Orthopedics)



Source: Company

Exhibit 11. Procurement Efficiency Effort

Procurement efficiency measures have driven over Rp840bn savings for the next 5-years



Source: Company

Exhibit 12. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	9,518	11,190	12,951	15,322	17,838
COGS	(5,985)	(6,735)	(7,916)	(9,348)	(10,628)
Gross profit	3,533	4,455	5,035	5,974	7,210
EBITDA	2,150	2,821	3,340	3,971	4,918
Oper. profit	1,188	1,879	2,231	2,666	3,413
Interest income	30	22	30	36	43
Interest expense	(68)	(84)	(121)	(127)	(150)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	(166)	(151)	(293)	(346)	(403)
Pre-tax profit	984	1,666	1,847	2,228	2,902
Income tax	(274)	(419)	(446)	(538)	(701)
Minority interest	(14)	(36)	(36)	(36)	(36)
Net profit	696	1,211	1,366	1,655	2,166
Core Net Profit	696	1,211	1,366	1,655	2,166

Exhibit 13. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	1,066	1,186	1,426	1,711	2,717
Receivables	1,253	1,561	1,635	1,934	2,252
Inventory	202	204	369	435	495
Other Curr. Asset	166	185	217	257	299
Fixed assets - Net	5,818	6,767	7,580	8,840	9,980
Other non-curr.asset	1,161	1,079	1,407	1,608	1,810
Total asset	9,666	10,982	12,634	14,785	17,553
ST Debt	291	495	570	612	737
Payables	442	524	567	670	762
Other Curr. Liabilities	1,445	1,534	1,574	1,862	2,168
Long Term Debt	0	0	19	45	72
Other LT. Liabilities	436	381	490	528	581
Total Liabilities	2,614	2,934	3,220	3,718	4,319
Shareholder's Funds	6,955	7,916	9,281	10,936	13,102
Minority interests	96	132	132	132	132
Total Equity & Liabilities	9,666	10,982	12,634	14,785	17,553

Exhibit 14. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	696	1,211	1,366	1,655	2,166
Depreciation and Amort.	962	942	1,109	1,304	1,505
Change in Working Capital	53	(188)	(184)	(234)	(255)
Other Oper. Cash Flow	(205)	29	(3)	219	233
Operating Cash Flow	1,507	1,995	2,287	2,944	3,649
Capex	(2,307)	(1,871)	(1,943)	(2,605)	(2,676)
Others Inv. Cash Flow	131	62	(307)	(161)	(171)
Investing Cash Flow	(2,176)	(1,809)	(2,250)	(2,766)	(2,847)
Net change in debt	(11)	149	203	106	204
New Capital	(419)	(215)	0	0	0
Dividend payment	250	0	0	0	0
Other Fin. Cash Flow	0	0	0	0	0
Financing Cash Flow	(180)	(66)	203	106	204
Net Change in Cash	(849)	120	240	285	1,006
Cash - begin of the year	1,915	1,066	1,186	1,426	1,711
Cash - end of the year	1,066	1,186	1,426	1,711	2,717

Exhibit 15. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	1.5	17.6	15.7	18.3	16.4
EBITDA	0.1	31.2	18.4	18.9	23.8
Operating profit	(0.9)	58.1	18.8	19.5	28.0
Net profit	3.3	73.9	12.7	21.2	30.9
Profitability (%)					
Gross margin	37.1	39.8	38.9	39.0	40.4
EBITDA margin	22.6	25.2	25.8	25.9	27.6
Operating margin	12.5	16.8	17.2	17.4	19.1
Net margin	7.3	10.8	10.5	10.8	12.1
ROAA	7.3	11.7	11.6	12.1	13.4
ROAE	10.4	16.3	15.9	16.4	18.0
Leverage					
Net Gearing (x)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Interest Coverage (x)	17.5	22.4	18.5	21.0	22.8

Source: SILO, BRIDS Estimates

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BRI Danareksa Sales Traders

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INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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