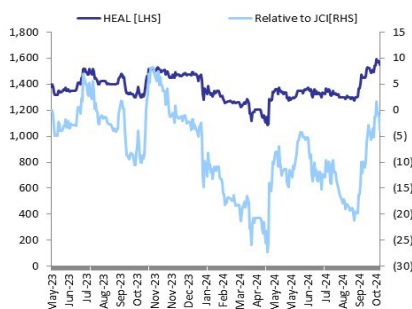


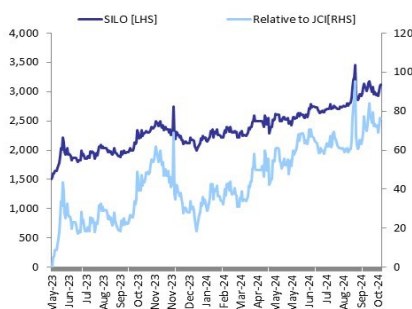
# Overweight

(Maintained)

## HEAL relative to JCI Index



## SILO relative to JCI Index



Source: Bloomberg

BRI Danareksa Sekuritas Analyst

Ismail Fakhri Suweleh

(62-21) 5091 4100 ext. 3505

Ismail.suweleh@brids.co.id

Wilastita Muthia Sofi

(62-21) 5091 4100 ext. 3509

wilastita.sofi@brids.co.id

# Healthcare

## 3Q24 Preview: Expect Earnings to Remain Solid, In-Line 9M24

- We expect hospitals' 9M24 net profit to meet our/cons. estimates (at 71%/70% of FY24F), driven by steady patient traffic in 3Q24.
- We see no signs of rises in specific cases nationally, which should lead to in-line overall revenue achievement in 9M24.
- We retain our OW rating on the sector. HEAL remains our top pick on the back of its resilient earnings growth with a DCF-based TP of Rp2,000.

### Expect a Solid 13%yoy Net Profit Growth, In-Line 9M24 Achievement

We expect overall hospitals' 9M24 net profit to meet our/consensus estimates (72/70% of FY24F), driven by steady patient traffic in 3Q24 (+3-4%yoy) given fewer holidays (~63 working days vs. an average of 55 days in 1H24). This, combined with a continuous cost-optimization strategy, should yield a stable EBITDA margin at an average of 26% in 3Q24, based on our estimation. We foresee net profit to be potentially stronger for HEAL at 78%/81% of our/cons. FY24F, followed by MIKA at 74%/75%, while SILO's core profit should reach 70% of our FY24F. Our latest discussion with hospital operators indicated that overall revenue achievement should be in-line with their respective guidance, despite possible weaker qoq/yoy volume in 3Q24 due to a higher base contributed by dengue cases in 2Q24 and pneumonia cases during 3Q23.

### 3Q24: No Signs of Rises in Any Specific Cases; In-line Revenue

We monitored air pollution metrics and found that there were no changes in the current situation in Greater Jakarta compared to previous year (exh.14), yet there were no signs of rising specific cases in hospitals during 3Q24. We believe FY23's worsening air pollution situation was also related to the rising overall global temperature affected by the El Niño phenomenon, resulting in rising respiratory cases. MIKA indicated there was a potential yoy decline in its 3Q24 volume due to a higher base, yet its overall revenue achievement remains in-line with its guidance (FY24F revenue growth at ~15%) driven by better intensity in its private patient mix. Meanwhile, HEAL and SILO only indicated that their FY24F guidance will remain on track (Revenue at Rp6.6-6.7tr with an EBITDA Margin of ~28.7% for HEAL's FY24F; and 10-15% revenue growth for SILO with a 29-30% Adjusted EBITDA Margin to its Net Revenue).

### Maintain OW on sectors' attractive growth; HEAL remains top pick for now

We maintain our OW rating on the sector as it continues to offer solid earnings growth both in ST (3Q24 at 13%yoy) and LT (FY25F/FY29F CAGR at 21%), supported by its inelastic demand characteristics due to Indonesian overall underpenetrated facilities supply. We maintain our top pick in HEAL with a DCF-based TP of Rp2,000 (implying 16.6/14.6x FY24F/FY25 EV/EBITDA). We believe that its consistent growth and margin expansion amid serving lower-margin JKN patients should remain intact. Meanwhile, MIKA and SILO's strong brand equity and continuous focus on personnel, cost management, and complex treatments should drive better margins over the next 2-3 years (potential +200-300bps/year EBITDA margin until FY26F). Key risks: 1) soft intensity growth, 2) cost-control execution, which includes the pre-operating costs of new hospitals (0.5-1.5% impact to EBITDA margin).

Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	EV/EBITDA (x)		P/E (x)		ROE (%)
					2024F	2025F	2024F	2025F	
Medikaloka Hermina	HEAL IJ	BUY	2,000	22,805.2	13.1	11.5	35.2	29.1	16.7
Siloam Hospitals	SILO IJ	U/R	3,000	40,670.7	14.7	10.9	35.7	23.8	18.4
Mitra Keluarga	MIKA IJ	U/R	3,400	43,496.4	23.0	19.1	36.1	29.6	20.7

### Exhibit 1. Healthcare's 3Q24 Estimates

Healthcare (in Rp bn, unless stated)	3Q23	2Q24	3Q24E	qoq, %	yoy, %	9M23	9M24E	yoy, %	FY24F BRIDS	A/BRIDS,%	FY24F Cons.	A/Cons.,%
Revenue	5,610	5,837	6,070	4.0	8.2	15,632	17,884	14.4	24,678	72%	24,377	73%
COGS	(3,252)	(3,361)	(3,436)	2.2	5.7	(9,283)	(10,283)	10.8	(14,524)	71%	(14,212)	72%
Gross profit	2,358	2,476	2,635	6.4	11.7	6,350	7,600	19.7	10,154	75%	10,165	75%
Opex	(1,219)	(1,332)	(1,331)	(0.1)	9.2	(3,465)	(3,948)	14.0	(5,280)	75%	(5,471)	72%
Op.Profit	1,139	1,143	1,303	14.0	14.4	2,885	3,652	26.6	4,875	75%	4,694	78%
EBITDA	1,578	1,608	1,767	9.9	12.0	4,161	4,691	12.7	6,557	72%	6,745	70%
Core EBITDA	1,632	1,658	1,822	9.9	11.6	4,306	5,146	19.5				
Pre-tax profit	1,378	1,400	1,570	12.1	13.9	2,708	3,151	16.4	4,248	74%	4,231	74%
Net profit to common	735	764	867	13.5	18.0	1,894	2,143	13.2	2,987	72%	3,083	70%
Core Net Profit	789	814	922	13.3	16.9	2,039	2,598	27.4				
Gross margin (%)	42.0	42.4	43.4	0.99	1.36	40.6	42.5	1.88	41.1		41.7	
Opex to sales (%)	(21.7)	(22.8)	(21.9)	0.89	(0.20)	(22.2)	(22.1)	0.09	(21.4)		(22.4)	
Operating margin (%)	20.3	19.6	21.5	1.88	1.16	18.5	20.4	1.97	19.8		19.3	
EBITDA margin (%)	28.1	27.6	29.1	1.55	0.99	26.6	26.2	(0.38)	26.6		27.7	
Net margin (%)	13.1	13.1	14.3	1.19	1.19	12.1	12.0	(0.13)	12.1		12.6	

Source: Company, BRIDS Estimates

### Exhibit 2. HEAL's 3Q24 Estimates

HEAL (Rpbn, unless stated)	3Q23	2Q24	3Q24E	qoq, %	yoy, %	9M23	9M24E	yoy, %	FY24F BRIDS	A/BRIDS,%	FY24F Cons.	A/Cons.,%
Revenue	1,538	1,638	1,573	(3.9)	2.3	4,230	4,917	16.3	6,747	73%	6,737	73%
COGS	(955)	(1,021)	(982)	(3.9)	2.8	(2,684)	(3,041)	13.3	(4,144)	73%	(4,180)	73%
Gross profit	583	616	592	(4.0)	1.4	1,546	1,877	21.4	2,603	72%	2,557	73%
Opex	(322)	(336)	(323)	(3.9)	0.1	(929)	(996)	7.2	(1,453)	69%	(1,482)	67%
Op.Profit	261	281	269	(4.2)	3.0	617	881	42.8	1,150	77%	1,075	82%
EBITDA	434	451	433	(4.1)	(0.3)	1,085	1,376	26.8	1,914	72%	1,885	73%
Core EBITDA	434	451	433	(4.1)	(0.3)	1,085	1,376	26.8				
Pre-tax profit	243	251	241	(4.2)	(0.9)	560	797	42.2	1,063	75%	1,015	79%
Net profit to common	146	152	146	(4.2)	(0.4)	349	507	45.2	648	78%	624	81%
Core Net Profit	146	152	146	(4.2)	(0.4)	349	507	45.2				
Gross margin (%)	37.9	37.6	37.6	(0.04)	(0.32)	36.6	38.2	1.61	38.6		38.0	
Opex to sales (%)	(20.9)	(20.5)	(20.5)	-	0.44	(22.0)	(20.3)	1.72	(21.5)		(22.0)	
Operating margin (%)	17.0	17.1	17.1	(0.04)	0.12	14.6	17.9	3.32	17.0		16.0	
EBITDA margin (%)	28.2	27.5	27.5	(0.04)	(0.70)	25.7	28.0	2.32	28.4		28.0	
Net margin (%)	9.5	9.3	9.3	(0.02)	(0.25)	8.2	10.3	2.05	9.6		9.3	

Source: Company, BRIDS Estimates

### Exhibit 3. MIKA's 3Q24 Estimates

MIKA (in Rp bn, unless stated)	3Q23	2Q24	3Q24E	qoq, %	yoy, %	9M23	9M24E	yoy, %	FY24F BRIDS	A/BRIDS,%	FY24F Cons.	A/Cons.,%
Revenue	1,108	1,209	1,177	(2.7)	6.2	3,157	3,630	15.0	4,980	73%	4,936	74%
COGS	(552)	(557)	(536)	(3.8)	(2.9)	(1,584)	(1,670)	5.4	(2,435)	69%	(2,364)	71%
Gross profit	557	653	642	(1.7)	15.3	1,573	1,960	24.6	2,545	77%	2,572	76%
Opex	(238)	(272)	(271)	(0.5)	13.8	(694)	(834)	20.2	(1,051)	79%	(1,049)	80%
Op.Profit	318	380	371	(2.5)	16.4	879	1,126	28.1	1,493	75%	1,523	74%
EBITDA	403	470	460	(2.0)	14.3	1,125	1,393	23.8	1,888	74%	1,836	76%
Core EBITDA	403	470	460	(2.0)	14.3	1,125	1,393	23.8				
Pre-tax profit	340	412	400	(2.9)	17.8	950	1,214	27.9	1,628	75%	1,622	75%
Net profit to common	233	312	289	(7.2)	24.1	686	890	29.7	1,203	74%	1,183	75%
Core Net Profit	233	312	289	(7.2)	24.1	686	890	29.7				
Gross margin (%)	50.2	54.0	54.5	0.5	4.3	49.8	54.0	4.2	51.1		52.1	
Opex to sales (%)	(21.5)	(22.5)	(23.0)	(0.5)	(1.5)	(22.0)	(23.0)	(1.0)	(21.1)		(21.2)	
Operating margin (%)	28.7	31.4	31.5	0.0	2.8	27.8	31.0	3.2	30.0		30.9	
EBITDA margin (%)	36.4	38.8	39.1	0.3	2.8	35.6	38.4	2.7	37.9		37.2	
Net margin (%)	21.0	25.8	24.6	(1.2)	3.5	21.7	24.5	2.8	24.2		24.0	

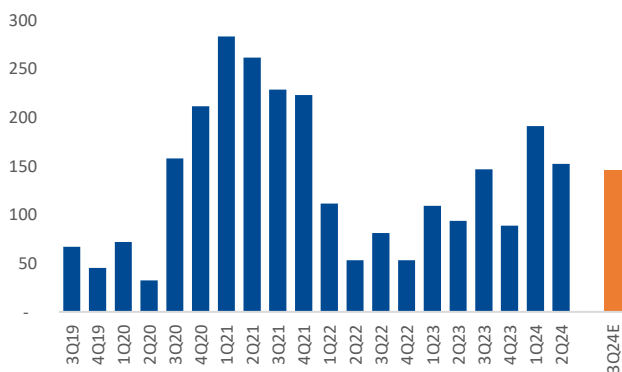
Source: Company, BRIDS Estimates

#### Exhibit 4. SILO's 3Q24 Estimates

SILO (in Rpbn, unless stated)	3Q23	2Q24	3Q24E	qoq, %	yoy, %	9M23	9M24E	yoy, %	FY24F BRIDS	A/BRIDS, %	FY24F Cons.	A/Cons., %
Revenue	2,964	2,990	3,320	11.0	12.0	8,246	9,336	13.2	12,951	72%	12,704	73%
Net Revenue	2,287	2,319	2,575	11.0	12.6	6,373	7,234	13.5	10,092	72%		
COGS	(1,745)	(1,783)	(1,918)	7.6	9.9	(5,015)	(5,573)	11.1	(7,944)	70%	(7,668)	73%
Gross profit	1,219	1,207	1,402	16.1	15.0	3,231	3,764	16.5	5,007	75%	5,036	75%
Opex	(659)	(724)	(738)	1.9	12.0	(1,841)	(2,118)	15.0	(2,776)	76%	(2,940)	72%
Op.Profit	560	483	664	37.5	18.5	1,389	1,646	18.5	2,231	74%	2,096	79%
EBITDA (Reported)	741	688	874	27.1	18.0	1,951	1,923	(1.4)	2,755	70%	3,024	64%
EBITDA (Adjusted)	795	737	929	26.0	16.8	2,096	2,378	13.5	3,340	71%		
Pre-tax profit	489	416	590	41.7	20.8	1,198	1,140	(4.9)	1,558	73%	1,594	71%
Net profit to common	356	301	432	43.9	21.6	859	747	(13.1)	1,135	66%	1,276	59%
Core Net Profit	410	350	487	39.2	19.0	1,004	1,202	19.7	1,721	70%		
Gross margin (%)	41.1	40.4	42.2	1.8	1.1	39.2	40.3	1.1	38.7		38.7	
Opex to sales (%)	(22.2)	(24.2)	(22.2)	2.0	0.0	(22.3)	(22.7)	(0.4)	(21.4)		(21.4)	
Operating margin (%)	18.9	16.1	20.0	3.8	1.1	16.8	17.6	0.8	17.2		16.5	
EBITDA margin to Net Revenue (%) - Reported	32.4	29.7	34.0	4.3	1.5	30.6	26.6	(4.0)	27.3			
EBITDA margin to Net Revenue (%) - Adjusted	34.8	31.8	36.1	4.3	1.3	32.9	32.9	(0.0)	33.1			
Net margin (%)	12.0	10.1	13.0	3.0	1.0	10.4	8.0	(2.4)	8.8		10.0	

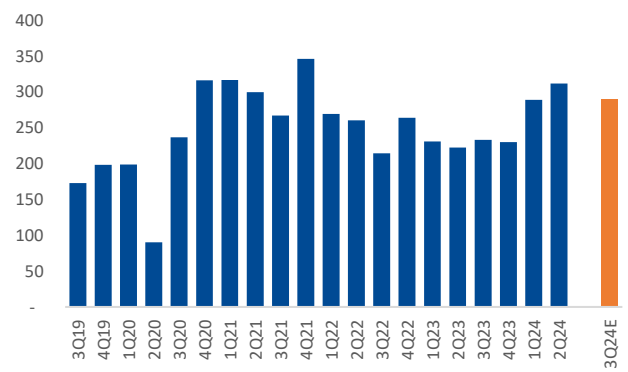
Source: Company, BRIDS Estimates

#### Exhibit 5. HEAL's Quarterly Net Profit



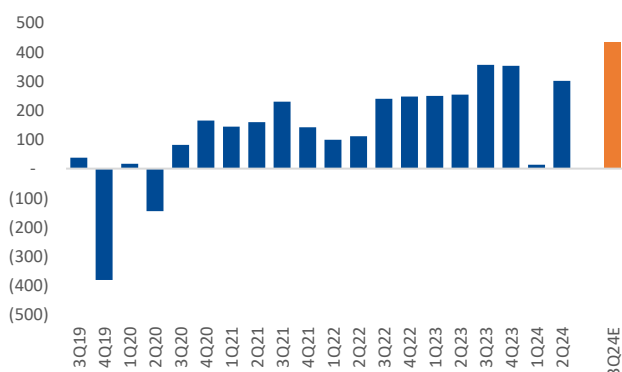
Source: Company, BRIDS Estimates

#### Exhibit 6. MIKA's Quarterly Net Profit



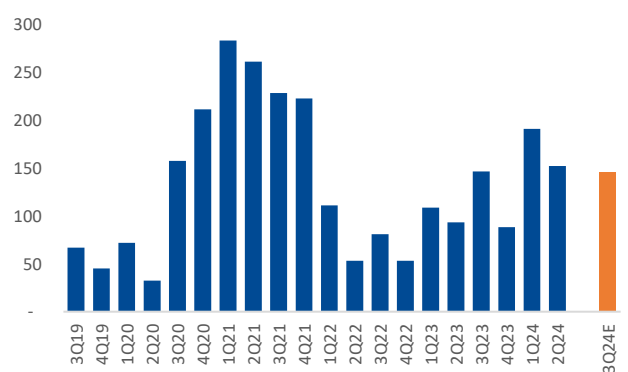
Source: Company, BRIDS Estimates

#### Exhibit 7. SILO's Quarterly Net Profit



Source: Company, BRIDS Estimates

#### Exhibit 8. Healthcare's Quarterly Net Profit



Source: Company, BRIDS Estimates

Exhibit 9. Regional Peers' Comparison

Ticker	Company	Mkt.Cap (US\$ mn.)	EV/EBITDA		
			FY24F	FY25F	FY26F
Healthcare Indonesia					
HEAL IJ*	MEDIKALOKA HERMINA TBK PT	1,536	13.1	11.5	10.2
MIKA IJ*	MITRA KELUARGA KARYASEHAT TBK	2,838	23.0	19.1	15.6
SILO IJ*	SILOAM INTERNATIONAL HOSPITAL	2,616	14.7	10.9	8.7
Emerging Market Peers					
000516 CH	XIAN INTERNATIONAL MEDICAL-A	1,612	16.7	11.5	8.6
NARH IN	NARAYANA HRUDAYALAYA LTD	3,119	22.9	20.9	18.4
MEDANTA in	GLOBAL HEALTH LTD/INDIA	3,444	33.6	31.8	26.2
301239 CH	CHENGDU BRIGHT EYE HOSPITA-A	799	9.4	8.3	7.3
ASTERDM IN	ASTER DM HEALTHCARE LTD	2,494	12.0	30.7	24.6
KIMS IN	KRISHNA INSTITUTE OF MEDICAL	2,581	34.9	30.0	24.8
RAM TB	RAMKHAMHAENG HOSPITAL PUB CO	850	24.5	21.2	19.1
IHH MK	IHH SINGAPORE	14,720	14.4	13.6	12.5
TNH VN	THAI NGUYEN INTL HSPTL JSC	108	13.5	10.8	10.2
BH TB	BUMRUNGRAD HOSPITAL PCL	6,639	20.3	19.1	18.4
BDMS TB	BANGKOK DUSIT MED SERVICE	14,013	18.3	17.1	15.6
KPJ MK	KPJ HEALTHCARE BERHAD	2,107	14.6	13.6	12.6
OPTIMAX MK	OPTIMAX HOLDINGS BHD	88	11.9	10.0	9.5
RFMD SP	RAFFLES MEDICAL GROUP LTD	1,266	11.6	10.9	10.0
MPARK TI	MLP SAGLIK HIZMETLERI AS	1,707	6.2	4.5	3.7
Developed Market Peers					
HCA US	HCA HEALTHCARE INC	105,611	10.6	10.0	9.5
UHS US	UNIVERSAL HEALTH SERVICES-B	15,804	9.2	8.7	8.1
THC US	TENET HEALTHCARE CORP	15,718	7.7	7.4	7.1
CYH US	COMMUNITY HEALTH SYSTEMS INC	823	8.3	7.8	7.4
RHC AU	RAMSAY HEALTH CARE LTD	6,597	9.7	9.4	8.7
Indonesia					
Median		2,616	14.7	11.5	10.2
Simple Average		2,330	17.0	13.9	11.5
Weighted Average		2,469	17.8	14.4	11.9
Emerging Market Peers					
Median		2,300	14.6	13.6	12.6
Simple Average		3,474	17.7	16.9	14.8
Weighted Average		8,344	18.4	17.8	15.9
Developed Market Peers					
Median		15,718	9.2	8.7	8.1
Simple Average		28,911	9.1	8.7	8.2
Weighted Average		80,903	10.1	9.5	9.0

Source: Bloomberg, \*BRIDS Estimates

Exhibit 10. Rolling Fwd, EV/EBITDA Band HEAL



Source: Bloomberg, BRIDS Estimates

Exhibit 11. Rolling Fwd, EV/EBITDA Band MIKA



Source: Bloomberg, BRIDS Estimates

**Exhibit 12. Rolling Fwd, EV/EBITDA Band SILO**



Source: Bloomberg, BRIDS Estimates

**Exhibit 13. Healthcare Sector EV/EBITDA Band**



Source: Bloomberg, BRIDS Estimates

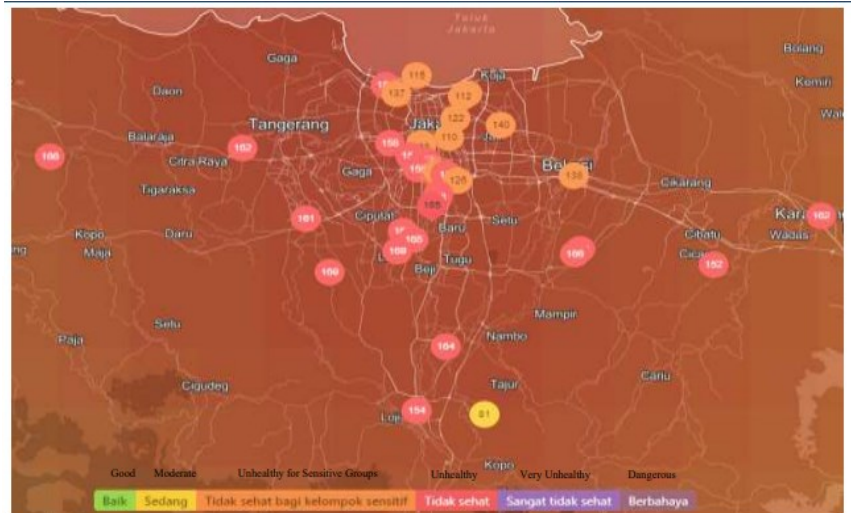
**Exhibit 14. Air Quality Index Jakarta**

**Air Quality Index Jakarta: August 2023**

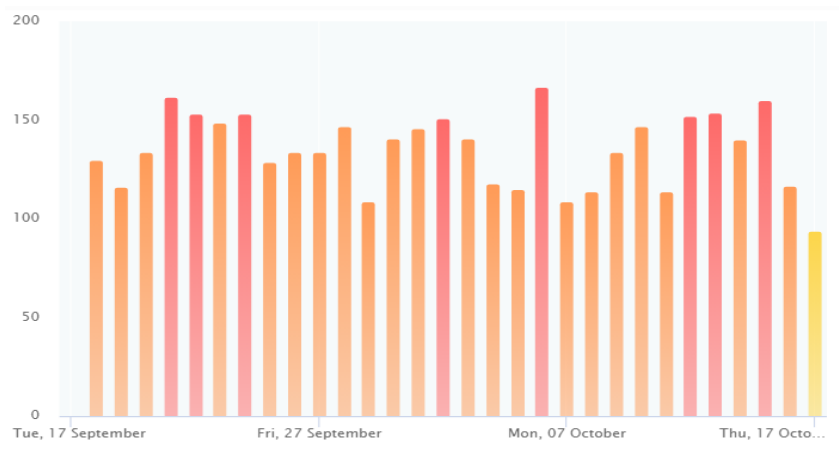
Check our report discussing the phenomenon:

<https://link.brights.id/brids/storage/27471/20230828-Healthcare.pdf>

<https://link.brights.id/brids/storage/27784/20230908-Healthcare.pdf>



**Air Quality Index Jakarta: Sep-Oct 2024**



Source: IQAir



**BRI Danareksa Equity Research Team**

Erindra Krisnawan, CFA	Head of Equity Research, Strategy, Coal	<a href="mailto:erindra.krisnawan@brids.co.id">erindra.krisnawan@brids.co.id</a>
Natalia Sutanto	Consumer, Cigarettes, Pharmaceuticals, Retail	<a href="mailto:natalia.sutanto@brids.co.id">natalia.sutanto@brids.co.id</a>
Niko Margaronis	Telco, Tower, Technology, Media	<a href="mailto:niko.margaronis@brids.co.id">niko.margaronis@brids.co.id</a>
Timothy Wijaya	Metal, Oil and Gas	<a href="mailto:timothy.wijaya@brids.co.id">timothy.wijaya@brids.co.id</a>
Victor Stefano	Banks, Poultry	<a href="mailto:victor.stefano@brids.co.id">victor.stefano@brids.co.id</a>
Ismail Fakhri Suweleh	Healthcare, Property, Industrial Estate	<a href="mailto:ismail.suweleh@brids.co.id">ismail.suweleh@brids.co.id</a>
Richard Jerry, CFA	Automotive, Cement, Infrastructure	<a href="mailto:richard.jerry@brids.co.id">richard.jerry@brids.co.id</a>
Ni Putu Wilastita Muthia Sofi	Research Associate	<a href="mailto:wilastita.sofi@brids.co.id">wilastita.sofi@brids.co.id</a>
Naura Reyhan Muchlis	Research Associate	<a href="mailto:naura.muchlis@brids.co.id">naura.muchlis@brids.co.id</a>
Sabela Nur Amalina	Research Associate	<a href="mailto:sabela.amalina@brids.co.id">sabela.amalina@brids.co.id</a>

**BRI Danareksa Economic Research Team**

Helmy Kristanto	Chief Economist, Macro Strategy	<a href="mailto:helmy.kristanto@brids.co.id">helmy.kristanto@brids.co.id</a>
Dr. Telisa Aulia Falianty	Senior Advisor	<a href="mailto:telisa.falianty@brids.co.id">telisa.falianty@brids.co.id</a>
Kefas Sidauruk	Economist	<a href="mailto:kefas.sidauruk@brids.co.id">kefas.sidauruk@brids.co.id</a>

**BRI Danareksa Institutional Equity Sales Team**

Yofi Lasini	Head of Institutional Sales and Dealing	<a href="mailto:yofi.lasini@brids.co.id">yofi.lasini@brids.co.id</a>
Novrita Endah Putrianti	Institutional Sales Unit Head	<a href="mailto:novrita.putrianti@brids.co.id">novrita.putrianti@brids.co.id</a>
Ehrlicheh Suhartono	Institutional Sales Associate	<a href="mailto:ehrliech@brids.co.id">ehrliech@brids.co.id</a>
Yunita Nababan	Institutional Sales Associate	<a href="mailto:yunita@brids.co.id">yunita@brids.co.id</a>
Adeline Solaiman	Institutional Sales Associate	<a href="mailto:adeline.solaiman@brids.co.id">adeline.solaiman@brids.co.id</a>
Andreas Kenny	Institutional Sales Associate	<a href="mailto:andreas.kenny@brids.co.id">andreas.kenny@brids.co.id</a>
Christy Halim	Institutional Sales Associate	<a href="mailto:christy.halim@brids.co.id">christy.halim@brids.co.id</a>
Jason Joseph	Institutional Sales Associate	<a href="mailto:jason.joseph@brids.co.id">jason.joseph@brids.co.id</a>

**BRI Danareksa Sales Traders**

Mitcha Sondakh	Head of Sales Trader	<a href="mailto:mitcha.sondakh@brids.co.id">mitcha.sondakh@brids.co.id</a>
Suryanti Salim	Sales Trader	<a href="mailto:suryanti.salim@brids.co.id">suryanti.salim@brids.co.id</a>

**INVESTMENT RATING**

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

**Disclaimer**

The information contained in this report has been taken from sources which we deem reliable. However, none of PT BRI Danareksa Sekuritas and/or its affiliated and/or their respective employees and/or agents makes any representation or warrant (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof.

We expressly disclaim any responsibility or liability (express or implied) of PT BRI Danareksa Sekuritas, its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitations for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as results of acting in reliance upon the whole or any part of the contents of this report and neither PT BRI Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

The information contained in the report is not to be taken as any recommendation made by PT BRI Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regards to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.