Buy

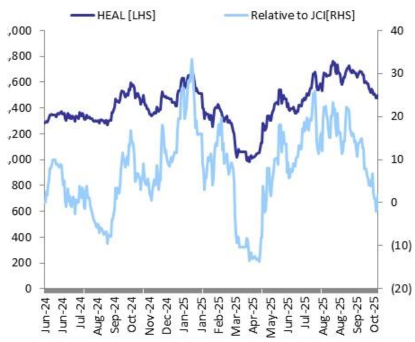
(Maintained)

Last Price (Rp)	**1,500**
Target Price (Rp)	**1,950**
Previous Target Price (Rp)	***1,850***
Upside/Downside	**+30.0%**
No. of Shares (mn)	**14,713**
Mkt Cap (Rpbn/US$mn)	**22,070/1,328**
Avg, Daily T/O (Rpbn/US$mn)	**22.1/1.3**
Free Float (%)	**49.4**
Major Shareholder (%)	
Astra International	**20.2**
Yulisar Khiat	**10.4**

EPS Consensus (Rp)

	2025F	**2026F**	**2027F**
BRIDS	33.2	37.4	43.4
Consensus	34.0	41.1	47.6
BRIDS/Cons (%)	**(2.2)**	**(9.1)**	**(8.7)**

HEAL relative to JCI Index



Source: Bloomberg

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Medikaloka Hermina (HEAL IJ)

Solid 3Q25 Earnings Recovery; Controlled Costs from ERP Implementation to Support FY26F Margin

- **9M25 PATMI beat our estimates (83% of FY25F) supported by more working days boosting IP admissions and controlled salary costs.**
- **We raised our: 1) FY25F revenue to +5% yoy (from +3%), 2) FY26F PATMI by +9%, as full ERP rollout to potentially contain salary cost growth.**
- **We maintain Buy rating with a slightly higher DCF-based TP of Rp1,950 (prev. Rp1,850); the LT margin expansion story remains intact.**

9M25 Beat Our Estimates from Volume Recovery and Salary Costs Efficiency
HEAL's 3Q25 net profit of Rp131bn (+31% qoq, +5% yoy) beat our estimates of Rp119bn, bringing 9M25 PATMI to Rp356bn (-24% yoy), or 83%/69% of our/consensus FY25F forecasts (Rp429/519bn). Strong 3Q25 revenue growth (+12% qoq, +13% yoy) was driven by: 1) higher number of working days (58/51/64 in 1Q/2Q/3Q25) boosting IP admissions (+12% qoq vs. +5% qoq in 2Q25), and 2) corporate MCU season lifting OP Visits (+15% qoq vs. +0% qoq in 2Q25), though IP/OP intensity growth remained soft (+0%/-4% qoq). EBITDA margin rose +180bps qoq (vs. our +110bps estimates), supported by lower salary costs as % of revenue in COGS (-158bps qoq) and Opex (-82bps qoq), following the start of company's ERP implementation.

Slight Raise on our FY25F Revenue; Full-ERP Rollout to Support FY26F Margin
Incorporating 3Q25 results, we raise our FY25F revenue growth to +5% yoy (from +3% yoy), as we see the strong volume recovery momentum continuing in 4Q25 (63 working days), while being cautious on year-end holiday impact. Our revised FY25F revenue of Rp7.0tr implies Rp1.8tr in 4Q25F (+5% yoy vs. +13% yoy in 3Q25). Meanwhile, while overall FY25F EBITDA margin will still be weighed by the costs of 4 new hospitals built in FY24, we see the start of ERP rollout, which evidently lowered salary costs as % of revenue in 3Q25, could further support margin expansion in FY26F once fully implemented. Thus, we lower our salary costs assumptions (% of revenue) in FY26F/27F by -130/-140bps, lifting PATMI by +9%/+18% to Rp555/645bn, while revenue ests. are maintained at Rp7.8/8.7tr.

Maintain Buy with TP Rp1,950; LT Margin Expansion Story Intact
We maintain our Buy rating on HEAL with a slightly higher DCF-based TP of Rp1,950 (vs. Rp1,850 prev.). We view its FY25F revenue target miss (vs. mgmt's +16-17% yoy) as largely anticipated (1H25 cons. +7% yoy), while the delay in realization of higher revenue intensity through KRIS and CoB implementation is largely priced-in. We see HEAL's LT margin expansion story through: 1) volume-driven economies of scale, 2) KRIS-CoB uplifting revenue intensity, 3) non-hospital business 4) higher OP volume through Djarum-Astra synergy, remaining intact. Key risks: overrun capex and costs (~16 new hospitals FY26F-FY30F), execution of private patient penetration, and persistent tight BPJS claim.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (Rpbn)	5,784	6,717	7,054	7,755	8,678
EBITDA (Rpbn)	1,495	1,782	1,804	2,005	2,251
EBITDA Growth (%)	35.1	19.2	1.2	11.1	12.3
Net Profit (Rpbn)	437	536	493	555	645
EPS (Rp)	30.2	36.1	33.2	37.4	43.4
EPS Growth (%)	48.6	19.7	(8.0)	12.5	16.2
BVPS (Rp)	266.8	300.0	383.4	410.9	443.1
DPS (Rp)	7.1	8.8	10.8	9.9	11.2
PER (x)	49.7	41.5	45.2	40.1	34.5
PBV (x)	5.6	5.0	3.9	3.7	3.4
Dividen yield (%)	0.5	0.6	0.7	0.7	0.7
EV/EBITDA	15.6	13.9	14.1	12.7	11.3

Source: HEAL, BRIDS Estimates

Exhibit 1. 3Q25 Results Summary

HEAL (in Rp bn, unless stated)	3Q24	2Q25	3Q25	qoq, %	yoy, %	9M24	9M25	yoy, %	2025F Cons.	A/Cons.,%	2025F BRIDS	A/BRIDS,%
Revenue	1,682	1,696	1,899	12.0	12.9	5,027	5,288	5.2	7,187	73.6%	6,925	76.4%
COGS	(1,088)	(1,153)	(1,253)	8.7	15.1	(3,147)	(3,516)	11.7	(4,708)	74.7%	(4,533)	77.6%
Gross profit	594	544	646	18.9	8.8	1,879	1,772	(5.7)	2,479	71.5%	2,393	74.1%
Opex	(354)	(340)	(375)	10.1	5.8	(1,028)	(1,041)	1.2	(1,454)	71.6%	(1,528)	68.1%
Op.Profit	240	203	272	33.6	13.3	851	731	(14.1)	1,025	71.4%	864	84.6%
EBITDA	437	410	493	20.3	12.6	1,381	1,358	(1.7)	1,932	70.3%	1,713	79.3%
Pre-tax profit	208	152	224	47.8	7.7	764	591	(22.7)	866	68.2%	710	83.2%
Net profit	155	124	167	34.8	7.2	597	451	(24.5)				
Net profit to common	125	100	131	31.0	4.9	468	356	(24.0)	519	68.6%	429	82.9%
Minority Interest to Net Profit	*-19.6%*	*-19.1%*	*-21.3%*			*-21.6%*	*-21.1%*					
Drugs and medical supplies gross margin	*25.8%*	*26.7%*	*26.7%*			*26.9%*	*26.7%*					
Drugs and medical supplies as% of revenue	*-22.3%*	*-23.4%*	*-23.6%*			*-21.8%*	*-23.4%*					
Salary expenses (COGS+Opex) as %of revenue	*-30.1%*	*-31.2%*	*-28.8%*			*-30.1%*	*-29.8%*					
Gross margin (%)	35.3	32.0	34.0	2.0	(1.3)	37.4	33.5	(3.9)	34.5		34.5	
Opex margin (%)	(21.1)	(20.1)	(19.7)	0.3	1.3	(20.4)	(19.7)	0.8	(20.2)		(22.1)	
Operating margin (%)	14.2	12.0	14.3	2.3	0.1	16.9	13.8	(3.1)	14.3		12.5	
EBITDA margin (%)	26.0	24.1	25.9	1.8	(0.1)	27.5	25.7	(1.8)	26.9		24.7	
Tax Rate (%)	25.3	18.5	25.6	7.2	0.3	21.8	23.6	1.8				
Net margin (%)	7.4	5.9	6.9	1.0	(0.5)	9.3	6.7	(2.6)	7.2		6.2	

Key Operational Indicators	*3Q24*	*2Q25*	*3Q25*	*qoq, %*	*yoy, %*	*9M24*	*9M25*	*yoy, %*
Inpatient Days ('000)	492	520	593	14.0	20.5	1,521	1,609	5.8
Inpatient Revenue per Days (IDR'000/days)	2,013	1,959	1,962	0.2	(2.5)	1,993	1,977	(0.8)
ALoS	2.9	3.0	3.1	1.8	5.3	2.9	3.0	4.1
Outpatient Visits	2,278	2,087	2,410	15.5	5.8	6,525	6,590	1.0
Outpatient Revenue per Visits (IDR'000/patient)	281	301	290	(3.6)	3.2	284	296	4.0

Source: Company, BRIDS Estimates, Bloomberg

Exhibit 2. Forecast Changes Summary

Financials, IDRbn	2025F			2026F			2027F		
	Prev	New	*% chg.*	Prev	New	*% chg.*	Prev	New	*% chg.*
Revenue	6,925	7,054	*2%*	7,748	7,755	*0%*	8,671	8,678	*0%*
Gross profit	2,393	2,485	*4%*	2,678	2,729	*2%*	2,959	3,062	*3%*
Operating profit	864	954	*10%*	970	1,055	*9%*	1,025	1,197	*17%*
EBITDA	1,713	1,804	*5%*	1,907	2,005	*5%*	2,064	2,251	*9%*
Net profit	429	493	*15%*	507	555	*9%*	546	645	*18%*

Margins	2025F			2026F			2027F		
	Prev	New	*% chg.*	Prev	New	*% chg.*	Prev	New	*% chg.*
Gross profit	34.5%	35.2%	*1%*	34.6%	35.2%	*1%*	34.1%	35.3%	*1%*
Operating profit	12.5%	13.5%	*1%*	12.5%	13.6%	*1%*	11.8%	13.8%	*2%*
EBITDA	24.7%	25.6%	*1%*	24.6%	25.9%	*1%*	23.8%	25.9%	*2%*
Net profit	6.2%	7.0%	*1%*	6.5%	7.2%	*1%*	6.3%	7.4%	*1%*

Growth	2025F			2026F			2027F		
	Prev	New	*% chg.*	Prev	New	*% chg.*	Prev	New	*% chg.*
Revenue	3.1%	5.0%	*2%*	11.9%	9.9%	*-2%*	11.9%	11.9%	*0%*
Gross profit	-1.8%	2.0%	*4%*	11.9%	9.8%	*-2%*	10.5%	12.2%	*2%*
Operating profit	-16.6%	-8.0%	*9%*	12.2%	10.6%	*-2%*	5.7%	13.4%	*8%*
EBITDA	-3.9%	1.2%	*5%*	11.4%	11.1%	*0%*	8.2%	12.3%	*4%*
Net profit	-19.9%	-8.0%	*12%*	18.1%	12.5%	*-6%*	7.7%	16.2%	*8%*

Source: BRIDS Estimates

Exhibit 3. HEAL's Valuation Summary

FCFF Projection HEAL		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
		1	2	3	4	5	6	7	8	9	10
EBIT * (1-tax)	+	802	909	1,096	1,306	1,557	1,798	2,088	2,422	2,798	3,219
Depreciation	+	889	991	1,104	1,236	1,388	1,518	1,656	1,789	1,927	2,053
Change in working capital	+	8	9	6	8	8	6	4	3	3	3
Capex	-	1,568	1,627	1,805	2,109	2,401	2,081	2,189	2,115	2,186	2,016
FCFF		**131**	**282**	**400**	**441**	**551**	**1,242**	**1,559**	**2,099**	**2,542**	**3,259**
Discount factor		1.09	1.18	1.28	1.40	1.52	1.65	1.79	1.95	2.12	2.30
Present value of FCFF		121	239	312	316	364	753	870	1,079	1,202	1,418
Terminal value											59,087
PV of terminal value											25,701

NPV	**Rpbn**	**32,373**
Net debt	Rpbn	1,766
Minority	Rpbn	(1,706)
Equity value	Rpbn	28,901
Outstanding share	Bn sh	14.84
Equity value per share	Rp/sh	1,947
Target price	**Rp/sh**	**1,950**
Current price	Rp/sh	1,500
% upside/(downside)	%	30.0%
Rating		**BUY**

Assumptions		
Market return (Rm)	%	13.4%
Risk free rate	%	6.9%
Market risk premium	%	6.5%
Tax rate	%	24.0%
Adjusted Beta	x	0.6
Debt portion	x	38.5%
Cost of equity	%	10.9%
Cost of debt	%	6.8%
WACC	**%**	**8.7%**
Terminal growth	%	3.0%

Source: BRIDS Estimates

Exhibit 4. Peers Valuation

Ticker	Company		Mkt.Cap (US$ mn.)	EV/EBITDA		EBITDA Margin		P/E		ROIC/WACC (x)
				FY25F	FY26F	FY25F	FY26F	FY25F	FY26F	TTM 2Q25
Healthcare Indonesia										
HEAL IJ*	HEAL IJ Equity	MEDIKALOKA HERMINA TBK PT	1,387	14.1	12.7	26%	26%	45.2	40.1	0.7
MIKA IJ*	MIKA IJ Equity	MITRA KELUARGA KARYASEHAT TBK	2,117	17.7	15.7	38%	39%	27.9	25.1	1.7
SILO IJ*	SILO IJ Equity	SILOAM INTERNATIONAL HOSPITAL	1,483	9.6	8.0	27%	29%	26.5	20.8	1.2
Emerging Market Peers										
RAM TB	RAM TB Equity	RAMKHAMHAENG HOSPITAL PUB CO	697	19.5	17.7	19%	21%	17.0	14.7	0.3
IHH MK	IHH MK Equity	IHH SINGAPORE	17,515	15.7	14.1	22%	23%	38.0	33.5	1.0
TNH VN	TNH VN Equity	THAI NGUYEN INTL HSPTL JSC	76	33.8	18.6	17%	25%	76.8	33.1	(1.5)
BH TB	BH TB Equity	BUMRUNGRAD HOSPITAL PCL	4,266	13.8	13.4	39%	39%	19.2	18.5	3.7
BDMS TB	BDMS TB Equity	BANGKOK DUSIT MED SERVICE	9,377	11.6	10.9	25%	25%	18.8	17.5	1.8
KPJ MK	KPJ MK Equity	KPJ HEALTHCARE BERHAD	2,994	16.2	15.2	24%	23%	36.6	32.1	
OPTIMAX MK	OPTIMAX MK Equity	OPTIMAX HOLDINGS BHD	87	9.6	8.9	30%	29%	22.5	19.3	1.5
RFMD SP	RFMD SP Equity	RAFFLES MEDICAL GROUP LTD	1,424	12.2	11.4	17%	17%	26.3	25.0	
MPARK TI	MPARK TI Equity	MLP SAGLIK HIZMETLERI AS	1,509	5.1	4.0	25%	25%	12.0	8.9	0.7
Developed Market Peers										
HCA US	HCA US Equity	HCA HEALTHCARE INC	104,604	9.9	9.6	20%	20%	16.6	15.4	2.9
UHS US	UHS US Equity	UNIVERSAL HEALTH SERVICES-B	13,407	7.1	6.8	15%	15%	10.2	9.5	1.6
THC US	THC US Equity	TENET HEALTHCARE CORP	18,587	7.6	7.5	21%	20%	13.4	13.1	1.6
CYH US	CYH US Equity	COMMUNITY HEALTH SYSTEMS INC	568	7.7	7.7	12%	12%	21.7	n.a	0.5
RHC AU	RHC AU Equity	RAMSAY HEALTH CARE LTD	4,825	9.0	8.6	12%	12%	25.3	24.0	
Indonesia										
Median			1,483	14.1	12.7	27%	29%	27.9	25.1	1.2
Simple Average			1,663	13.8	12.1	30%	31%	33.2	28.7	1.2
Weighted Average			1,726	14.3	12.6	32%	33%	32.3	28.0	1.3
Emerging Market Peers										
Median			2,013	16.0	14.6	24%	24%	37.3	31.0	1.4
Simple Average			3,304	21.9	18.5	24%	24%	44.4	33.9	1.2
Weighted Average			8,211	20.8	18.3	24%	24%	41.1	34.9	1.3
Developed Market Peers										
Median			13,407	7.7	7.7	15%	15%	16.6	14.3	1.6
Simple Average			28,398	8.3	8.1	16%	16%	17.4	15.5	1.6
Weighted Average			80,926	9.3	9.0	20%	19%	15.9	14.8	2.5

*Source: *BRIDS Estimates, Bloomberg*

Exhibit 5. HEAL's daily rolling fwd EV/EBITDA Band

Source: Company, Bloomberg, BRIDS Estimates

Exhibit 6. Domestic Fund Positioning

Source: KSEI, BRIDS

Exhibit 7. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Revenue	**5,784**	**6,717**	**7,054**	**7,755**	**8,678**
COGS	(3,727)	(4,281)	(4,569)	(5,026)	(5,616)
Gross profit	**2,057**	**2,436**	**2,485**	**2,729**	**3,062**
EBITDA	**1,495**	**1,782**	**1,804**	**2,005**	**2,251**
Oper. profit	**781**	**1,037**	**954**	**1,055**	**1,197**
Interest income	32	28	26	78	83
Interest expense	(140)	(179)	(241)	(258)	(260)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	37	21	61	67	75
Pre-tax profit	**710**	**907**	**800**	**942**	**1,094**
Income tax	(151)	(218)	(176)	(226)	(263)
Minority interest	(122)	(153)	(131)	(161)	(187)
Net profit	**437**	**536**	**493**	**555**	**645**
Core Net Profit	**400**	**514**	**432**	**488**	**570**

Exhibit 8. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	855	643	1,918	2,049	2,093
Receivables	963	1,251	1,271	1,393	1,554
Inventory	117	138	133	147	164
Other Curr. Asset	14	16	19	20	22
Fixed assets - Net	5,874	7,570	8,362	9,012	9,620
Other non-curr.asset	979	959	745	819	917
Total asset	**8,803**	**10,578**	**12,448**	**13,441**	**14,371**
ST Debt	255	346	576	676	636
Payables	924	1,048	936	1,030	1,151
Other Curr. Liabilities	374	426	558	612	685
Long Term Debt	1,880	2,757	2,902	3,123	3,212
Other LT. Liabilities	171	135	241	195	217
Total Liabilities	**3,604**	**4,711**	**5,212**	**5,636**	**5,900**
Shareholder'sFunds	3,869	4,452	5,691	6,098	6,577
Minority interests	1,329	1,414	1,545	1,706	1,893
Total Equity & Liabilities	**8,803**	**10,578**	**12,448**	**13,441**	**14,371**

Exhibit 9. Cash Flow

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Net income	437	536	493	555	645
Depreciation and Amort.	646	689	791	889	991
Change in Working Capital	(103)	(137)	(83)	(106)	(130)
OtherOper. Cash Flow	189	(66)	231	121	149
Operating Cash Flow	**1,170**	**1,022**	**1,432**	**1,459**	**1,654**
Capex	(1,410)	(2,386)	(1,582)	(1,539)	(1,599)
Others Inv. Cash Flow	(268)	46	211	(61)	(80)
Investing Cash Flow	**(1,678)**	**(2,340)**	**(1,371)**	**(1,600)**	**(1,679)**
Net change in debt	522	968	317	259	48
New Capital	107	219	453	0	0
Dividend payment	(105)	(131)	(160)	(147)	(166)
Other Fin. Cash Flow	65	49	604	161	187
Financing Cash Flow	**589**	**1,106**	**1,214**	**272**	**69**
Net Change in Cash	**80**	**(212)**	**1,275**	**131**	**44**
Cash - begin of the year	775	855	643	1,918	2,049
Cash - end of the year	855	643	1,918	2,049	2,093

Exhibit 10. Key Ratio

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	18.0	16.1	5.0	9.9	11.9
EBITDA	35.1	19.2	1.2	11.1	12.3
Operating profit	51.2	32.8	(8.0)	10.6	13.4
Net profit	46.5	22.5	(8.0)	12.5	16.2
Profitability (%)					
Gross margin	35.6	36.3	35.2	35.2	35.3
EBITDA margin	25.8	26.5	25.6	25.9	25.9
Operating margin	13.5	15.4	13.5	13.6	13.8
Net margin	7.6	8.0	7.0	7.2	7.4
ROAA	5.3	5.5	4.3	4.3	4.6
ROAE	12.0	12.9	9.7	9.4	10.2
Leverage					
Net Gearing (x)	0.2	0.4	0.2	0.2	0.2
Interest Coverage (x)	5.6	5.8	4.0	4.1	4.6

Source: HEAL, BRIDS Estimates

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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