PT Medikaloka Hermina Tbk
1Q 2021 Presentation
Hermina – Our Team

- dr. Hasmoro: President Director & CEO, 37 Years of Experience
- Yulisar Khiat: Co-Founder and MD, Operational and General Affairs, 35 Years of Experience
- dr. Binsar Parasian Simorangkir: Co-Founder and MD, Medical and Compliance, 37 Years of Experience
- Aristo Setiawidjaja: MD, Finance and Strategic Development, 18 Years of Experience

The Asset Country Awards 2018
Best Deals - Southeast Asia
1. Company Overview
Hermina is one of the largest hospital groups in Indonesia with more than 36 years of experience in women and children care and a differentiated business model. Hermina is uniquely positioned to take advantage of low healthcare penetration and universal health coverage roll-out through the Jaminan Kesehatan Nasional ("JKN") scheme in Indonesia.

**Unique Business Model**

- **One of the Largest Private Hospital Groups**
  - 41 hospitals and 5,277 beds as of March 31, 2021
  - General hospital providing a wide range service offerings, with a strong heritage in women and children care

- **‘Doctor Partnership’ Model**
  - Top specialist doctors own a minority stake at each hospital
  - (i) Helps to attract and retain quality doctors, and (ii) supports growth plan going forward

- **Patient Segment Positioning** – Fast growing middle class and rising affluence
  - Strength in women and children care provides a good entry point for Indonesians of productive age

- **Early Mover Advantage in JKN** – Visits driven by JKN, as well as private pay, insurance, and corporate patients

- **Proven Track Record** – Successfully developing new hospitals and optimizing capacity while maintaining profitability

- **Alignment of Interest** – Doctor Partners + self-owned properties¹ + fully committed founders and credible institutional investors

**Key Statistics (FY20)**

- **4.4M+** Annual Out-Patient Visits
- **321K+** Annual In-Patient Admissions
- **3,900+** Doctors and Specialists
- **59,000+** Annual Babies Delivered
- **100%** JKN Participation Across Hospitals

---

¹. Except for RS Hermina Pandanaran whose land is owned by a non-profit organization
Service Offering Overview

Hermina hospitals are a network of general hospitals with a significant strength and wide offering in women and children care.

- 8 Type B general hospitals with fully advanced center of excellence & sub-specialist care
- 33 Type C full service general hospitals with several sub-specialist care

Market Leader in Number of Sub-specialty Service Offerings

Obstetrics & Gynaecology
- Specializes in women's health including Oncology and Urogynaecology

Service of Excellence
- Feto-maternal care
- Infertility

Pediatrics
- Children's health including tertiary care such as Gastroenterology and Thalassemia

Service of Excellence
- Perinatology
- Neonatal Intensive Care Units (NICU)
- Pediatric Intensive Care Units (PICU)

Dental Specialists
- Service of Excellence
- Orthodontics, Conservative Dentistry, Pediatric Dentistry, Prosthodontics, Periodontics and Oral Surgery

Service of Excellence
- Prosthodontics, Periodontics

Internal Medicine
- Haemodialysis, CAPD, Gastrointestinal Endoscopy, Geriatrics Clinic, Oncology - Chemotherapy

Service of Excellence
- General X-ray & Ultrasound, Mammography, BMD, MRI, CT Scan, C-Arm, ENT Endoscopy, Pathology-Clinic

Surgical Procedures
- Orthopaedics and Traumatology, Oncology – Chemotherapy, Neuro surgery, Plastic surgery, Vascular surgery, Digestive (Laparoscopy) and Urology (ESWL & TURP), Phacoemulsification

Diagnostics / Imaging
- A variety of health screening and treatment such as Cath Lab

Other Specialties
- Ophthalmology
- Neurology
- Pathology-Anatomic

- Acupuncture
- Psychiary
- Psychology
- Radiology

- Dermatology & Venereology
- Pulmonology
- Dermatology & Venereology
- Otorhinolaryngology (ENT)

Medical Rehabilitation
- Service of Excellence
- Growth and Development Center which includes Children Bobath to treat Cerebral Palsy and care for Neuromuscular diseases, and Adult Bobath to treat Stroke and Brain Injury

Service of Excellence
- Feto-maternal care
- Infertility

Hermina Hospital Facility
- Pharmacy
- Radiology
- Laboratory
- Accident & Emergency
- Outpatient Clinics & Homecare
- Inpatient rooms

1. As of March 31, 2021
2. Based on Frost & Sullivan's analysis that within the top private multi-specialty hospital chains, Hermina has the broadest offerings in women & children segment
Corporate History

Company Milestones

- Established the first maternity hospital in Jatinegara
- Made the first acquisition of a hospital (Podomoro)
- Changed the non-profit organization status into a corporation named Medikaloka Hermina (MH)
- Established 3 new hospitals and acquired 2 hospitals
  - 2005: Pandanaran became the first Hermina Hospital to receive general hospital license
- Established 7 new hospitals and acquired 3 hospitals
  - 2011: Opened first hospital outside Java in Palembang
- Established 2 new hospitals and acquired 1 hospital
  - 2016: Hermina Tower was opened
- Established the third hospital in Bekasi
- Established hospitals in Depok, Daan Mogot, and Bogor
- Jatinegara was upgraded to Women & Children hospital
- Established the third hospital in Bekasi
- Established the third hospital in Bekasi
- Established hospitals in Depok, Daan Mogot, and Bogor
- Established 7 new hospitals and acquired 3 hospitals
  - 2011: Opened first hospital outside Java in Palembang
- Established 2 new hospitals and acquired 1 hospital
  - 2016: Hermina Tower was opened
- 2005: Pandanaran became the first Hermina Hospital to receive general hospital license
- 2017: Established 4 new hospitals
  - Company restructured ownership to consolidate 28 hospitals under MH
- 2018: Established 3 new hospitals and acquired 1 hospital
  - Listed at Indonesia Stock Exchange
- 2019: Established 2 new hospitals and acquired 2 hospitals
- 2018: Established 3 new hospitals and acquired 1 hospital
- 2021: Acquired 1 hospital (Ciledug)
- 2020: Established 3 new hospitals and acquired 1 hospital
- 2020: Established 3 new hospitals and acquired 1 hospital
- 2021: Acquired 1 hospital (Ciledug)

Evolution on Number of Hospitals

- 1985: 1 hospital
- 1989: 3 hospitals
- 1997: 6 hospitals
- 2002: 441 hospitals
- 2008: 786 hospitals
- 2014: 21 hospitals
- 2016: 2,115 hospitals
- 2018: 32+1 hospitals
- 2020: 41+1 hospitals
- Now: 5,277 hospitals

# of hospitals

- 1985: 1
- 1989: 3
- 1997: 6
- 2002: 441
- 2008: 786
- 2014: 21
- 2016: 2,115
- 2018: 32+1
- 2020: 41+1
- Now: 5,277

# of beds

- 1985: 25 beds
- 1989: 150 beds
- 1997: 441 beds
- 2002: 786 beds
- 2014: 1,611 beds
- 2016: 2,115 beds
- 2018: 3,378 beds
- 2020: 5,277 beds
- Now: 5,277 beds

2020-21
Our Nationwide Hospital Network

<table>
<thead>
<tr>
<th>Type B Hospitals</th>
<th>Type C Hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pandanaran</td>
<td>Serpong</td>
</tr>
<tr>
<td>Tangkubanprahu</td>
<td>Banyumanik</td>
</tr>
<tr>
<td>Sukabumi</td>
<td>Solo</td>
</tr>
<tr>
<td>Tangerang</td>
<td>Ciruas</td>
</tr>
<tr>
<td>Arcamanik</td>
<td>Yogya</td>
</tr>
<tr>
<td>Galaxy</td>
<td>Bitung</td>
</tr>
<tr>
<td>Palembang</td>
<td>Makassar</td>
</tr>
<tr>
<td>Ciputat</td>
<td>Balikpapan</td>
</tr>
<tr>
<td>Mekarsari</td>
<td>Medan</td>
</tr>
<tr>
<td>Podomoro</td>
<td></td>
</tr>
<tr>
<td>Purwokerto</td>
<td></td>
</tr>
<tr>
<td>Samarinda</td>
<td></td>
</tr>
<tr>
<td>Jakabaring</td>
<td></td>
</tr>
<tr>
<td>Padang</td>
<td></td>
</tr>
<tr>
<td>Lampung</td>
<td></td>
</tr>
<tr>
<td>Pekalongan</td>
<td></td>
</tr>
<tr>
<td>Pekanbaru</td>
<td></td>
</tr>
<tr>
<td>Kendari</td>
<td></td>
</tr>
<tr>
<td>Wonogiri</td>
<td></td>
</tr>
<tr>
<td>Karawang</td>
<td></td>
</tr>
<tr>
<td>Manado</td>
<td></td>
</tr>
<tr>
<td>Periuk</td>
<td></td>
</tr>
<tr>
<td>Tangerang</td>
<td></td>
</tr>
<tr>
<td>Salatiga</td>
<td></td>
</tr>
<tr>
<td>Ciledug</td>
<td></td>
</tr>
</tbody>
</table>

41 Hospitals\(^1\) across 26 Cities in Indonesia

---

1. Excluding Provita Hospital in Jayapura which is owned by a local Papua organization but managed and operated by Hermina
2. Financial Update
1. EBITDA is calculated by operating income + depreciation and amortization + adjustment for non-operating items (loss on disposal of fixed asset, gain on sale of fixed asset, and other income (expense)) and adjustment for non-cash items (allowance for impairment losses and post-employment benefit expense).
Prudent Working Capital Management Despite Serving BPJS

**Trade Receivable Days**

- 2018: 75.8
- 2019: 85.6
- 2020: 84.3
- Mar 21: 86.5

**Inventory Days**

- 2018: 10.8
- 2019: 9.7
- 2020: 10.6
- Mar 21: 11.1

**Trade Payable Days**

- 2018: 40.8
- 2019: 47.2
- 2020: 45.0
- Mar 21: 46.6

**Cash Conversion Cycle Days**

- 2018: 45.8
- 2019: 48.1
- 2020: 50.0
- Mar 21: 51.0

**Net Working Capital**

- 2018: 629.1
- 2019: 770.0
- 2020: 899.2
- Mar 21: 1,374.3

---

1. Trade receivable days are calculated based on the average of beginning and ending balance of trade receivables over the period of last 12 months (LTM) divided by LTM Sales.

2. Calculated based on the average of beginning and ending balance of LTM period divided by LTM COGS.

*) The other account payable to related parties is included.
Temporary Slowdown in Patient Volume due to Pandemic

**Inpatient Days**

- Bed Occupancy Ratio (BOR) was 68% in 1Q20 and 57% in 1Q21
- Average Length of Stay (ALOS) was 2.7 days in 1Q20 and 3.5 days in 1Q21

**Outpatient Visit**

- Almost flat traffic count signifies road to recovery

**Inpatient Days by Payor Type**

- 2020: Non-JKN: 42%, JKN: 58%
- 1Q21: Non-JKN: 51%, JKN: 49%

**Outpatient Visits by Payor Type**

- 2020: Non-JKN: 40%, JKN: 60%
- 1Q21: Non-JKN: 35%, JKN: 65%
Sufficient Room For Additional Debt to Support the Growth

**Total Debt / Net Debt / Leverage Ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Debt (IDR billions)</th>
<th>Net Debt (IDR billions)</th>
<th>Net Debt/EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>865.8</td>
<td>561.8</td>
<td>0.9</td>
</tr>
<tr>
<td>2019</td>
<td>1,294.6</td>
<td>701.3</td>
<td>0.8</td>
</tr>
<tr>
<td>2020</td>
<td>1,557.0</td>
<td>571.2</td>
<td>0.4</td>
</tr>
<tr>
<td>1Q21</td>
<td>1,570.3</td>
<td></td>
<td>0.3</td>
</tr>
</tbody>
</table>

**Robust Credit Profile**

- **Credit Rating of AA- for Public Bond**
  - In June 2021, PEFINDO has reaffirmed AA- rating for HEAL and its public bond with stable outlook.
  - The rating is supported by HEAL’s very strong market position in the hospital industry with proven track record, strong financial profile, and increasing profit margin.

- **Loans from Top Reputable Banks**
  - Key lenders include Bank Mandiri and BCA.

- **All Debt are Denominated in Local Currency**

**Note:**
Total debt is calculated by short-term bank loans + current portion of long-term liabilities + medium term notes + long-term liabilities net of current portion: bank loans + bonds + mandatory convertible notes + finance lease payables & consumer finance
Net debt is calculated by total debt – cash – investment of financial assets
Valuation Does Not Reflect Fundamentals due to Low Trading Volume

**Share Price and EV/EBITDA Multiple**

**Track Record of Returning Capital to Investors**

- **Dividend**
  - Dividend for FY2018: IDR 11 per share
  - Dividend for FY2019: IDR 12 per share
  - Dividend for FY2020: IDR 25 per share

- **Shares Buyback**
  - Hermina has conducted a buyback program since Apr 2020
  - Nominal value of shares which has been bought back was IDR 142bn for 37.3 million shares

**Improving ROIC Profile**

- ROIC > WACC of 10%
  - 2018: 12%
  - 2019: 14%
  - 2020: 21%
  - 1Q21: 26%

---

1. Return on Invested Capital (ROIC) is calculated based on EBIT, tax rate of 25%, and average balance of invested capital.
Stock Split Expected to Unlock Value by Increasing Trading Volume

- The **stock split** is 5-to-1. It has been approved in GMS dated 2 June 2021 and will be implemented in late July 2021.

- The planned stock split is expected to increase the trailing 3-month average daily trading volume to about IDR 30 billion by 31 Dec 2021 and IDR 50 billion by 31 Dec 2022.

- Higher participation from retail investors are expected post the stock split.

- It is expected that HEAL will rerate with higher trading volume.

**Trailing 3-Month Average Daily Trading Volume (IDR millions)**

- The chart shows the trailing 3-month average daily trading volume in IDR millions from 2018 to 2022. The volume is expected to increase significantly post the stock split.

- The data points for the trailing 3-month average daily trading volume are as follows:
  - 2018: 932
  - 2019: 670, 1,529, 403, 1,313, 724, 1,031
  - 2020: 2,388, 1,578, 2,661, 7,076
  - 2021: 30,000
  - 2022: 50,000

- The expected increase in trading volume post the stock split is indicated by the dotted line on the chart.
3. Hospital Development
Hospitals Under Development

Hermina Cilegon

<table>
<thead>
<tr>
<th>PLAN</th>
<th>PROGRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground Breaking</td>
<td>Jan 2021</td>
</tr>
<tr>
<td>Piled &amp; Structure</td>
<td>1Q21 – 2Q21</td>
</tr>
<tr>
<td>Finishing Architecture</td>
<td>2Q21 - 3Q21</td>
</tr>
<tr>
<td>Opening</td>
<td>3Q21</td>
</tr>
</tbody>
</table>
4. Appendix
## Investor Relations Contact and Coverage

**Investor Relations Contact:** [ir@herminahospitals.com](mailto:ir@herminahospitals.com)

### Analyst Coverage

<table>
<thead>
<tr>
<th>Brokerage Company</th>
<th>Analyst</th>
<th>Share Price Target (IDR)</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCA Sekuritas</td>
<td>Rachel Christabelle Sual</td>
<td>5,700</td>
<td>Buy</td>
</tr>
<tr>
<td>CGS CIMB</td>
<td>Patricia Gabriela</td>
<td>5,500</td>
<td>Add</td>
</tr>
<tr>
<td>DBS</td>
<td>Cheria Christi Widjaja</td>
<td>5,750</td>
<td>Buy</td>
</tr>
<tr>
<td>Macquarie</td>
<td>Ari Jahja</td>
<td>6,000</td>
<td>Outperform</td>
</tr>
<tr>
<td>Mandiri Sekuritas</td>
<td>Inggrid Gondoprastowo</td>
<td>6,500</td>
<td>Buy</td>
</tr>
<tr>
<td>RHB</td>
<td>Vanessa Karmajaya</td>
<td>5,300</td>
<td>Buy</td>
</tr>
<tr>
<td>Nomura (Verdhana)</td>
<td>Heng Siong Kong (Eimi Setiawan)</td>
<td>5,550</td>
<td>Buy</td>
</tr>
<tr>
<td>Samuel Sekuritas</td>
<td>Olivia Laura Anggita</td>
<td>5,700</td>
<td>Buy</td>
</tr>
<tr>
<td>Mirae Asset Sekuritas</td>
<td>Joshua Michael</td>
<td>6,000</td>
<td>Buy</td>
</tr>
<tr>
<td>BNI Sekuritas</td>
<td>Erlangga Aditya Guntoro</td>
<td>5,750</td>
<td>Buy</td>
</tr>
<tr>
<td>MNC Sekuritas</td>
<td>Muhammad Rudy Setiawan</td>
<td>TBC</td>
<td>Buy</td>
</tr>
<tr>
<td>Maybank Kim Eng</td>
<td>Adi Wicaksono</td>
<td>TBC</td>
<td>TBC</td>
</tr>
<tr>
<td>Citi</td>
<td>Ryan Winipta</td>
<td>TBC</td>
<td>TBC</td>
</tr>
<tr>
<td>Credit Suisse</td>
<td>Steven Ho</td>
<td>TBC</td>
<td>Outperform</td>
</tr>
<tr>
<td>Indo Premier Sekuritas</td>
<td>Laura Oei</td>
<td>TBC</td>
<td>Buy</td>
</tr>
<tr>
<td>Korea Investment</td>
<td>David Arie Hartono</td>
<td>TBC</td>
<td>Overweight</td>
</tr>
</tbody>
</table>