

Buy (Unchanged)

Target Price (IDR) **5,000**
Potential Upside (%) **42.9**

Price Comparison

Cons. Target Price (IDR) 4,117.3
SSI vs. Cons. (%) 121.4

Stock Information

Last Price (IDR) 3,500
Shares Issued (Mn) 2,973
Market Cap. (IDR Bn) 10,406
52-Weeks High/Low (IDR) 3,770 / 1,850
3M Avg. Daily Value (IDR Bn) 1.8
Free Float (%) 26.1

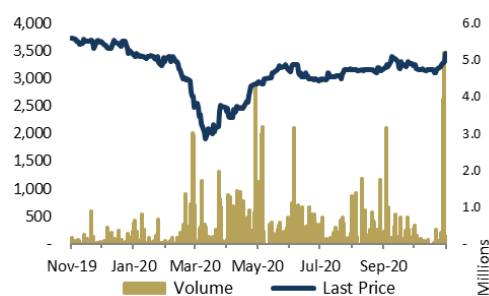
Shareholder Structure:

Group of Founders (%) 36.71
Board Commissioners (%) 8.89
Board of Directors (%) 21.40
Public (%) 33.00

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	(2.2)	8.4	11.1	(5.9)
JCI Return	(13.3)	6.4	4.2	(11.1)
Relative	12.8	1.8	6.6	5.8

Stock Price & Volumes, 12M



Company Background

Medikaloka Hermina (HEAL) merupakan jaringan rumah sakit umum yang tersebar di berbagai kota besar di Indonesia. HEAL dikenal sebagai pengadopsi awal layanan JKN, dan juga *market leader* bagi segmen Ibu dan Anak.



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Resilient Performance Despite Pandemic

Kinerja keuangan HEAL pada 3Q20 tumbuh di atas ekspektasi kami, dengan pendapatan dapat tumbuh +27.0% YoY meski terdapat pandemi, sementara laba bersih tumbuh lebih tinggi +84.3% YoY. Kami mempertahankan rekomendasi BUY pada HEAL dengan TP IDR 5,000 merefleksikan 39.8x 21F PE dan 16.0x 21F EV/EBITDA.

Laba bersih 3Q20 tumbuh di atas ekspektasi +84.3% YoY, menjadikan total laba 9M20 senilai IDR 261.7 miliar atau tumbuh +24.6% YoY. Kami melihat pertumbuhan tersebut diraih dari tiga faktor: a) pertumbuhan tinggi pada pendapatan +27.9% YoY; b) peningkatan gross margin menjadi 49.2% (3Q19: 44.3%); c) biaya operasional terjaga yang hanya tumbuh +7.2%, dibawah pertumbuhan pendapatan. Pertumbuhan laba HEAL ini menjadi yang tertinggi diatas peers, sementara kami perkirakan momentum pertumbuhan ini dapat bertahan hingga akhir tahun dan tahun depan, didukung perbaikan tren volume kedatangan pasien, sehingga kami menaikkan proyeksi laba FY20F / FY21F masing-masing +27.1% YoY / +12.5% YoY.

Volume pasien 3Q20 terlihat membaik dibanding awal pandemi 2Q20, meski masih mengalami penurunan secara YoY. Perbaikan kuartalan tersebut terjadi pada kedua segmen, dengan *inpatient days* +22.8% QoQ/ -4.2% YoY, sementara *outpatient visit* +57.1 QoQ/ -31.3% YoY. Sebaliknya, tren kenaikan pada rerata pendapatan yang diterima pada kedua segmen terus meningkat, dengan *Inpatient revenue per day* +17.8% QoQ/ +38.5% YoY, sementara *outpatient revenue per visit* +6.3% QoQ/ +73.1% YoY, disebabkan utama oleh tingginya rerata pendapatan yang diterima dari penanganan medis terkait covid. Meski volume pasien masih cenderung turun secara YoY, peningkatan rerata pendapatan yang diterima tersebut dapat mengimbangi, sehingga menopang pertumbuhan pendapatan di periode pandemi.

Tren ekspansi net margin dan ROE kami perkirakan masih berlanjut. Peningkatan net margin terjadi sejak 2016, meningkat dari 1.1% (FY15) hingga 7.0% (FY19), yang turut diikuti oleh peningkatan return-on-equity (ROE), yang meningkat dari 4.3% (FY15) menjadi 12.7% (FY19), tren peningkatan tersebut didukung oleh berkurangnya *eroding effect* dari rumah sakit yang masih bertahap *ramping up*. Sementara itu, dengan peningkatan gross margin yang dapat diperoleh saat ini, kami perkirakan net margin dapat mencapai 8.7%/ 9.0% pada FY21F/ FY22F, yang diikuti dengan peningkatan ROE menjadi 14.3%/ 14.6% pada FY21F/ FY22F. HEAL juga diperkirakan dapat menambah satu rumah sakit beroperasi di 4Q20.

Forecasts and Valuations (at closing price Rp 3,450 per share)

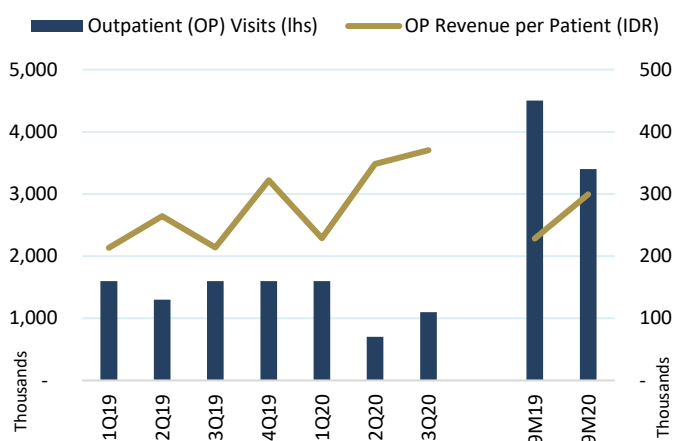
Y/E Dec	18A	19A	20F	21F	22F
Revenue (IDR Bn)	3,058	3,631	3,890	4,275	4,864
EBITDA (IDR Bn)	553	779	918	1,018	1,159
EV/EBITDA (x)	20.5	14.9	12.6	11.5	10.1
Net Profit (IDR Bn)	124	255	325	374	435
EPS (IDR)	44	86	109	126	146
EPS Growth (%)	12.4	93.8	27.1	15.1	16.5
P/E Ratio (x)	77.9	40.2	31.6	27.5	23.6
BVPS (IDR)	628	722	820	934	1,068
P/BV Ratio (x)	5.5	4.8	4.2	3.7	3.2
DPS (IDR)	12	11	12	13	14
Dividend Yield (%)	-	0.3	0.3	0.3	0.4
ROAE (%)	10.7	12.7	14.2	14.3	14.6
ROAA (%)	5.1	7.5	8.0	8.2	8.4
Interest Coverage (x)	2.7	5.1	4.9	5.0	5.5
Net Gearing (%)	23.7	25.4	19.8	16.0	11.5

Table 1. HEAL 1Q20 Results

(IDR Bn)	3Q19	2Q20	3Q20	QoQ (%)	YoY (%)	9M19	9M20	YoY (%)	1H19/FY19 (%)	1H20/FY20 (%)
Revenue	900	748	1,151	53.8	27.9	2,688	2,883	7.3	74.0	74.1
Gross Profit	399	301	566	87.9	42.0	1,225	1,308	6.7	75.3	73.1
Operating Profit	159	28	309	984.4	94.6	434	497	14.5	78.7	76.5
Net Profit	85	32	157	385.9	84.3	210	262	24.6	82.3	80.6
Gross Profit Margin	44.3	40.3	49.2	8.9 ppt	4.9 ppt	45.6	45.4	-0.2 ppt	-	-
Operating Margin	17.7	3.8	26.9	23. ppt	9.2 ppt	16.2	17.3	1.1 ppt	-	-
Net Margin	9.5	4.3	13.7	9.4 ppt	4.2 ppt	7.8	9.1	1.3 ppt	-	-

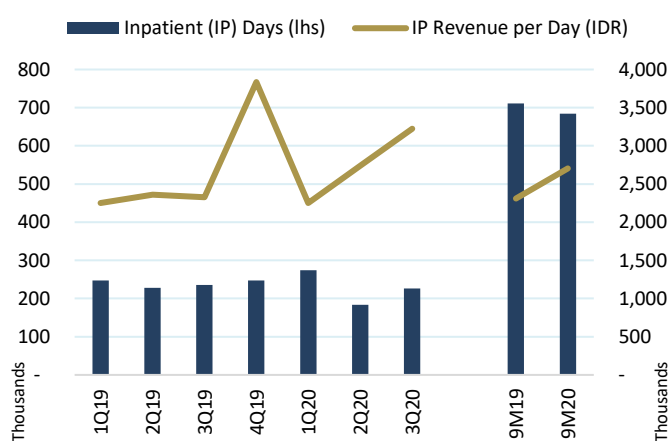
Source: Company, SSI Research

Figure 1. Outpatient Operational Metric



Source: Company, SSI Research

Figure 2. Inpatient Operational Metric



Source: Company, SSI Research

Table 2. Forecast Changes

	New		Old		Change (%)	
	20F	21F	20F	21F	20F	21F
Revenue (IDR Bn)	3,890	4,275	3,458	4,066	12.5	5.1
Operating Profit (IDR Bn)	650	714	463	634	40.5	12.7
EBITDA (IDR Bn)	918	1,018	730	938	25.8	8.6
Net Profit (IDR Bn)	325	374	223	320	45.5	16.8
EPS (IDR)	109	126	74	108	47.5	16.4
BVPS (IDR)	820	934	786	882	4.4	5.9
EV/EBITDA (x)	11.8	10.7	14.9	11.7		
P/E Ratio (x)	29.3	25.4	43.2	29.6		
P/BV Ratio (x)	3.9	3.4	4.1	3.6		

Source: Company, SSI Research

Key Financials

Profit and Loss					
Y/E Dec (IDR Bn)	18A	19A	20F	21F	22F
Revenue	3,058	3,631	3,890	4,275	4,864
COGS	(1,777)	(2,005)	(2,101)	(2,308)	(2,675)
Gross profit	1,282	1,626	1,790	1,966	2,189
SG&A	(859)	(996)	(1,047)	(1,147)	(1,257)
Depreciations	(72)	(78)	(92)	(105)	(120)
Operating Profit	350	552	650	714	812
EBITDA	553	779	918	1,018	1,159
Interest Expense	(131)	(109)	(132)	(142)	(147)
Interest Income	20	31	49	86	95
Pre-Tax Profit	276	505	601	692	796
Income Tax	(85)	(162)	(168)	(194)	(223)
Extraordinary Gain/(Loss)	-	-	-	-	-
Profit Incl. Minority	191	344	433	498	573
Minority Interest	(67)	(89)	(108)	(125)	(137)
Net Profit	124	255	325	374	435

Balance Sheet					
Y/E Dec (IDR Bn)	18A	19A	20F	21F	22F
Cash & ST investment	304	593	955	1,052	1,268
Receivables	777	926	959	1,031	1,173
Inventories	55	51	53	58	68
Other Curr. Assets	92	94	107	115	132
Total Current Asset	1,229	1,664	2,074	2,256	2,641
Net Fixed Assets	2,656	3,096	3,412	3,797	4,163
Other Non-Curr. Assets	286	288	327	357	404
Total Asset	4,171	5,048	5,813	6,410	7,208
Payables	696	723	791	867	1,006
ST. Debt	265	230	237	245	262
Other Curr. Liabilities	79	92	92	92	92
Total Current Liability	1,040	1,044	1,120	1,203	1,360
LT. Debt	601	1,065	1,345	1,387	1,486
Other LT. Liabilities	160	174	183	192	201
Total Liability	1,801	2,283	2,648	2,783	3,047
Minority Interest	504	617	725	850	987
Total Equity	2,370	2,764	3,164	3,627	4,161

Cash Flow					
Y/E Dec (IDR Bn)	18A	19A	20F	21F	22F
Profit Incl. Minority	191	344	433	498	573
Depreciation & Amort.	203	227	268	304	347
Working Capital Chg	(396)	(119)	34	(1)	(12)
Operating Cash Flow	242	573	711	784	881
Capital Expenditure	(767)	(595)	(584)	(689)	(713)
Others	(113)	(11)	(20)	(12)	(29)
Investing Cash Flow	(881)	(606)	(605)	(700)	(742)
Dividend Paid	-	(33)	(33)	(36)	(39)
Net Borrowing	(423)	429	288	50	116
Others	1,044	(73)	-	-	-
Financing Cash Flow	621	323	255	14	77
Net Changes	(19)	289	361	97	216
Cash at Beginning	322	304	593	955	1,052
Cash at Ending	304	593	955	1,052	1,268

Key Ratios					
Y/E Dec (%)	18A	19A	20F	21F	22F
Gross Profit Margin	41.9	44.8	46.0	46.0	45.0
Operating Margin	11.4	15.2	16.7	16.7	16.7
EBITDA Margin	18.1	21.5	23.6	23.8	23.8
Net Profit Margin	4.1	7.0	8.3	8.7	9.0
Revenue Growth	14.2	18.7	7.1	9.9	13.8
EBITDA Growth	2.1	40.8	17.8	10.9	13.8
Net Profit Growth	27.5	105.3	27.1	15.1	16.5
Debt to Equity	36.5	46.8	50.0	45.0	42.0

Major Assumptions					
Y/E Dec	18A	19A	20F	21F	22F
OP. Volume ('000)	5,292	6,100	4,880	5,612	6,454
OP. Rev. /Person (IDR '000)	237	253	324	324	334
IP. Admissions ('000)	310	375	360	378	416
IP. Avg. Length of Stay (Days)	2.5	2.6	2.6	2.6	2.6
IP. Rev. /Day (IDR '000)	2,850	2,705	3,070	3,131	3,163

Peers Comparison

Ticker	Last Price (IDR/ Share)	Market Cap (IDR Tn)	YTD Chg. (%)	ROE (%)		PBV (x)		PE (x)		EPS Growth	
				20F	21F	20F	21F	20F	21F	20F	21F
HEAL	3,500	10.4	(2.2)	12.7	14.2	4.3	3.7	32.1	27.8	16.2	15.6
MIKA	2,290	32.6	(14.2)	14.8	16.4	7.1	6.5	54.5	44.9	(16.0)	21.4
SILO	4,950	8.0	(28.8)	(1.7)	0.4	1.4	1.4	(81.1)	353.6	(177.2)	(123.0)
Average				4.4	5.6	4.3	3.9	1.8	142.1	(59.0)	(28.6)

Source: SSI Research, Bloomberg

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