Mitra Keluarga Karyasehat (MIKA IJ)

Earnings Resilience; Volume Recovery Remains Key

Highlights

- **Resilient earnings despite weaker utilisation.** 9M26 EBITDA grew 8.2% yoy, supported by higher revenue intensity despite declining patient volumes. 2026 revenue growth guidance was cut to to high single-digits.
- **Higher-acuity services support growth, but volume recovery remains important.** High-complexity revenue rose 25.2% yoy, while private payers contributed 90% of revenue, Weak utilisation remains a concern heading into 2027.
- **Maintain BUY; lower target price to Rp1,900.** We cut our target 2027F EV/EBITDA to 10.0x from 13.6x, reflecting higher country risk and weaker visibility on patient volume recovery, while maintaining MIKA's valuation premium over HEAL.

Analysis

- **Resilient earnings mask weaker underlying hospital utilisation.** Mitra Keluarga Karyasehat's (MIKA) earnings have remained relatively resilient despite softer patient demand, supported by higher revenue intensity and increasing contribution from complex treatments. In 9M26, inpatient admissions declined 3.6% yoy, outpatient visists fell 1.9%, and bed occupancy rate (BOR) dropped to 52.6% (9M25: 56.8%). Nevertheless, revenue and EBITDA increased 7.2% and 8.2% yoy respectively, supported by double-digit growth in revenue per patient. Management attributed much of the volume weakness to declining National Health Insurance (BPJS) patients while private patient volume continued to grow. However, MIKA lowered its 2026 revenue growth guidance from low teens to high single-digit, suggesting a slower growth trajectory than previously expected. We believe a sustained recovery will depend on patient volume growth alongside continued improvement in revenue intensity.
- **Higher-acuity services and private-payer exposure support earnings resilience.** MIKA has continued shifting toward more complex treatments, including oncology, cardiovascular care, and neuroscience. High-complexity revenue increased 25.2% yoy in 9M26, lifting its contritbution to 28% of revenue (9M25: 24%). This suggests that higher revenue intensity is increasingly supported by improving treatment mix rather than tariff increases alone. However, higher treatment intensity also increases the use speciality drugs, implants and consumables, contributing to a lower gross margin. Private patients accounted for 90% of revenue (9M25: 88%). This provides greater flexibility in service offerings and pricing relative to BPJS-dependent operators. However, a larger private-payer contribution does not eliminate demand risks, particularly amid weaker household purchasing power and increasing scrutiny of healthcare cost by private insurers.

Key Financials

Year to 31 Dec (Rpb)	2024	2025	2026F	2027F	2028F
Net turnover	4,874	5,368	5,867	6,423	7,027
EBITDA	1,800	2,042	2,244	2,472	2,740
Operating profit	1,509	1,707	1,864	2,045	2,264
Net profit (rep./act.)	1,146	1,364	1,471	1,615	1,805
Net profit (adj.)	1,146	1,364	1,471	1,615	1,805
EPS (Rp)	80.5	95.8	103.3	113.4	126.7
PE (x)	16.3	13.7	12.7	11.5	10.3
P/B (x)	2.9	2.6	2.3	2.1	1.9
EV/EBITDA (x)	10.1	8.9	8.1	7.4	6.6
Dividend yield	2.5	3.2	3.7	3.9	4.3
Net margin (%)	23.5	25.4	25.1	25.2	25.7
Net debt/(cash) to equity (%)	(16.4)	(35.0)	(31.5)	(31.3)	(31.8)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	18.6	19.8	19.2	19.0	19.2
Consensus net profit	-	-	1,449.0	1,451.0	1,542.0
UOBKH/Consensus (x)	-	-	1.01	1.11	1.17

Source: MIKA, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Rp1,310
Target Price	Rp1,900
Upside	+45.0%
Previous TP	Rp2,500

Stock Data

Sector	Healthcare
Bloomberg ticker	MIKA IJ
Shares issued (m)	13,907.5
Market cap (Rpb)	18,218.8
Market cap (US$m)	1,007.4
3-mth avg daily t'over (US$m)	0.4

Price Performance (%)

52-week high/low				Rp2,650/Rp1,230
1mth	3mth	6mth	1yr	YTD
(24.9)	(30.7)	(32.6)	(50.4)	(45.0)

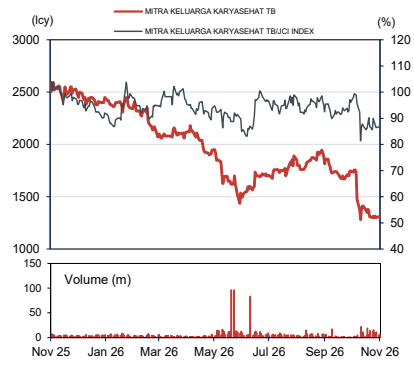
Major Shareholders (%)

Griya Insani Cakra Sadaya	64.65

Balance Sheet Metrics

FY26 NAV/Share (Rp)	578
FY26 Net Cash/Share (Rp)	182

Price Chart



Source: Bloomberg

Company Description

MIKA engages in hospital management and business services. Most of its operated hospitals are located in Jakarta and East Java.

- **Expansion offers long-term opportunities, although near-term returns depend on utilisation.** MIKA plans to open two new hospitals in BSD and Malang between late-26 and early-27, with initial operating capacity of approximately 50 beds each. These additions should expand MIKA's catchment areas and support the development of higher-acuity referral networks. Despite the two hospitals opening, management expects EBITDA margin to remain around 39%, supported by operating efficiency and a large variable cost structure. Looking into 2027, continued private patient growth and investment in speciality services should support revenue expansion, while management indicated that capex could decline by 30-50% as major equipment upgrades and construction projects are completed.
- **Strong cash generation with RP2.72t net cash.** MIKA maintained a negative cash conversion cycle in 9M26, although it narrowed to negative 2 days from negative 15 days in 1Q26 as trade receivale increased 17.6% from end-25 to Rp862b, outpacing the growth in trade payables. Management reported stable BPJS collection periods of 70-80 days compared with 45-60 days for private insurers. We see limited liquidity risk given MIKA's Rp2.72t net cash positions and absence of financial debt, providing flexibility to fund expansion.

Valuation/Recommendation

- **Maintain BUY with a lower target price of Rp1,900 on higher country-risk premium.** We cut our target multiple to 10.0x 2027F EV/EBITDA from 13.6x previously, reflecting higher Indonesian sovereign bond yields, MSCI-related market-access uncertainty and weaker visibility on patient volume recovery. The revised multiple implies a 26% reduction to our previous assumption, broadly consistent with the adjustment applied to HEAL (target EV/EBITDA: 6.5x 2027F), while maintaining MIKA's valuation premium at approximately 54%.
- Our Capital IQ screening indicates that healthcare providers in MSCI Standalone markets trade at a median 10.8x trailling 12-month EV/EBITDA, compared with MIKA's current 8.1x. MIKA compares favourably on profitability, leverage and trading liquidity, although the small peer sample and differences in business models limit direct comparability. While the Standalone classification does not necessarily warrant a mechanical valuation discount, Indonesia's higher country-risk premium justifies a more conservative target multiple. We retain our BUY recommendation, supported by MIKA's resilient earnings, increasing contribution from higher-complexity treatments, and strong net cash position which provides flexibility to fund expansion.

Earnings Revision/Risk

- **No change in earnings revision**.
- **Risks:** a) prolonged recover in patient volumes, which will constrain operating leverage and increase reliance on higher revenue intensity to sustain earnings growth; b) stricter private insurance reimbursement and tighter utilisation controls; c) change in BPJS referral policesd and d) change in pharmaceutical pricing.

Comparison To Companies In Standalone MSCI Market Classfication

Company	Country	Business	LTM EV/ EBITDA	EBITDA margin	ROE	DER	Net debt/ EBITDA	3M ADTV (US$k)
GWest Corporation	Jamaica	Medical centre	18.2x	6.4%	-3.0%	1.22x	10.38x	0.04
Medcorp	Trinidad & Tobago	Hospital	10.9x	18.4%	18.7%	0.83x	1.80x	0.57
Image Plus Consultants	Jamaica	Diagnostic imaging	10.7x	16.4%	7.5%	0.62x	2.73x	4.25
Elite Diagnostic	Jamaica	Diagnostic imaging	4.8x	25.2%	5.0%	1.19x	2.21x	58.86
Ekocorp	Nigeria	Hospital	N/A	-37.7%	-18.1%	0.20x	NM	0
Nablus Surgical Center	Palestine	Hospital	NM	0.2%	-0.1%	0.38x	142.35x	0.21
Standalone median		**Providers**	**10.8x**	**11.4%**	**2.4%**	**0.72x**	**2.73x**	**0.39**
HEAL	Indonesia	Hospital chain	**7.1x**	**24.6%**	**6.8%**	**0.51x**	**1.69x**	**575.68**
MIKA	Indonesia	Hospital chain	**8.1x**	**38.0%**	**19.0%**	**0.00x**	**Net cash**	**377.25**

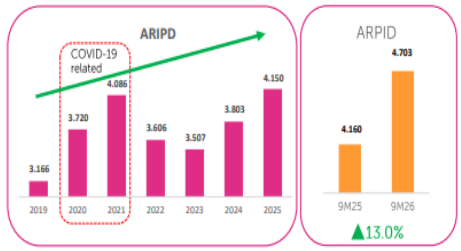
Calculated using closing price on 29 Oct 26
Source: Capital IQ, UOB Kay Hian

3Q26 And 9M26 Results

(Rpb)	3Q26	qoq chg %	yoy chg %	9M26	yoy chg %
Revenue	**1,499**	**6.1%**	**5.7%**	**4,267**	**7.2%**
Inpatient	1,013	7.2%	6.1%	2,866	6.3%
Outpatients	485	3.7%	5.0%	1,401	9.2%
COGS	677	3.6%	7.6%	1,966	9.8%
Gross Profit	**821**	**8.3%**	**4.3%**	**2,301**	**5.1%**
Opr expenses	(323)	2.0%	-3.2%	(963)	1.9%
EBIT	**509**	**12.5%**	**6.9%**	**1,370**	**6.9%**
EBITDA	**608**	**9.7%**	**9.5%**	**1,672**	**8.2%**
Finance Income	36	15.7%	17.4%	96	1.3%
Finance Expenses	(4)	-8.9%	6.3%	(12)	5.8%
Pre-tax Inc	**541**	**12.9%**	**7.5%**	**1,455**	**6.5%**
Tax Expenses	(116)	19.9%	10.5%	(301)	6.3%
Net profit	**425**	**11.1%**	**6.7%**	**1,154**	**6.6%**
PATMI	**401**	**12.0%**	**6.4%**	**1,085**	**6.7%**
Margins	**3Q26**	**qoq chg %**	**yoy chg %**	**9M26**	**yoy chg %**
Gross profit	54.8%	1.1%	-0.8%	53.9%	-1.1%
EBIT	34.0%	1.9%	0.4%	32.1%	-0.1%
EBITDA	40.6%	1.3%	1.4%	39.2%	0.3%
Net profit	26.7%	1.4%	0.2%	25.4%	-0.1%

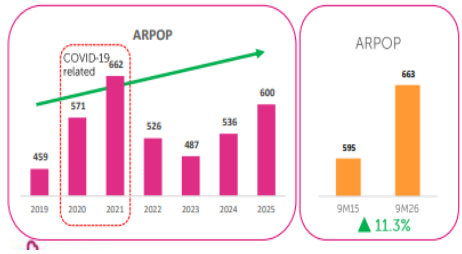
Source: MIKA

Revenue Per Inpatient Day



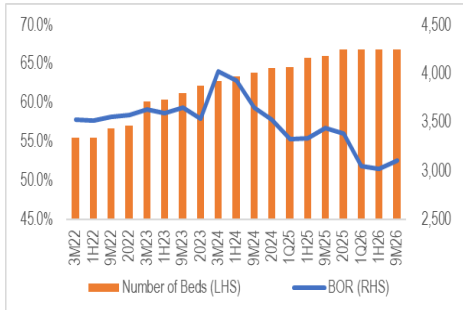
Source: MIKA

Revenue Per Outpatient Visit



Source: MIKA

BOR Vs Number Of Beds



Source: MIKA

Profit & loss

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Net turnover	5,368	5,867	6,423	7,027
EBITDA	2,042	2,244	2,472	2,740
Deprec. & amort.	335	380	427	476
EBIT	1,707	1,864	2,045	2,264
Net interest income/(expense)	111	109	115	153
Pre-tax profit	1,818	1,973	2,160	2,417
Tax	(377)	(409)	(448)	(501)
Minorities	(77)	(93)	(97)	(111)
Net profit	1,364	1,471	1,615	1,805
Net profit (adj.)	1,364	1,471	1,615	1,805

Balance Sheet

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Fixed assets	4,859	5,492	6,117	6,738
Other LT assets	728	770	849	959
Cash/ST investment	2,540	2,537	2,790	3,151
Other current assets	1,139	1,355	1,460	1,574
Total assets	**9,266**	**10,153**	**11,216**	**12,422**
ST debt	0	0	0	1
Other current liabilities	831	827	905	991
LT debt	0	0	0	0
Other LT liabilities	262	269	277	286
Shareholders' equity	7,255	8,043	8,923	9,920
Minority interest	919	1,013	1,110	1,224
Total liabilities & equity	**9,266**	**10,153**	**11,216**	**12,419**

Cash flow

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Operating	**1,935**	**1,745**	**2,118**	**2,370**
Net profit before MI	1,364	1,471	1,615	1,805
Deprec, & amort,	335	380	427	476
Working capital changes	(14)	(151)	(65)	(71)
Other operating cashflows	250	45	141	160
Investing	**154**	**(1,067)**	**(1,130)**	**(1,205)**
Capex (growth)	(973)	(1,012)	(1,053)	(1,095)
Others	1,127	(55)	(77)	(110)
Financing	**(616)**	**(682)**	**(735)**	**(806)**
Dividend payments	(598)	(682)	(735)	(808)
Others	(18)	0	0	1
Net cash inflow (outflow)	**1,473**	**(4)**	**253**	**359**
Beginning cash & cash equivalent	1,068	2,540	2,537	2,790
Change due to forex impact	0	0	0	0
Ending cash & cash equivalent	**2,540**	**2,537**	**2,790**	**3,150**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	38.0	38.2	38.5	39.0
Pre-tax margin	33.9	33.6	33.6	34.4
Net margin	25.4	25.1	25.2	25.7
ROA	15.6	15.1	15.1	15.3
ROE	19.8	19.2	19.0	19.2
Growth				
Turnover	10.1	9.3	9.5	9.4
EBITDA	13.4	9.9	10.2	10.9
Pre-tax profit	14.5	8.5	9.5	11.9
Net profit	19.0	7.8	9.8	11.7
EPS	19.0	7.8	9.8	11.7
Leverage				
Debt to total capital (x)	0.0	0.0	0.0	0.0
Debt to equity (x)	0.0	0.0	0.0	0.0
Net debt/(cash) to equity (x)	(35.0)	(31.5)	(31.3)	(31.8)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

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