

## Pure Health Holding

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.69	AED 5.45	+103%	BUY

### 4Q25 Net profit higher than our estimate

- Pure Health's revenue grew 4.6% YOY to AED 7,211 Mn in 4Q25. The revenue growth was supported by strong growth in the Care and Cover verticals.
- During 4Q25, Hellenic Healthcare Group contributed AED 742 Mn to Group revenue while revenue from Hospital and other related services increased 15.8% YOY to AED 5,887 Mn in 4Q25.
- Revenue from Cover services (Health Insurance) increased 14.2% YOY to AED 2,038 Mn in 4Q25 driven by renewals and new customer acquisitions, underscoring continued market momentum.
- Revenue from Procurement and supply of medical-related products increased 9.2% YOY to AED 1,470 Mn in 4Q25. Revenue from Diagnostic services decreased 11.9% YOY to AED 292 Mn in 4Q25.
- Gross profit rose 30.1% YOY to AED 1,611 Mn in 4Q25 and gross margins increased by 438 bps YOY to 22.3% in 4Q25.
- General & Administrative expenses rose 4.8% YOY to AED 1,191 Mn in 4Q25, while Selling & Distribution expenses increased significantly from AED 14 Mn in 4Q24 to AED 49 Mn in 4Q25.
- The Company recorded a profit share from JVs of AED 4 Mn in 4Q25, compared to a loss of AED 11 Mn in 4Q24.
- The Company's EBITDA rose 32.1% YOY to AED 1,311 Mn in 4Q25 with EBITDA margins increasing from 14.4% in 4Q24 to 18.2% in 4Q25.
- The Company's finance cost increased 18.3% YOY to AED 287 Mn in 4Q25.
- The Company's net profit attributable to shareholders increased 63.6% YOY to AED 455 Mn in 4Q25 attributed to revenue growth driven by the recent acquisition, higher than our estimate of AED 336 Mn.

### Earnings Call Summary

- In October, Pure Health acquired a 60% stake in Hellenic Healthcare Group (HHG) for c. EUR 800 Mn, implying a 100% equity valuation of EUR 1.3 Bn. The acquisition adds 11 hospitals and 23 diagnostic centres, serving over 1.4 Mn patients annually with more than 6,500 healthcare professionals, and positions HHG as a core pillar of Pure Health's international expansion strategy.
- The Hellenic Healthcare Group contributed AED 742 Mn and AED 152 Mn in the Company's revenue and EBITDA, respectively, during 4Q25. If the acquisition been completed at the beginning of the year, HHG would have contributed AED 2,829 Mn in revenue and a net loss after tax of AED 56 Mn to the Company.
- Pure Health introduced a dividend payout policy of c. 30% of distributable net profit starting in 2025 (resulting in 5.4 fils), supported by strong cash generation in 2025 driven by around 80% cash conversion and subject to shareholder approval. And the dividend payout ratio is targeted at 30% for medium term.
- Care segment revenue increased 2.9% YOY to AED 19,554 Mn in 2025, driven by higher patient and diagnostics volumes and the 4Q25 contribution from HHG integration. Care segment EBITDA margins is expected to trend toward the low-20s for medium term.
- The Company expanded advanced specialty care and improved patient access during the year, strengthening high-acuity capabilities through the launch of a liver transplant program, completing 33 liver transplants and 130 kidney transplants in 2025, and reaching a total of 794 transplants to date.
- Pure Health reported a 18.4% YOY increase in inpatient volumes to 45k in 4Q25 and 14.1% YOY growth in 2025 to 162k, driven by higher case complexity and expanded surgical scheduling, while surgical procedures rose 18% YOY in 4Q25 to 19,141 and 17% YOY for the year to 73,321, reflecting strong demand for specialty and high-acuity services.

- Bed occupancy improved to 74% in 2025 from 71% in 2024, despite a 107-bed expansion in operational capacity, demonstrating strong execution and scalability of the UAE Care business.
- The international portfolio delivered solid top-line growth, with Circle Health recording 8% YOY revenue growth in 2025, while its turnaround accelerated with over EUR 1 Bn in revenue growth since acquisition and a sharp improvement in profitability.
- Further, international assets are expected to remain margin-accretive with EBITDA margins to be above 20% and strategically aligned with the buy and build model. Revenue share from the international business is expected to be c. 50% for medium term.
- The Company's Insurance segment GWP increased 9% YOY to AED 7.6 Bn in 2025, supported by strong renewals, retention, and new customer acquisition, while Cover net profit surged 52.6% YOY to AED 802 Mn in 2025, reflecting underwriting discipline, automation, and higher investment income.
- In Cover segment, the Company acquired a property and casualty license, marking a key step in its evolution into a multi-line insurer.
- Pure Health continued to leverage technology and AI as key enablers of scale, efficiency, and integration, rolling out a Unified Health Information System to support data-driven clinical and operational decisions and establishing an in-house AI Factory to reduce vendor reliance and accelerate AI adoption.
- The Company also launched MENA's largest and most advanced AI-powered standalone diagnostic laboratory under PureLab in 2025, with capacity to process over 30 Mn tests annually across pathology, molecular, and specialized diagnostics.
- Pure Health's strategy is anchored on three pillars, leadership consolidation, AI-driven value creation, and disciplined M&A. The Company maintained medium-term targets of mid-to-high-teens revenue growth including acquisitions and capex is maintained below 5% of revenue and Net Debt/ EBITDA of 3.0x for the medium term.

**Pure Health Holding PJSC**

(AED Mn)	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch	QOQ Ch
Revenue	6,892	6,527	7,211	8,610	-16.3%	4.6%	10.5%
Cost of sales	-5,654	-4,714	-5,600	-6,619	-15.4%	-1.0%	18.8%
<b>Gross Profit</b>	<b>1,238</b>	<b>1,814</b>	<b>1,611</b>	<b>1,991</b>	<b>-19.1%</b>	<b>30.1%</b>	<b>-11.2%</b>
G&A exp, including S&D exp	-1,150	-1,355	-1,240	-1,545	-19.8%	7.8%	-8.5%
<b>EBITDA</b>	<b>992</b>	<b>1,150</b>	<b>1,311</b>	<b>1,261</b>	<b>4.0%</b>	<b>32.1%</b>	<b>14.0%</b>
Net finance cost	-243	-185	-287	-241	19.2%	18.3%	NM
<b>Profit before tax</b>	<b>250</b>	<b>569</b>	<b>498</b>	<b>478</b>	<b>4.2%</b>	<b>99.6%</b>	<b>-12.5%</b>
Income tax expense	30	-48	-28	-140	NM	NM	NM
Non-controlling interest	1	1	15	2	NM	NM	NM
<b>Net profit attributable to equity</b>	<b>278</b>	<b>521</b>	<b>455</b>	<b>336</b>	<b>35.5%</b>	<b>63.6%</b>	<b>-12.6%</b>

FABS estimate & Co Data

## Management Guidance:

	Revenue Growth	International Revenue Share <sup>1</sup>	Care: EBITDA Margin	CAPEX as % of Revenue	Net Debt <sup>2</sup> / EBITDA	Dividend Payout Ratio
FY 2025	+5.7%	26.4%	19.5%	4.0%	2.5x	30%
Medium-Term Targets (2026-2029)	Mid-to-High Teens (including M&A)	c. 50%	Low 20s	<5%	3.0x	30%
Medium-term performance expectations, following FY 2025 results		Medium-term target applicable specifically to Healthcare and in view of continued Group-wide M&A activity				

## Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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