FAB SECURITIES أبوظبي الأول للأوراق المالية

Earnings Call Insight | 2Q26

UAE Equity Research | Sector: Healthcare | Market: ADX

Pure Health Holding PJSC

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.34	AED 5.00	+114%	BUY

2Q26 Net profit lower than our estimate

- Revenue grew 8.5% YOY to AED 7,588 Mn in 2Q26. The revenue growth was supported by the continued consolidation from the Hellenic Healthcare Group, supported by growth in hospital and health insurance segment and improving patient activity in the UAE Care business. Care segment revenue increased 7.5% YOY to AED 5,484 Mn in 2Q26 and the Cover segment delivered growth of 11.2% YOY to AED 2,105 Mn in 2Q26.
- Cost of sales increased 4.0% YOY to AED 5,648 Mn in 2Q26. Thus, gross profit rose 24.4% YOY to AED 1,940 Mn in 2Q26 while the gross margin expanded by 326 bps YOY to 25.6% in 2Q26.
- G&A expenses increased 10.5% YOY to AED 1,056 Mn in 2Q26. While, S&D expenses declined 3.0% YOY to AED 24 Mn in 2Q26.
- The Company's net finance cost increased 31.3% YOY to AED 235 Mn in 2Q26.
- The Company recorded a stable share of profit from JVs of AED 6 Mn in 2Q26, compared to AED 6 Mn in 2Q25. Other income increased significantly by 52.0% YOY to AED 314 Mn in 2Q26.
- EBITDA increased 42.2% YOY to AED 1,687 Mn in 2Q26, with the EBITDA margin expanding by 527 bps YOY to 22.2% in 2Q26. The Diagnostic Services segment EBITDA grew 48.9% YOY to AED 140 Mn in 2Q26. Hospital and other healthcare-related services segment EBITDA increased 53.6% YOY to AED 1,119 Mn in 2Q26. The Cover segment EBITDA increased 10.9% YOY to AED 331 Mn in 2Q26. However, the Technology services segment EBITDA declined from AED 39 Mn in 2Q25 to AED 8 Mn in 2Q26 and the Procurement and Supply of Medical-related Products EBITDA from AED 71 Mn in 2Q25 to AED 11 Mn in 2Q26.
- Income tax expense increased 37.9% YOY to AED 124 Mn in 2Q26. The profit attributable to non-controlling interest increased significantly from AED 1 Mn in 2Q25 to AED 29 Mn in 2Q26.
- Total debt declined to AED 3.2 Bn in 2Q26, compared to AED 3.3 Bn in 1Q26.
- In 2Q26, the Group recorded AED 780 Mn in positive operating cash flow, compared with a negative operating cash flow of AED 1.2 Bn in 1Q26.

Earnings Call Summary

- PureHealth delivered a strong 1H26 performance, supported by the continued contribution from Hellenic Healthcare Group (HHG), sustained momentum across the Care and Cover segments and improved operating leverage.
- Operational performance remained robust, with patient interactions increasing 21% YOY to 6.1 Mn, outpatient volumes rising 23% YOY to 5.4 Mn and inpatient volumes growing 51% YOY to 163K in 1H26, demonstrating strong momentum across the healthcare delivery platform.
- Care segment revenue grew 7.5% YOY to AED 5.5 Bn in 2Q26, driven by continued growth across the international portfolio and improving patient activity across UAE Care, supported by higher patient activity, better asset utilisation, targeted operational efficiency initiatives and improved case mix through a greater focus on higher-acuity procedures.
- UAE Care normalized revenue growth was c. 5% in 1H26; reported revenues declined 13% primarily due to the Unified Procurement Platform (UPP) altering pharmacy revenue recognition timing (industry-wide effect) and internal revenue elimination effects.
- UAE Care bed occupancy improved to 75% in 1H26 from 73% in 1H25 despite operational beds of 3,399, while the Group maintained c. 5,000 licensed beds across the UAE, providing ample capacity to support future growth and underpinning confidence in margin expansion sustainability.

- UAE Care margin improvement driven by higher patient activity, better asset utilisation, targeted operational efficiency initiatives including new clinic launches, extended clinical hours, evening and weekend clinics, and increased focus on higher-acuity and more complex cases supporting mix improvement and case complexity.
- Circle Health (UK) delivered margin improvement through a strategic shift towards higher-acuity care via robotic surgery platforms, with increased net revenue per case for both inpatient and day case patients, enhanced focus on self-pay cases, and internal cost control initiatives driving operational efficiencies.
- Hellenic Healthcare Group (Greece/Cyprus) demonstrated improvements from business transformation, increased average revenue per inpatient and day case patients tied to network integration, scaled benefits, service upgrades, and bolt-on acquisitions adding facilities and beds to overall infrastructure.
- Excluding HHG, the Group delivered high single-digit net profit growth supported by disciplined margin improvement, with underlying profitability growth demonstrating core business resilience despite temporary revenue headwinds from UPP and internal revenue eliminations.
- Cover segment members insured increased 4% YOY to 3.4 Mn in 1H26, while claims processed rose 5% YOY to 28.3 Mn and Gross written premiums (GWP) rose by 13% YOY to AED 5.5 Bn in 1H26, reflecting sustained customer confidence and the strength of Daman's market-leading franchise along with strong renewals and disciplined pricing.
- Property & Casualty business continued to gain traction, generating AED 83 Mn of GWP during 1H26, further diversifying the Group's insurance portfolio and supporting medium-term multi-line insurer positioning.
- PureHealth strengthened competitive positioning through strategic partnerships, including the partnership with Aldar Properties to develop longevity-focused communities, expansion of specialty care services including the Lung Cancer Screening Programme and Al Ain's first photon-counting CT scanner.
- Enterprise-wide AI initiatives through PureCS, Rafed and the rollout of the PureNet platform across HHG are expected to enhance clinical outcomes, operational efficiencies and support long-term value creation.
- Internationally, HHG continued to strengthen the Group's platform through investments in next-generation PET/CT diagnostics and specialised clinical services, while Circle Health expanded its high-acuity capabilities through additional robotic surgery platforms, MRI capacity expansion and broader investments in advanced diagnostics.
- PureHealth operates MENA's largest research platform, representing a significant commitment to the UAE with research initiatives creating clinical differentiation, supporting case mix complexity, attracting talent, and strengthening bio-pharma partnerships, with longer-term monetization pathways through clinical trials, sponsorships, and intellectual property.
- Operating cash flow was temporarily affected by timing of government receivable collections and a step-up in growth capex across the Group. However, Company expects working capital normalization in 2H26 with no change to underlying cash generation capacity or capability.
- The Company maintained a healthy balance sheet with total assets of AED 57.2 Bn and a Net Debt/EBITDA ratio of 2.7x as of 1H26, providing financial flexibility to pursue both organic and inorganic growth opportunities.
- Acquisition strategy remains disciplined and value-driven, with focus on strategic fit and return thresholds rather than deal size. PureHealth continues to assess the broader landscape and remains open to larger strategic opportunities that align with strategy, meet return thresholds, and enhance the Group's long-term positioning.
- PureHealth reaffirmed medium-term (2026–2029) targets of mid-to-high teens revenue growth (including M&A), international revenue contribution of c. 50%, Care EBITDA margins in the low-20% range, capital expenditure of less than 5% of revenue, Net Debt/EBITDA of c. 3.0x and a 30% annual dividend payout ratio.

Pure Health- P&L

AED Mn	**2Q25**	**1Q26**	**2Q26**	**2Q26F**	**Var**	**YOY Ch**	**QOQ Ch**
Revenue	6,993	7,262	7,588	7,442	-1.9%	8.5%	4.5%
Cost of sales	-5,433	-5,584	-5,648	-5,607	-0.7%	4.0%	1.1%
Gross Profit	**1,560**	**1,678**	**1,940**	**1,835**	**-5.4%**	**24.4%**	**15.6%**
G&A expenses	-956	-1,223	-1,056	-1,236	17.0%	10.5%	-13.6%
S&D expenses	-25	-37	-24	-38	59.7%	-3.0%	-35.3%
Finance costs	-179	-235	-235	-248	5.7%	31.3%	0.0%
Share from JV	6	7	6	3	-50.7%	-5.9%	-15.3%
Other Income	207	266	314	249	-20.9%	52.0%	18.0%
EBITDA	**1,186**	**1,187**	**1,687**	**1,307**	**-22.5%**	**42.2%**	**42.1%**
Profit before tax	**614**	**457**	**945**	**564**	**-40.3%**	**54.0%**	**NM**
Income tax expense	-90	-42	-124	-68	-45.6%	37.9%	NM
Profit before NCI	**524**	**415**	**821**	**497**	**-39.5%**	**56.8%**	**NM**
Non-controlling interest	1	28	29	30	3.3%	NM	1.9%
Net profit attributable	**522**	**387**	**792**	**467**	**-41.1%**	**51.7%**	**NM**

FABS estimate & Co Data

Management Guidance:

	Revenue Growth	International Revenue Share [1]	Care: EBITDA Margin	CAPEX as % of Revenue	Net Debt [2] / EBITDA	Dividend Payout Ratio
H1 2026	9.4%	33.4%	21.6%	3.1%	2.7x	n.a
Medium-Term Targets (2026-2029)	Mid-to-High Teens *(including M&A)*	c. 50%	Low 20s	<5%	3.0x	30%

Medium-term target applicable specifically to Healthcare and in view of continued Group-wide M&A activity

[1] Share of international business as % of revenue, after intercompany eliminations
2 Net Debt includes lease liabilities. adiusted for restricted cash items

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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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