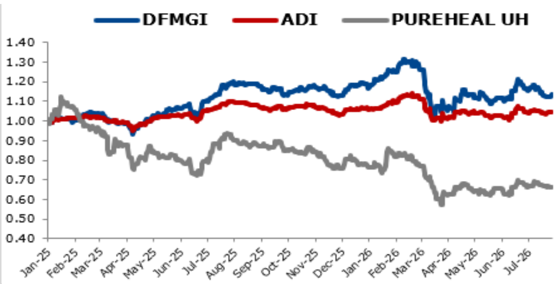
Pure Health Holding PJSC

Higher patient volume supporting the profitability

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

- 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.
- Care segment revenue increased 7.5% YOY to AED 5.5 Bn in 2Q26, supported by the consolidation of Hellenic Healthcare Group.
- Hellenic Healthcare Group contributed AED 1.6 Bn to the Company's revenue in 1H26.
- Total capex amounted to AED 465 Mn in 1H26, representing 3.1% of total revenue.



Stock Information	
Market Cap (AED, mn)	26,000.00
Shares Outstanding(mm)	11,111.11
52 Week High	3.03
52 Week Low	1.88
3M Avg. daily value (AED)	4,613,341

2Q26 Result Review (AED, Mn)	
Total Assets	57,187
Total Liabilities	38,380
Total Equity	18,807
EBITDA	1,687
Net Profit	792

Financial Ratios	
Dividend Yield (last 12M)	1.13
Dividend Pay-out (%)	17.59
Price-Earnings Ratio(x)	12.17
Price-to-Book Ratio (x)	1.38
Book Value (AED)	1.69
Return-on Equity (%)	10.98

Stock Performance	
5 Days	3.54%
1 Months	1.74%
3 Months	8.33%
6 Months	-14.91%
1 Year	-20.41%
Month to Date (MTD%)	3.54%
Quarter to Date (QTD%)	5.88%
Year to Date (YTD%)	-8.24%

2Q26 Net Profit higher than our estimate

Pure Health Holding (Pure Health/the Company) reported a 51.7% YOY increase in net profit attributable to shareholders to AED 792 Mn in 2Q26, higher than our estimate of AED 467 Mn. The increase in net profit was supported by growth in revenue and other income along with a decline in S&D expenses. This was partially offset by an increase in cost of sales, G&A expenses, net finance costs, income tax expense and non-controlling interests.

P&L Highlights

Pure Health's 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. Revenue from Hospital and other healthcare related services increased 18.7% YOY to AED 5,780 Mn in 2Q26. Furthermore, revenue from Insurance Services increased 11.2% YoY to AED 2,105 million in 2Q26, reflecting continued growth in the Cover segment, supported by strong policy renewals, disciplined pricing and continued customer acquisition. Also, the Property & Casualty business sub segment continued to gain traction across product lines. Revenue from Procurement and supply of medical-related products declined 3.9% YOY to AED 1,366 Mn in 2Q26. Revenue from Diagnostic services decreased marginally by 1.0% YOY to AED 300 Mn in 2Q26. Technology and other services decreased by 1.2% YOY to AED 212 Mn in 2Q26. The Company's 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 to 25.6% in 2Q26. Furthermore, the 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. Furthermore, the Company's 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 Insurance 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.

Balance Sheet Highlights

Pure Health's 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. Pure Health's cash and cash equivalents remained broadly stable compared to 1Q26 at AED 4.7 Bn in 2Q26. Total capex amounted to AED 465 Mn in 1H26, representing 3.1% of total revenue, as the Company continued to invest in capacity expansion, digital transformation and strategic growth initiatives.

Target Price and Rating

We maintain our BUY rating on Pure Health with a revised target price of AED 5.00. 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. The Cover segment continued to demonstrate resilient growth, with revenue increasing 9.9% YOY to AED 4.1 Bn in 1H26, supported by a 13% YOY increase in gross written premiums (GWP) to AED 5.5 Bn, driven by strong policy renewals, disciplined pricing and continued customer acquisition. Members insured increased 4% YOY to 3.4 Mn in 1H26, while claims processed rose 5% YOY to 28.3 Mn, reflecting sustained customer confidence and the strength of Daman's market-leading franchise. In addition, the Property & Casualty business continued to gain traction, generating AED 83 Mn of GWP during 1H26, further diversifying the Group's insurance portfolio. The Care segment reported 7.5% YOY revenue growth to AED 5.5 Bn in 2Q26, supported by continued growth across the international portfolio and improving patient activity across UAE Care. The improvement in UAE Care profitability was driven by higher patient activity, better asset utilisation, targeted operational efficiency initiatives and an improved case mix through a greater focus on higher-acuity procedures, supporting confidence in the sustainability of margin expansion. Within its healthcare platform, PureHealth continued to strengthen its competitive positioning through strategic partnerships, advanced diagnostics, specialised care expansion and AI-led digital transformation. 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, together with 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, specialised clinical services and further integration benefits, while Circle Health expanded its high-acuity capabilities through additional robotic surgery platforms, MRI capacity expansion and broader investments in advanced diagnostics. Within 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. Management also indicated that, excluding HHG, the Group continued to deliver underlying profitability growth despite temporary revenue headwinds associated with the Unified Procurement Platform (UPP), underscoring the resilience of the core business. The Company also maintained a healthy balance sheet with total assets of AED 57.2 Bn and a Net Debt/EBITDA ratio of 2.7x, providing financial flexibility to pursue both organic and inorganic growth opportunities. While operating cash flow was temporarily affected by the timing of government receivable collections and higher growth capex, management expects working capital to normalise in the 2H26. The Company reaffirmed its 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. PureHealth's resilient operating performance, expanding international healthcare platform, disciplined capital allocation, continued investment in high-acuity care and AI-driven transformation initiatives position the Company well to deliver sustainable long-term earnings growth and support our positive long-term investment outlook. Thus, we maintain our BUY rating on the stock.

PURE HEALTH - Relative valuation[1]

(at CMP)	2024	2025	2026F
PE	15.19	12.99	11.61
PB	1.32	1.42	1.31
EV/EBITDA	4.67	3.74	3.61
BVPS	1.774	1.647	1.788
EPS	0.154	0.180	0.202
DPS	0.031	0.054	0.060
Dividend Yield	1.3%	2.3%	2.6%

FABS Estimates & Co Data

[1] PURE HEALTH got listed on December 2023 on the ADX as a result previous financial won't be comparable.

PURE HEALTH – P&L

AED Mn	2Q25	1Q26	2Q26	2Q26F	Var	YOY Ch	QOQ Ch	2025	2026F	YOY Ch
Revenue	6,993	7,262	7,588	7,442	2.0%	8.5%	4.5%	27,312	31,715	16.1%
Cost of sales	-5,433	-5,584	-5,648	-5,607	0.7%	4.0%	1.1%	-20,579	-23,914	16.2%
Gross Profit	**1,560**	**1,678**	**1,940**	**1,835**	**5.7%**	**24.4%**	**15.6%**	**6,733**	**7,801**	**15.9%**
G&A expenses	-956	-1,223	-1,056	-1,236	-14.5%	10.5%	-13.6%	-4,609	-5,143	11.6%
S&D expenses	-25	-37	-24	-38	-37.4%	-3.0%	-35.3%	-123	-132	7.0%
Finance costs	-179	-235	-235	-248	-5.4%	31.3%	0.0%	-865	-978	13.1%
Share from JV	6	7	6	3	NM	-5.9%	-15.3%	20	21	4.6%
Other Income	207	266	314	249	26.4%	52.0%	18.0%	1,086	1,110	2.2%
EBITDA	**1,186**	**1,187**	**1,687**	**1,307**	**29.1%**	**42.2%**	**42.1%**	**4,781**	**5,627**	**17.7%**
Profit before tax	**614**	**457**	**945**	**564**	**67.5%**	**54.0%**	**NM**	**2,242**	**2,679**	**19.5%**
Income tax expense	-90	-42	-124	-68	83.8%	37.9%	NM	-222	-321	44.8%
Profit before NCI	**524**	**415**	**821**	**497**	**65.3%**	**56.8%**	**NM**	**2,020**	**2,357**	**16.7%**
Non-controlling interest	1	28	29	30	-3.2%	NM	1.9%	18	118	NM
Net profit attributable	**522**	**387**	**792**	**467**	**69.7%**	**51.7%**	**NM**	**2,002**	**2,239**	**11.8%**

FABS estimate & Co Data

PURE HEALTH - Margins

	2Q25	1Q26	2Q26	YOY Ch	QOQ Ch	2025	2026F	YOY Ch
Gross profit	22.3%	23.1%	25.6%	326	246	24.7%	24.6%	-5
EBITDA	17.0%	16.3%	22.2%	527	589	17.5%	17.7%	24
Net profit	7.5%	5.3%	10.4%	297	512	7.3%	7.1%	-27

FABS estimate & Co Data

Valuation:

We have used a blend of Discounted Cash Flow (DCF) and Sum-of-the-parts (SOTP) valuation methods to arrive at Pure Health's fair value. We have assigned 70% weight to DCF and 30% to SOTP. In SOTP valuation, we have used the Comparable Company Method (CCM) (EV/EBITDA and PB) to value the firm. Since the Company operates in multiple segments, each segment is valued separately using the peers of the segment.

Valuation Method	Target	Weight	Weighted Value
DCF Method	5.50	70.0%	3.85
Relative Valuation (RV)	3.84	30.0%	1.15
Weighted Average Valuation (AED)			**5.00**
Current market price (AED)			2.34
Upside/Downside (%)			+114%

1) DCF Method:

PURE HEALTH is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 9.4%. To arrive at the cost of equity, we have used the 10-year government bond yield of 4.9%, the Country risk premium of 4.2%, and the Beta of 1.18. After applying all these, we arrived at the cost of equity of 9.9%. We have used a 10-year US Government Yield and added an average 10-year CDS Spread of the Abu Dhabi Government to arrive at an appropriate risk-free rate. We assumed the cost of debt of 5.4% and adjusted it for the tax rate to arrive at the tax-adjusted cost of debt of 4.9%. Also, assumed a terminal growth rate of 3.0%.

Sum of PV (AED, Mn)	16,652
Terminal value (AED, Mn)	62,154
FV to Common shareholders (AED, Mn)	**78,806**
No. of share (Mn)	11,111
Current Market Price (AED)	2.34
Fair Value per share (AED)	**5.50**

DCF Method

(All Figures in AED Mn)	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
NOPAT	2,852	3,897	4,563	5,193	5,856
(+/-) Depreciation & amortization	1,992	1,990	2,010	2,051	2,115
(+/-) CAPEX	-2,806	-1,419	-1,624	-1,849	-2,100
(+/-) Working Capital	435	-84	-128	-170	-191
Free Cash Flow to Firm (FCFF)	**2,473**	**4,384**	**4,821**	**5,226**	**5,682**
Discounting Factor	*0.97*	*0.88*	*0.81*	*0.74*	*0.68*
Discounted FCFF	**1,194**	**3,871**	**3,893**	**3,858**	**3,836**

Source: FAB Securities

2) Relative Valuation:

In the SOTP valuation, we have used the P/B multiple to value the Health Insurance Services segment and EV/EBITDA to value other segments of the Company. The EV/EBITDA multiple allows us to compare companies of various sizes with different capital structures. Since the Company operates in multiple segments, each segment is valued separately using the peers of the segment. The value of all segments is summed up to arrive at the total enterprise value of the firm and after that, it includes the value of net debt, the valuation of JVs, and the value of non-controlling interest to arrive at the value of equity. All segments are valued based on FY2026 financials in line with the median market multiple.

(All Figures in Million AED)	Method	Peer Multiple
Hospital and other healthcare-related services	EV/EBITDA	39,415
Diagnostic Services	EV/EBITDA	9,100
Health insurance services	PB	10,123
Procurement and supply of medical-related products	EV/EBITDA	3,532
Technology services and others	EV/EBITDA	1,642
Adjustments & eliminations		-3,451
Enterprise Value		**60,360**
Net (Debt)/Cash		-18,747
Valuation of JVs		1,041
Minority Interest		-21
Equity Value		**42,632**

Source: FAB Securities

Hospital and other healthcare related services

Company	Market	EV/EBITDA (x)		P/E (x)	
	(USD Mn)	2026F	2027F	2026F	2027F
IHH Healthcare Berhad	18,040	14.3x	12.8x	32.2x	28.0x
Al Hammadi Holding Company	1,105	13.7x	11.6x	15.7x	14.6x
Burjeel Holdings PLC	1,757	8.5x	7.5x	15.2x	11.7x
Ramsay Health	7,146	9.9x	9.4x	33.0x	27.5x
Mouwasat Medical Services Company	3,313	11.3x	10.2x	14.6x	13.8x
Middle East Healthcare Company	729	8.4x	8.0x	18.6x	13.9x
Dr Sulaiman Al Habib Medical	21,902	24.0x	20.9x	32.5x	26.9x
Nahdi Medical Co	3,290	7.2x	6.7x	14.8x	13.9x
Average		**12.2x**	**10.9x**	**22.1x**	**18.8x**
Median		**10.6x**	**9.8x**	**17.1x**	**14.3x**
Max		**13.9x**	**11.9x**	**32.3x**	**27.1x**
Min		**8.5x**	**7.9x**	**15.1x**	**13.9x**

Source: FAB Securities

Diagnostic Services

Company	Market (USD Mn)	EV/EBITDA (x) 2026F	EV/EBITDA (x) 2027F	P/E (x) 2026F	P/E (x) 2027F
Labcorp Holdings Inc	25,526	12.9x	12.1x	17.2x	16.1x
Quest Diagnostics Inc	25,860	13.5x	11.9x	20.9x	19.4x
Guangzhou Kingmed Diagnost-A	1,902	14.0x	11.6x	33.9x	26.2x
Sonic Healthcare Ltd	7,571	8.5x	8.1x	18.1x	16.8x
Hangzhou Tigermed Consulti-A	5,848	32.0x	24.0x	46.3x	31.4x
Radnet Inc	4,930	18.8x	16.0x	121.6x	66.5x
Synlab AG	NA	7.1x	NA	42.4x	7.6x
Meinian Onehealth Healthca-A	2,750	11.3x	10.4x	43.5x	36.8x
Metropolis Healthcare Ltd	1,265	28.7x	25.0x	56.4x	47.6x
Average		**16.3x**	**14.9x**	**44.5x**	**29.8x**
Median		**13.5x**	**12.0x**	**42.4x**	**26.2x**
Max		**18.8x**	**18.0x**	**46.3x**	**36.8x**
Min		**11.3x**	**11.3x**	**20.9x**	**16.8x**

Source: FAB Securities

Insurance services

Company	Market (USD Mn)	P/B (x) 2026F	P/B (x) 2027F	P/E (x) 2026F	P/E (x) 2027F
Bupa Arabia for Cooperative Insurance Co	6,194	NA	NA	18.3x	15.0x
The Company for Cooperative Insurance	4,882	NA	NA	14.5x	11.9x
Abu Dhabi National Insurance Company PJSC	1,100	NA	NA	7.8x	NA
Islamic Arab Insurance Co. (Salama) PJSC	210	NA	NA	NA	NA
Average		**NA**	**NA**	**13.6x**	**13.4x**
Median		**NA**	**NA**	**14.5x**	**13.4x**
Max		**NA**	**NA**	**16.4x**	**14.2x**
Min		**NA**	**NA**	**11.2x**	**12.6x**

Source: FAB Securities

Procurement and supply of medical related products

Company	Market (USD Mn)	EV/EBITDA (x) 2026F	EV/EBITDA (x) 2027F	P/E (x) 2026F	P/E (x) 2027F
Mckesson Corp	101,332	14.5x	14.3x	4.8x	21.7x
Cencora Inc	60,748	13.9x	12.9x	20.0x	18.0x
Cardinal Health Inc	53,181	14.6x	13.3x	22.1x	19.9x
Henry Schein Inc	9,702	12.7x	11.9x	14.6x	13.2x
Amplifon SPA	3,429	7.8x	5.5x	16.6x	13.9x
Galenica AG	5,408	15.1x	13.6x	24.8x	23.3x
Shanghai Pharmaceuticals-A	8,362	7.3x	6.9x	12.1x	10.8x
Owens & Minor Inc	256	6.1x	5.7x	2.3x	1.9x
Average		**11.5x**	**10.5x**	**14.7x**	**15.3x**
Median		**13.3x**	**12.4x**	**15.6x**	**15.9x**
Max		**14.5x**	**13.4x**	**20.5x**	**20.4x**
Min		**7.7x**	**6.6x**	**10.3x**	**12.6x**

Source: FAB Securities

Technology services and others

Company	Market (USD Mn)	EV/EBITDA (x) 2026F	EV/EBITDA (x) 2027F	P/E (x) 2026F	P/E (x) 2027F
Al Moammar Information Systems Company	1,927	NA	NA	47.4x	43.2x
Arabian Internet and Communication Services	6,812	11.5x	10.5x	16.3x	14.5x
Accenture	987	NA	NA	NA	NA
Wipro limited	19,024	10.0x	8.5x	16.4x	13.8x
Infosys Limited	47,937	11.7x	9.5x	17.9x	14.8x
IBM	208,909	13.2x	12.3x	18.0x	16.8x
Average		**11.6x**	**10.2x**	**23.2x**	**20.6x**
Median		**11.6x**	**10.0x**	**17.9x**	**14.8x**
Max		**12.1x**	**11.0x**	**18.0x**	**16.8x**
Min		**11.2x**	**9.3x**	**16.4x**	**14.5x**

Source: FAB Securities

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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