Earnings Call Insight | 3Q26

UAE Equity Research | Sector: Healthcare | Market: ADX

Pure Health Holding PJSC

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.56	AED 5.00	+95%	BUY

3Q26 Net profit in line with our estimate

- Revenue grew 16.0% YOY to AED 7,571 Mn in 3Q26. The revenue growth was supported by the continued consolidation from the Hellenic Healthcare Group, supported by growth in Hospital, Health insurance, and Diagnostic Services segment partially offset by decline in Procurement and supply of medical products and Technology services segment.
- Care segment revenue increased 16.4% YOY to AED 5,309 Mn in 3Q26 and the Cover segment delivered growth of 15.1% YOY to AED 2,261 Mn in 3Q26.
- Cost of sales increased 17.9% YOY to AED 5,557 Mn in 3Q26. Thus, gross profit rose 11.0% YOY to AED 2,013 Mn in 3Q26, while the gross margin contracted by 119 bps YOY to 26.6% in 3Q26.
- G&A expenses increased 7.6% YOY to AED 1,443 Mn in 3Q26. While, S&D expenses increased significantly from AED 15 Mn in 3Q25 to AED 40 Mn in 3Q26.
- The Company's finance cost increased 25.7% YOY to AED 233 Mn in 3Q26.
- The Company recorded a significant decline in share of profit from JVs of AED 2 Mn in 3Q26, compared to AED 6 Mn in 3Q25.
- EBITDA increased 13.5% YOY to AED 1,305 Mn in 3Q26, while EBITDA margin contracted by 38 bps YOY to 17.2% in 3Q26. The Hospital and other healthcare-related services segment EBITDA grew 27.6% YOY to AED 979 Mn in 3Q26. Diagnostic services segment EBITDA increased 18.2% YOY to AED 73 Mn in 3Q26. The Insurance segment EBITDA decreased 6.6% YOY to AED 251 Mn in 3Q26. The Company's Technology segment recorded negative EBITDA of AED 42 Mn in 3Q26, compared to positive EBITDA of AED 32 Mn in 3Q25 and the Procurement and Supply of Medical-related Products EBITDA decreased from AED 86 Mn in 3Q25 to AED 11 Mn in 3Q26.
- Income tax expense increased 21.9% YOY to AED 58 Mn in 3Q26. The profit attributable to non-controlling interest increased significantly from AED 1 Mn in 3Q25 to AED 14 Mn in 3Q26.
- The Company reported a marginal 0.4% YOY decline in net profit attributable to shareholders to AED 519 Mn in 3Q26, in line with our estimate of AED 535 Mn. The decline in net profit was driven by growth in cost of sales, G&A expenses, S&D expenses, finance cost, income tax expense and share of profit to non-controlling interest holders coupled with decline in share of profit from JV. This was partially offset by an increase in revenue.

Earnings Call Summary

- Pure Health delivered 9.7% YOY growth in net profit attributable to equity shareholders to AED 1.7 Bn in 9M26, with revenue growth accelerating in 3Q26, supported by higher contributions from international operations, stronger patient activity in UAE Care and continued growth in Cover segment.
- Operational performance remained robust, with patient interactions increasing 21% YOY to 9.3 Mn, outpatient volumes rising 23% YOY to 8,324K and inpatient volumes growing 51% YOY to 249K in 9M26. The Company continues to retain additional licensed capacity across Abu Dhabi to support future growth.
- UAE Care segment reported revenue declined 9.2% YOY to AED 8.7 Bn in 9M26, primarily reflecting the impact of the Unified Procurement Platform (UPP), internal revenue eliminations and patient activity headwinds earlier in the year. However, normalized revenue increased 6.0% YOY to AED 10.1 Bn in 9M26, supported by improving patient activity.
- UAE Care operational capacity continued to expand, with operational beds increasing to 3,543 in 9M26 from 3,433 in 9M25, while bed occupancy improved to 76% from 73% during the same period. The

Company also maintained c. 5,000 licensed beds across the UAE, providing sufficient capacity to accommodate further patient growth.

- Pure Health expects UAE Care EBITDA margins to normalise within the previously indicated range of 18-19%, noting that 3Q26 performance is more representative of the underlying margin profile compared with 1Q26, which was affected by temporary headwinds, and 2Q26, which benefited from operational improvements and certain one-off items.
- Hellenic Healthcare Group (Greece and Cyprus) recorded 6% YOY growth in patient volumes, led by outpatient activity. Its contribution, alongside the continued performance of Circle Health, supported the Company's international earnings growth and margin expansion.
- Cover segment continued to deliver balanced growth, with gross written premiums (GWP) increasing 14% YOY to AED 6.8 Bn in 9M26 and revenue growing 11.7% YOY to AED 6.4 Bn in 9M26. Growth was supported by strong renewals, disciplined pricing and continued new business expansion, while the number of insured members increased 2% YOY to 3.4 Mn in 9M26.
- International operations contributed 32.7% of the Company's revenue in 9M26, with EBITDA margins of 22%, up 1.4 ppt in 9M26. The Company targets increasing international revenue contribution to 50% by 2029 through integration and selective acquisitions.
- The Company's growth capital expenditure increased to AED 532 Mn in 9M26, supporting additional clinical capacity, specialist services, digital and AI capabilities, as well as the integration and development of Hellenic and continued investments across Circle. Management reiterated its commitment to maintaining capital expenditure below 5% of revenue over the medium term.
- Pure Health's cash and cash equivalents decreased to AED 4.2 Bn in 3Q26 compared to AED 4.7 Bn in 2Q26, driven by temporary increase in working capital requirements, due to government receivables.
- The Company maintained a solid balance sheet, with total assets of AED 57.3 Bn in 9M26 and debt remained broadly stable at AED 3.2 Bn in the same period. Net Debt/EBITDA stood at 2.6x on a post-IFRS 16 basis, supporting financial flexibility for future investments and acquisitions.
- Pure Health maintained its dividend policy of distributing c. 30% of annual distributable net profit to shareholders. The Company completed the second and final payment of its FY2025 dividend in August 2026, taking the total dividend distribution for the year to AED 600.6 Mn. It remains confident in the dividend policy, highlighting that the current cash flow pressure primarily reflects collection timing rather than underlying earnings or cash generation concerns.
- PureHealth maintained 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 Holding PJSC – P&L

AED Mn	**3Q25**	**2Q26**	**3Q26**	**3Q26F**	**Var**	**YOY Ch**	**QOQ Ch**
Revenue	6,527	7,588	7,571	8,026	-5.7%	16.0%	-0.2%
Cost of sales	-4,714	-5,648	-5,557	-6,051	-8.1%	17.9%	-1.6%
Gross Profit	**1,814**	**1,940**	**2,013**	**1,975**	**1.9%**	**11.0%**	**3.8%**
G&A & exp	-1,340	-1,056	-1,443	-1,356	6.4%	7.6%	36.6%
S&D expenses	-15	-24	-40	-23	NM	NM	NM
Finance costs	-185	-235	-233	-218	6.9%	25.7%	-0.9%
Share from JV	6	6	2	4	NM	NM	NM
Other Income	290	314	291	265	10.1%	0.4%	-7.4%
EBITDA	**1,150**	**1,687**	**1,305**	**1,099**	**18.8%**	**13.5%**	**-22.6%**
Profit before tax	**569**	**945**	**591**	**647**	**-8.6%**	**3.8%**	**-37.5%**
Income tax expense	-48	-124	-58	-78	-25.1%	21.9%	NM
Profit before NCI	**522**	**821**	**533**	**569**	**-6.4%**	**2.2%**	**-35.1%**
Non-controlling interest	1	29	14	34	NM	NM	NM
Net profit attributable to shareholders	**521**	**792**	**519**	**535**	**-3.1%**	**-0.4%**	**-34.5%**

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
9M 2026	+11.5%	32.7%	21.0%	3.6%	2.6x	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

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

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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