First Look Note | 3Q26

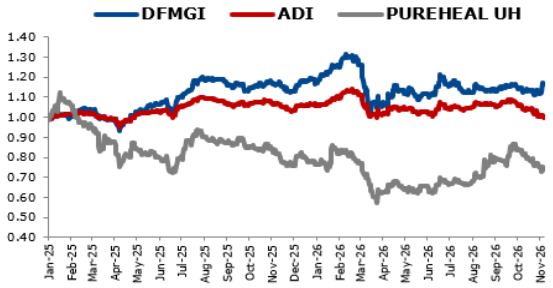
UAE Equity Research | Sector: Healthcare | Market: ADX

Pure Health Holding PJSC

Top-line growth offset by higher operating costs, weighing on profitability

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

- 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.
- Care segment revenue increased 16.4% YOY to AED 5,309 Mn in 3Q26, supported by the consolidation of Hellenic Healthcare Group.
- Members insured increased 2% YOY to 3.4 Mn in 9M26, while Daman's active membership increased 2% YOY to 3.4 Mn in 9M26.
- Capex increased from AED 199 Mn in 3Q25 to AED 351 Mn in 3Q26, as the Company continued to invest in capacity expansion, digital transformation and strategic growth initiatives.



Stock Information	
Market Cap (AED, Mn)	28,444.44
Shares Outstanding (Mn)	11,111.11
52 Week High	2.93
52 Week Low	1.88
3M Avg. daily value (AED)	12,568,810

3Q26 Result Review (AED, Mn)	
Total Assets	57,346
Total Liabilities	38,029
Total Equity	19,317
EBITDA	1,305
Net Profit	519

Financial Ratios	
Dividend Yield (last 12M)	1.06
Dividend Pay-out (%)	17.59
Price-Earnings Ratio(x)	13.55
Price-to-Book Ratio (x)	1.47
Book Value (AED)	1.74
Return-on Equity (%)	10.72

Stock Performance	
5 Days	4.92%
1 Months	-4.48%
3 Months	10.34%
6 Months	23.08%
1 Year	-3.76%
Month to Date (MTD%)	2.40%
Quarter to Date (QTD%)	-7.91%
Year to Date (YTD%)	0.39%

3Q26 Net Profit in line with our estimate

Pure Health Holding (Pure Health/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 from Care and Cover segment.

P&L Highlights

Pure Health's 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. Revenue from Hospital and other healthcare related services increased 21.6% YOY to AED 5,818 Mn in 3Q26. Furthermore, revenue from Insurance Services increased 15.1% YoY to AED 2,261 Mn in 3Q26, 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 Diagnostic services increased 5.7% YOY to AED 300 Mn in 3Q26. Revenue from Procurement and supply of medical-related products declined marginally 0.3% YOY to AED 1,287 Mn in 3Q26. Technology and other services decreased by 39.5% YOY to AED 208 Mn in 3Q26. The Company's 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. Furthermore, the 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. Other income increased marginally by 0.4% YOY to AED 291 Mn in 3Q26. Furthermore, the Company's 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.

Balance Sheet Highlights

Pure Health's total debt remained stable to AED 3.2 Bn in 3Q26, compared to 2Q26. In 3Q26, the Company recorded AED 1,081 Mn in positive operating cash flow, compared with operating cash flow of AED 780 Mn in 2Q26. Pure Health's cash and cash equivalents decreased to AED 4.2 Bn in 3Q26 compared to AED 4.7 Bn in 2Q26, primarily due to a temporary increase in working capital requirements, largely driven by government receivables. The Company's capex increased from AED 199 Mn in 3Q25 to AED 351 Mn in 3Q26, 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 target price of AED 5.00. PureHealth delivered a strong growth of 9.7% YOY to AED 1.7 Mn in 9M26 performance, demonstrating sustained profitability amid regulatory changes and revenue comparability impacts in UAE Care, alongside the moderation of earlier short-term headwinds. 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 Cover segment continued to demonstrate resilient growth, with revenue increasing 11.7% YOY to AED 6.4 Bn in 9M26, supported by a 14% YOY increase in gross written premiums (GWP) to AED 6.8 Bn, driven by strong policy renewals, disciplined pricing and continued customer acquisition. Members insured increased 2% YOY to 3.4 Mn in 9M26. In addition, the Property & Casualty business continued to gain traction, generating AED 166 Mn of GWP during 9M26, further diversifying the Company's insurance portfolio. The Care segment reported 11.5% YOY revenue growth to AED 16.0 Bn in 9M26, supported by continued growth across the international portfolio and improving patient activity across UAE Care. The improvement in profitability was driven by higher patient activity in both UAE and international operations, supporting confidence in the sustainability of margin expansion. International operations contributed 32.7% of the Company's revenue in 9M26, with EBITDA margins of 22%, up 1.4 ppt in 9M26. In diagnostics, PureHealth strengthened its capabilities through the establishment of PureLab UK, following the acquisition of Unilabs UK's laboratory operations and infrastructure, creating a scaled platform across multiple specialists testing services, enhancing end-to-end care delivery across Circle's network and serving over 90 healthcare clients nationwide. HHG enhanced its advanced diagnostic and interventional capabilities through the introduction of Greece's first NAEOTOM Alpha Pro Photon-Counting CT Scanner, advanced TEE cardiac imaging and the Affera Mapping and Ablation System, while expanding breast screening through its Mobile Breast Diagnostic Platform to support precision diagnostics and early disease detection across Greece and Cyprus. The Company's Circle Health Group expanded its minimally invasive treatment offering through the introduction of advanced thyroid ablation and knee osteoarthritis treatments, broadening alternatives to surgery and strengthening its outpatient care capabilities. 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. The Company also maintained a healthy balance sheet with total assets of AED 57.3 Bn and a Net Debt/EBITDA ratio of 2.6x as of 9M26, providing financial flexibility to pursue both organic and inorganic growth opportunities. 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. The Company maintained 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 continued to strengthen its healthcare ecosystem by enhancing diagnostic capabilities, expanding specialist services and advancing digital transformation initiatives to support sustainable long-term growth. Thus, we maintain our BUY rating on the stock.

PURE HEALTH - Relative valuation

(at CMP)	2024	2025	2026F
PE	15.71	13.43	12.29
PB	1.36	1.47	1.36
EV/EBITDA	4.89	3.92	3.85
BVPS	1.774	1.647	1.785
EPS	0.154	0.180	0.197
DPS	0.031	0.054	0.059
Dividend Yield	1.2%	2.2%	2.4%

FABS Estimates & Co Data

*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	3Q25	2Q26	3Q26	3Q26F	Var	YOY Ch	QOQ Ch	2025	2026F	YOY Ch
Revenue	6,527	7,588	7,571	8,026	-5.7%	16.0%	-0.2%	27,312	30,478	11.6%
Cost of sales	-4,714	-5,648	-5,557	-6,051	-8.1%	17.9%	-1.6%	-20,579	-23,021	11.9%
Gross Profit	**1,814**	**1,940**	**2,013**	**1,975**	**1.9%**	**11.0%**	**3.8%**	**6,733**	**7,457**	**10.8%**
G&A & marketing exp	-1,340	-1,056	-1,443	-1,356	6.4%	7.6%	36.6%	-4,609	-5,034	9.2%
S&D expenses	-15	-24	-40	-23	NM	NM	NM	-123	-156	26.3%
Finance costs	-185	-235	-233	-218	6.9%	25.7%	-0.9%	-865	-959	10.9%
Share from JV	6	6	2	4	NM	NM	NM	20	15	-23.3%
Other Income	290	314	291	265	10.1%	0.4%	-7.4%	1,086	1,292	19.0%
EBITDA	**1,150**	**1,687**	**1,305**	**1,099**	**18.8%**	**13.5%**	**-22.6%**	**4,781**	**5,547**	**16.0%**
Profit before tax	**569**	**945**	**591**	**647**	**-8.6%**	**3.8%**	**-37.5%**	**2,242**	**2,616**	**16.7%**
Income tax expense	-48	-124	-58	-78	-25.1%	21.9%	NM	-222	-314	41.4%
Profit before NCI	**522**	**821**	**533**	**569**	**-6.4%**	**2.2%**	**-35.1%**	**2,020**	**2,302**	**14.0%**
Non-controlling interest	1	29	14	34	NM	NM	NM	18	115	NM
Net profit attributable	**521**	**792**	**519**	**535**	**-3.1%**	**-0.4%**	**-34.5%**	**2,002**	**2,187**	**9.2%**

FABS estimate & Co Data

PURE HEALTH - Margins

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	YOY Ch
Gross profit	27.8%	25.6%	26.6%	-119	102	24.7%	24.5%	-18
EBITDA	17.6%	22.2%	17.2%	-38	-499	17.5%	18.2%	69
Net profit	8.0%	10.4%	6.9%	-113	-359	7.3%	7.2%	-15

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 P/B) 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	5.37	70.0%	3.76
Relative Valuation (RV)	4.12	30.0%	1.24
Weighted Average Valuation (AED)			**5.00**
Current market price (AED)			2.56
Upside/Downside (%)			+95%

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 10.1%. To arrive at the cost of equity, we have used the 10-year government bond yield of 4.8%, the Country risk premium of 3.9%, and the Beta of 1.18. After applying all these, we arrived at the cost of equity of 10.5%. 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 7.1% and adjusted it for the tax rate to arrive at the tax-adjusted cost of debt of 6.4%. Also, assumed a terminal growth rate of 3.0%.

Sum of PV (AED, Mn)	19,614
Terminal value (AED, Mn)	57,056
FV to Common shareholders (AED, Mn)	**76,670**
No. of share (Mn)	11,111
Current Market Price (AED)	2.56
Fair Value per share (AED)	**5.37**

DCF Method

(All Figures in AED Mn)	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
NOPAT	2,630	3,643	4,318	4,961	5,642	6,229
(+/-) Depreciation & amortization	1,987	1,979	1,993	2,029	2,089	2,168
(+/-) CAPEX	-2,759	-1,362	-1,561	-1,790	-2,048	-2,277
(+/-) Working Capital	370	-95	-129	-139	176	280
Free Cash Flow to Firm (FCFF)	**2,227**	**4,165**	**4,621**	**5,061**	**5,860**	**6,400**
Discounting Factor	*0.98*	*0.90*	*0.81*	*0.74*	*0.67*	*0.61*
Discounted FCFF	**548[1]**	**3,728**	**3,758**	**3,740**	**3,935**	**3,905**

Source: FAB Securities, [1]Adjusted for partial year

2) Relative Valuation:

In the SOTP valuation, we have used the P/B multiple to value the 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 FY2027 financials in line with the median market multiple.

(All Figures in Million AED)	Method	Peer Multiple
Hospital and other healthcare-related services	EV/EBITDA	43,007
Diagnostic Services	EV/EBITDA	8,422
Insurance services	P/B	9,758
Procurement and supply of medical-related products	EV/EBITDA	3,471
Technology services and others	EV/EBITDA	1,708
Adjustments & eliminations		-3,589
Enterprise Value		**62,777**
Net (Debt)/Cash		-17,973
Valuation of JVs		1,041
Minority Interest		-27
Equity Value		**45,818**

Source: FAB Securities

Hospital and other healthcare related services

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
IHH Healthcare Berhad	17,097	13.8x	12.4x	30.9x	26.5x
Al Hammadi Holding Company	914	10.4x	9.4x	13.5x	12.1x
Burjeel Holdings PLC	1,531	7.7x	6.9x	12.3x	10.8x
Ramsay Health	9,029	9.1x	9.8x	36.9x	31.3x
Mouwasat Medical Services Company	2,942	10.4x	9.7x	12.9x	12.1x
Middle East Healthcare Company	580	NA	NA	17.4x	NA
Dr Sulaiman Al Habib Medical	20,657	21.8x	18.8x	29.0x	24.4x
Nahdi Medical Co	3,159	7.4x	7.1x	14.7x	13.9x
Average		**11.5x**	**10.6x**	**21.0x**	**18.7x**
Median		**10.4x**	**9.7x**	**16.1x**	**13.9x**
Max		**12.1x**	**11.1x**	**29.5x**	**25.4x**
Min		**8.4x**	**8.3x**	**13.4x**	**12.1x**

Source: FAB Securities

Diagnostic Services

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
Labcorp Holdings Inc	29,309	13.8x	12.9x	19.6x	18.3x
Quest Diagnostics Inc	27,705	14.4x	13.2x	22.3x	21.0x
Guangzhou Kingmed Diagnost-A	1,913	13.9x	11.7x	31.8x	27.0x
Sonic Healthcare Ltd	6,804	8.1x	7.7x	15.6x	16.0x
Hangzhou Tigermed Consulti-A	4,793	28.8x	19.1x	102.9x	37.3x
Radnet Inc	5,783	20.7x	17.9x	142.9x	82.1x
Synlab AG	NA	NA	NA	NA	NA
Meinian Onehealth Healthca-A	2,741	16.7x	14.7x	53.9x	40.4x
Metropolis Healthcare Ltd	1,191	23.8x	20.1x	45.2x	36.1x
Average		**17.5x**	**14.7x**	**54.3x**	**34.8x**
Median		**15.5x**	**13.9x**	**38.5x**	**31.6x**
Max		**21.5x**	**18.2x**	**66.1x**	**38.1x**
Min		**13.9x**	**12.6x**	**21.6x**	**20.4x**

Source: FAB Securities

Insurance services

Company	Market (USD Mn)	P/B (x)		P/E (x)	
		2026F	2027F	2026F	2027F
Bupa Arabia for Cooperative Insurance Co	5,556	3.3x	2.95x	17.0x	14.5x
The Company for Cooperative Insurance	4,697	2.7x	2.36x	15.0x	11.9x
Abu Dhabi National Insurance Company PJSC	1,074	1.0x	NA	7.8x	NA
Islamic Arab Insurance Co. (Salama) PJSC	295	NA	NA	NA	NA
Average		**2.3x**	**2.7x**	**13.3x**	**13.2x**
Median		**2.7x**	**2.7x**	**15.0x**	**13.2x**
Max		**3.0x**	**2.8x**	**16.0x**	**13.8x**
Min		**1.9x**	**2.5x**	**11.4x**	**12.5x**

Source: FAB Securities

Procurement and supply of medical related products

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
Mckesson Corp	115,958	16.6x	15.2x	22.3x	19.6x
Cencora Inc	63,133	12.5x	12.6x	18.5x	16.8x
Cardinal Health Inc	58,001	14.6x	14.3x	22.2x	19.9x
Henry Schein Inc	9,460	12.6x	11.8x	15.7x	14.2x
Amplifon SPA	3,388	6.6x	5.0x	16.3x	13.1x
Galenica AG	5,343	15.6x	14.3x	23.5x	21.1x
Shanghai Pharmaceuticals-A	8,225	5.2x	5.0x	11.3x	10.9x
Accendra Health, Inc.	20	6.1x	5.5x	76.3x	2.3x
Average		**11.2x**	**10.4x**	**25.8x**	**14.7x**
Median		**12.6x**	**12.2x**	**20.4x**	**15.5x**
Max		**14.9x**	**14.3x**	**22.6x**	**19.7x**
Min		**6.4x**	**5.3x**	**16.2x**	**12.6x**

Source: FAB Securities

Technology services and others

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
Al Moammar Information Systems Company	2,152	NA	NA	NA	NA
Arabian Internet and Communication Services	5,883	9.9x	9.1x	13.5x	12.3x
Accenture	152,552	8.5x	10.9x	18.5x	17.6x
Wipro limited	20,657	8.9x	8.6x	14.8x	14.3x
Infosys Limited	50,522	9.7x	9.3x	15.2x	14.6x
IBM	243,662	15.1x	14.2x	20.8x	19.4x
Average		**10.4x**	**10.4x**	**16.6x**	**15.6x**
Median		**9.7x**	**9.3x**	**15.2x**	**14.6x**
Max		**9.9x**	**10.9x**	**18.5x**	**17.6x**
Min		**8.9x**	**9.1x**	**14.8x**	**14.3x**

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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