

Pure Health Holding

| Current Price (AED) | Market Cap (AED/mm) | Shares Outstanding (mm) | 52 Week High (AED) |
|----------------------------|-------------------------|--------------------------|--------------------|
| 2.81 (▼-0.35%) | 31,222.22 | 11,111.11 | 4.47 |
| Month to Date (MTD%) | Quarter to Date (QTD%) | Year to Date (YTD%) | 52 Week Low (AED) |
| -0.35% | -4.10% | -15.62% | 2.43 |
| Price-to-Earnings Ratio(x) | Price-to-Book Ratio (x) | Dividend Yield (12month) | Book Value (AED) |
| 17.02 | 1.58 | 1.10 | 1.77 |

Key Highlights:

Profitability improved driven by expanded in SEHA & Circle Health operations in UAE and UK, opened new outpatient clinics and specialty centres, Diagnostic & lab network enhanced, Tech segment scaling.

- Net profit for the quarter grew by 3% YoY in 1Q25 to AED 505 Mn, with a net profit margin of 7.7% (down 0.3% YoY). The modest growth reflects higher income tax expenses (up 96% YoY to AED 56 Mn) and increased in OPEX, particularly in hospitals. Despite the margin pressure, the company's focus on strategic investments positions it for enhanced profitability over the medium term. The earnings per share (EPS) over the last twelve months (LTM) improved by 40% YoY to AED 0.16.
- PureHealth demonstrated strong topline performance in 1Q25, with consolidated revenue reaching AED 6.6 Bn, up 8% YoY from AED 6.1 Bn in 1Q24. This growth was primarily driven by organic expansion in the Hospital and Insurance segments, supported by a 9% YoY increase in patient interactions (2.5 Mn) and a 15% YoY rise in Gross Written Premiums (GWP) to AED 3.6 Bn in 1Q25. The increase reflects successful execution of capacity expansion and market penetration strategies, particularly in the UAE and UK markets.
- EBITDA rose 5% YoY to AED 1.1 Bn in 1Q25, underpinned by revenue growth, though the EBITDA margin contracted by 0.5% YoY to 17.2% in 1Q25. This compression was attributed to higher operational expenses (OPEX) in the Hospital segment due to new clinic openings and geographic expansion.
- PureHealth concluded 1Q25 fully deleveraged, repaying AED 1.85 Bn in bank debt originally due in 2027. This reduced total liabilities by 4% QoQ to AED 28 Bn and eliminated bank debt-to-equity ratio (down to 0.0x in 1Q25 from 0.1x in 4Q24). The move enhances financial flexibility, lowers future interest costs, and supports reinvestment in growth initiatives, a positive signal for risk-averse investors.
- Net cash used in operating activities increased 28% YoY to AED 839 Mn in 1Q25, reflecting significant working capital investments (up 119% YoY to AED 3.3 Bn) tied to expansion efforts. However, the early debt repayment and a 41% YoY rise in cash & cash equivalents to AED 4.9 Bn in 1Q25 underscore a solid liquidity position.
- Segmental Performance Highlights:
 - Hospital Segment (59% of revenue):** Revenue grew 3% YoY to AED 4.98 Bn due to volume growth across the UAE and UK, though EBITDA declined 4% YoY to AED 767 Mn due to higher OPEX from new clinics and physician onboarding (150+ specialists), a drop by 1.2% margin to 15.4% in 1Q25 is a temporary setback, with mid-term upside expected from capacity enhancements.

2. **Insurance Segment (22% of revenue):** Revenue surged 19% YoY to AED 1.86 Bn supported by high renewal rates and expansion into under-penetrated segments and geographies, with EBITDA up by 63% YoY to AED 210 Mn, driven by high renewal rates and new products like 'Amanak'. The improved combined ratio to 90% in 1Q25 from 96% in 1Q24, signals operational efficiency, making this segment a key growth driver.
 3. **Diagnostic Services (3% of revenue):** Revenue rose 14% YoY to AED 261 Mn, supported by a 16% increase in test volumes (8 Mn) from SEHA and SSMC, though EBITDA fell 2% YoY to AED 86 Mn in 1Q25 due to higher costs from new lab capacity. The Abu Dhabi Public Health Centre Surveillance Lab launch is a strategic step toward future growth.
 4. **Procurement & Technology (16% of revenue):** Revenue from Procurement & Supply of Medical Related Products grew 11% YoY to AED 1.18 Bn driven by higher ordering across group entities. While revenue from Technology Services sharply increased by 132% YoY to AED 152 Mn in 1Q25, reflecting strong demand and digital transformation initiatives (Laboratory Information System rollout). However, margin dilution in both segments highlights scaling costs.
- Notable achievements include the launch of advanced medical programs (Liver Transplant Program at SEHA, Electrophysiology Lab at SSMC), expansion of mental health hubs (132 in 1Q25 from 78 in 4Q24), and international growth with Circle Health's new clinics in the UK. These initiatives, alongside digital tools like AI-driven analytics, bolster PureHealth's position as a vertically integrated healthcare leader, appealing to growth-oriented investors.
 - **Guidance:** PureHealth targets mid-to-high teens revenue growth, low 20s EBITDA margin, and international business contributing ~50% of revenue by 2029. With CAPEX expected at <5% of revenue and net debt/EBITDA capped at 3.0x, the company balances growth with financial discipline, offering a compelling outlook for long-term shareholders.

Medium-term Financial and Operational Targets

| | FY 2024 Results | Medium-Term Target (2025-2029) |
|---|-----------------|-----------------------------------|
| Revenue growth (vs prior period) | +58% | Mid- to High teens |
| International business as % of Revenue ⁸ | 18.1% | c.50% |
| EBITDA margin | 15.9% | Low 20s |
| CAPEX as % of Revenue | 3.7% | <5% |
| Net Debt ⁹ / EBITDA | 0.9x | 3.0x |

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