Earnings Call Insight | 3Q26

UAE Equity Research | Sector: Healthcare | Market: ADX

Burjeel Holdings PLC

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.34	AED 1.70	+27%	BUY

3Q26 Net profit lower than our estimate

- Burjeel Holding's revenue increased 7.9% YOY to AED 1,535 Mn in 3Q26, supported by a strong recovery in patient demand, higher patient visits and increased surgical activity.
- Inventories consumed declined 1.1% YOY to AED 308 Mn in 3Q26, reflecting tighter procurement controls and optimized vendor agreements. Consequently, inventory costs as a share of revenue declined by 1.8 ppt YOY in 3Q26.
- EBITDA increased 16.6% YOY to AED 373 Mn in 3Q26, with the EBITDA margin expanding 181 bps YOY to 24.3% in 3Q26, driven by procurement cost savings, tighter workforce cost controls and improved operating leverage across maturing assets. EBITDA excluding one-off (AED 1 Mn additional impairment charge related to the planned relocation of Burjeel Hospital for Advanced Surgery in Dubai recorded in 3Q26) increased 17.0% YOY to AED 375 Mn in 3Q26.
- Operating profit rose 15.4% YOY to AED 271 Mn in 3Q26, with the operating profit margin expanding 114 bps YOY to 17.7% in 3Q26.
- Net profit attributable to shareholders increased 5.0% YOY to AED 174 Mn in 3Q26 lower than our estimate of AED 185 Mn. The growth was driven by increase in revenue and share of profit from associates coupled with decline in inventory consumed partially offset by increase in Doctors and other employees salaries and benefits, Depreciation and Amortization expenses, impairments of assets, provision for doubtful debts, other expenses, finance costs, income tax expenses and non-controlling interest.
- Free cash flow increased to AED 750 Mn in 9M26 from AED 295 Mn in 9M25, with the free cash flow conversion ratio improving to 87% in 9M26.
- Net debt decreased to AED 1.4 Bn in 3Q26, compared with AED 1.7 Bn in 2Q26.

Earnings Call Summary

- Total patient volumes increased 13.1% YOY to 5.8 Mn during 9M26, with growth accelerating to 19.3% YOY in 3Q26, supported by recovery in patient activity and continued expansion of the healthcare network despite regional headwinds.
- Outpatient visits increased 19.3% YOY in 3Q26 and 13.2% during 9M26, driven by broad-based growth across internal medicine, pediatrics, orthopedics, dermatology and IVF, alongside increasing contributions from community-based facilities.
- Outpatient utilization reached 72% during 9M26, improving by more than 6 ppt YOY, as patient volumes continued to grow faster than the physician base.
- Inpatient admissions increased 17.3% YOY in 3Q26 and 10.6% during 9M26, reflecting improved patient activity across the network. Surgical volumes increased 10.6% in 3Q26, supported by stronger demand for elective procedures and specialized care.
- Bed occupancy averaged 73% during 9M26. The Company highlighted half of the hospital capacity is still progressing towards mature utilization levels, providing meaningful potential for further organic growth, alongside planned capacity additions of at least 250 beds.
- The Company performed more than 71,500 surgeries and over 5,800 oncology procedures during 9M26, reflecting continued growth in clinical activity and specialized healthcare services.
- Burjeel announced plans to establish an International Hematology Institute at Burjeel Medical City, led by Professor Alok Srivastava, focusing on specialized patient care, advanced therapies, research and medical education.

- The Company established two dedicated healthcare platforms in October 2026 to improve operational efficiency and accelerate growth. The affordable healthcare platform brings Mediore, LLH and LifeCare under unified leadership, comprising six hospitals and 24 medical centres across the UAE and contributing over 20% of the Group's annual revenue on average.
- The Company plans to expand the platform through a 75-bed LLH hospital in Jebel Ali and more than 10 additional clinics across the UAE.
- Burjeel expects revenue to grow at a low double-digit CAGR, with BMC revenue targeted to reach AED 1.7 Bn per annum. Expansion projects are expected to generate AED 1.5 Bn per annum, while the Company's EBITDA margin is expected to expand to the low-20s range on a blended basis, driven by asset ramp-up, scale benefits, and patient yield optimization.
- Expected credit loss provisions remained within the Company's target range of 3.5% of revenue during 9M26, while other overhead costs reflected higher professional fees, project-related spending and operational support costs.
- Finance costs increased to AED 62 Mn in 3Q26 from AED 37 Mn in 3Q25, primarily due to one-off costs related to Sukuk prepayment and refinancing, along with charges associated with the increased utilisation of the revolving credit facility. Excluding these one-off costs, quarterly finance costs are expected to normalise to AED 40–45 Mn.
- The Company expects surplus cash balances to start generating interest income from 4Q26 or 1Q27, following the repayment of outstanding revolving credit facilities and completion of debt refinancing.
- The Company successfully issued its inaugural USD 500 Mn Sukuk in July 2026 and utilized the proceeds to fully repay its outstanding term loan facilities, extending its debt maturity profile and strengthening financial flexibility.
- Outstanding borrowings as of 9M26 primarily comprised USD 500 Mn in Sukuk and USD 58 Mn drawn under the USD 750 Mn FAB revolving credit facility. The Company also had USD 692 Mn in undrawn committed credit facilities and AED 844 Mn in cash balances.
- Burjeel Medical City (BMC) continues to offer further operating leverage potential, with occupancy currently at c. 60-65%, indicating scope to improve utilization within its existing infrastructure.
- Days sales outstanding (DSO) improved to 131 days as of 9M26, compared with 141 days in 1H26 and 135 days in FY2025, reflecting stronger collections and improved receivables management. The Company expects continued improvement in collections, although DSO may fluctuate depending on payment cycles and settlement timings.
- The Company expects growth capex of AED 200-250 Mn in FY2026. Maintenance Capex is expected to remain up to 2.5% of revenue, while AED 1.0 Bn of growth Capex has been earmarked for expansion in the UAE and KSA, as well as digital transformation. Burjeel also aims to maintain net debt/pre-IFRS 16 EBITDA below 2.5x and a dividend payout ratio of 40%-70% of net income, subject to funding requirements for growth opportunities.
- The Company noted that the guidance reflects the impact of the Unified Procurement Program (UPP) on medicine procurement and revenue recognition. Excluding the UPP impact, underlying operating performance and demand trends remain intact.

Burjeel Holdings PLC - P&L

(AED Mn)	3Q25	2Q26	3Q26	3Q26F	Var	YOY Ch	QOQ Ch
Revenue	1,422	1,455	1,535	1,522	0.8%	7.9%	5.5%
Doctors' and other employees salaries	-590	-635	-625	-653	-4.2%	5.9%	-1.5%
Inventories Consumed	-312	-290	-308	-301	2.2%	-1.1%	6.1%
D&A expenses	-89	-98	-102	-98	3.8%	13.9%	3.8%
Impairment of assets	0	-29	-1	0	NM	NM	NM
Provision for doubtful debts	-50	-48	-57	-53	6.7%	14.0%	17.0%
Other expenses	-147	-164	-171	-160	6.9%	16.6%	4.3%
EBITDA	**320**	**291**	**373**	**362**	**3.3%**	**16.6%**	**28.2%**
Operating Profit	**235**	**191**	**271**	**258**	**5.2%**	**15.4%**	**42.0%**
Finance costs	-37	-31	-62	-48	28.7%	NM	NM
Gain on termination of a lease agreement	0	4	0	0	NM	NM	NM
Share of profit from associates	-4	-2	1	6	NM	NM	NM
Profit before tax	**194**	**162**	**210**	**216**	**-2.6%**	**8.3%**	**29.6%**
Income tax expense	-19	-16	-26	-22	22.1%	40.0%	NM
Profit before NCI	**175**	**146**	**184**	**194**	**-5.3%**	**4.9%**	**26.2%**
Non-controlling interest	10	3	10	10	3.6%	2.8%	NM
Net Profit attributable to shareholders	**166**	**142**	**174**	**185**	**-5.8%**	**5.0%**	**22.2%**

FABS estimate & Co Data

Mid-year Outlook & Guidance:

Network Expansion

18 Healthcare Assets: 2 Hospitals – Dubai, 4 Day Surgery Centers – UAE, 6 Medical Centers – UAE, 2 Fertility Clinics – Al Ain and Dubai, 2 Day Surgery Centers – KSA, and 2 Radiation Oncology Centers – GCC.

Profitability

Group EBITDA margin expected to expand to the low-20s range on a blended basis, driven by asset ramp-up, scale benefits, and patient yield optimization.

Top-Line Growth

- Group revenue expected to grow at a low double-digit CAGR.
- BMC revenue targeted to reach AED 1.7 billion p.a.
- Expansion projects expected to generate AED 1.5 billion p.a.

Capital Allocation & Leverage

- Maintenance CAPEX expected to be up to 2.5% of revenue. Growth CAPEX of AED 1.0bn for UAE & KSA expansion and digital transformation.
- Net debt / pre-IFRS 16 EBITDA of less than 2.5x to be maintained.
- Dividend payout ratio of 40%–70% of net income, subject to funding requirements for growth opportunities.

Note: Top-line and bottom-line guidance reflect the impact of regulatory changes under the Unified Procurement Program (UPP), which altered medicine procurement and revenue recognition 14 mechanics. Excluding the UPP impact, underlying operational performance and demand trends remain intact.

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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