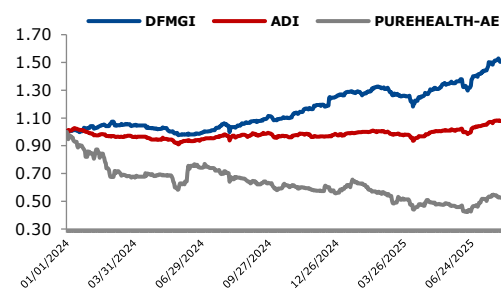


Pure Health Holding PJSC

Solid performance across the Health Insurance segment drove profitability

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.94	AED 5.45	+85%	BUY

- Outpatient and inpatient volumes in the UAE increased 24% and 13% YOY, respectively, in 2Q25.
- Bed occupancy rate increased to 73% in 2Q25 from 70% in 2Q24 in the UAE.
- Pure Health partnered with Cincinnati Children's, a leading pediatric care hospital across the globe.
- Circle Health acquired Fairfield Independent Hospital in Merseyside, adding two operating theatres, a small procedure room, and 30 patient bedrooms with 10 consulting rooms.
- Pure Health entered the Property and Casualty (P&C) insurance after securing the license in 1H25.



2Q25 Net Profit in line with our estimate

Pure Health Holding (Pure Health/the Company) recorded 1.8% YOY growth in net profit attributable to shareholders to AED 522 Mn in 2Q25, in line with our estimate of AED 513 Mn. The growth in net profit is primarily driven by a healthy growth in revenue, other income and decline in finance cost, partially offset by an increase in cost of sales, S&D expenses, lower income from JVs, and rise in income tax expense.

P&L Highlights

Pure Health restructured its segment into two verticals, Care (Healthcare) and Cover (Insurance). The Care vertical comprises Hospitals, Diagnostics, Procurement, and Technology segments, while the Cover vertical represents the Insurance arm of the Company. Pure Health's revenue grew 9.5% YOY to AED 6,993 Mn in 2Q25. Rising patient volumes, expansion in capacity, extended hours, new clinic openings, and onboarding of new specialist physicians drive strong revenue growth across the Care vertical. Similarly, expansion into underpenetrated segments drove the revenue of the Cover vertical. Revenue from hospital and other related services increased 1.6% YOY to AED 4,868 Mn in 2Q25, driven by an increase in volume capacity expansion, and service expansion. Pure Health increased its offering by launching specialty clinics across UAE and UK. Revenue from procurement and supply of medical-related products fell 14.5% YOY to AED 1,421 Mn in 2Q25. Revenue from diagnostic services increased 17.2% YOY to AED 303 Mn in 2Q25, owing to increased testing volumes and scaling of its laboratory management services. Moreover, revenue from Technology services and others segment rose more than 3x from AED 70 Mn in 2Q24 to AED 215 Mn in 2Q25. Revenue from Health Insurance Services increased 8.9% YOY to AED

Stock Information

Market Cap (AED, mn)	32,666.67
Shares Outstanding(mn)	11,111.11
52 Week High	3.95
52 Week Low	2.39
3M Avg. daily value (AED)	20,804,240

2Q25 Result Review (AED, mn)

Total Assets	50,049
Total Liabilities	29,572
Total Equity	20,477
EBITDA	1,186
Net Profit	522

Financial Ratios

Dividend Yield (last 12M)	1.05
Dividend Pay-out (%)	20.06
Price-Earnings Ratio(x)	21.62
Price-to-Book Ratio (x)	1.88
Book Value (AED)	1.77
Return-on Equity (%)	9.57

Stock Performance

5 Days	-2.00%
1 Months	0.68%
3 Months	8.49%
6 Months	-11.45%
1 Year	-23.44%
Month to Date (MTD%)	-2.33%
Quarter to Date (QTD%)	9.29%
Year to Date (YTD%)	-11.71%

1,892 Mn in 2Q25, supported by expansion across under-penetrated areas which led to an increase in membership by 6% YOY. The Company's cost of sales rose 12.9% YOY to AED 5,433 Mn in 2Q25. Thus, gross profit fell 1.1% YOY to AED 1,560 Mn in 2Q25. Moreover, general and administrative expenses moderated 1.2% YOY to AED 956 Mn in 2Q25. However, selling and distribution expenses more than doubled from AED 11 Mn in 2Q24 to AED 25 Mn in 2Q25. The Company's finance cost fell 5.8% YOY to AED 179 Mn in 2Q25. Share of JVs fell significantly 85.4% YOY to AED 6 Mn in 2Q25, while other operating income rose significantly from AED 88 Mn in 2Q24 to AED 207 Mn in 2Q25. Furthermore, the Company's EBITDA rose 10.3% YOY to AED 1,186 Mn in 2Q25. Hospital and other healthcare-related services segment EBITDA fell 6.6% YOY to AED 729 Mn in 2Q25, while the Health Insurance segment EBITDA grew substantially 48.7% YOY to AED 298 Mn. Diagnostic services segment EBITDA increased 20.4% YOY to AED 94 Mn in 2Q25, whereas the Procurement services EBITDA marginally reduced 16.5% YOY to AED 71 Mn. The Company's Technology segment EBITDA increased from AED 10 Mn in 2Q24 to AED 39 Mn in 2Q25. The Company's profitability is impacted due to the additional tax from Pillar Two.

Balance Sheet Highlights

Pure Health's total debt remained unchanged at AED 9 Mn in 2Q25 compared to the previous quarter. Net cash generated from operating activities turned positive to AED 1,502 Mn in 2Q25 from negative AED 839 Mn in 1Q25. Pure Health's cash and cash equivalents stood at AED 7.7 Bn in 2Q25 compared to AED 7.2 Bn in 1Q25. Total capex stood at AED 174 Mn in 2Q25, accounting for 2.5% of total revenue.

Target Price and Rating

We maintain our BUY rating on Pure Health with a target price of AED 5.45. The Company's profitability is mainly driven by rising patient volumes, capacity expansion, opening of new clinics, extended clinic hours, and expansion of insurance into underpenetrated areas. Pure Health's margins remain pressurized amid the opening of new clinics and geographical expansion. The outpatient and inpatient volumes across the UAE increased 24% and 13% YOY, respectively, in 2Q25, while the bed occupancy rate rose to 73% in 2Q25 from 70% in 2Q24. On the other hand, GWP increased 8% YOY to AED 4.9 Bn in 1H25 with an improvement in the combined ratio from 94% in 1H24 to 88% in 1H25. The improvement in combined ratio is mainly driven by enhanced risk and claims management, along with the development in technology and AI. Pure Health partnered with Cincinnati Children's, a leading pediatric care hospital across the globe. The partnership is aimed at enhancing Pure Health's pediatric Care with advanced clinical services, medical training, and research capabilities. Similarly, Circle Health acquired Fairfield Independent Hospital in Merseyside, adding two operating theatres, a small procedure room, and 30 patient bedrooms with 10 consulting rooms. Moreover, Rafed is appointed as the Abu Dhabi Department of Health's exclusive distributor for the Unified Purchasing Program (UPP), positioning it as a strategic partner in the healthcare supply chain. Meanwhile, Pure Health entered the Property and Casualty (P&C) insurance after securing the license in 1H25. This marks Pure Health's transition from a health-focused insurer to a comprehensive multi-line provider, strengthening its position in the UAE's insurance segment. Additionally, the introduction of the P&C segment is expected to drive strong cross-selling synergies for the Company, while also offering an opportunity to enhance overall margins given the segment's higher underwriting profitability compared to Health insurance. Thus, based on the above-mentioned factors, we maintain our BUY rating for the stock.

PURE HEALTH - Relative valuation

(at CMP)	2024	2025F
PE	6.43	5.20
PB	19.41	16.65
EV/EBITDA	1.69	1.56
EPS	0.154	0.180
BVPS	1.774	1.914
DPS	0.031	0.040
Dividend Yield	1.0%	1.3%

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	2Q24	1Q25	2Q25	2Q25F	Var.	YOY Ch	QOQ Ch	2024	2025F	YOY Ch
Revenue	6,388	6,581	6,993	7,128	-1.9%	9.5%	6.3%	25,848	28,505	10.3%
Cost of sales	-4,811	-4,833	-5,433	-5,234	3.8%	12.9%	12.4%	-19,212	-20,726	7.9%
Gross Profit	1,577	1,748	1,560	1,894	-17.6%	-1.1%	-10.7%	6,636	7,779	17.2%
G&A & marketing exp	-968	-1,122	-956	-1,254	-23.8%	-1.2%	-14.8%	-4,666	-5,254	12.6%
S&D expenses	-11	-35	-25	-13	94.8%	116.3%	-28.7%	-59	-80	35.0%
Finance costs	-190	-214	-179	-240	-25.6%	-5.8%	-16.6%	-848	-934	10.2%
Share from JV	40	5	6	28	-79.1%	-85.4%	24.7%	82	89	8.8%
Other Income	88	179	207	153	35.1%	NM	15.8%	608	612	0.7%
EBITDA	1,076	1,133	1,186	1,265	-6.3%	10.3%	4.7%	4,119	4,906	19.1%
Profit before tax	537	561	614	569	8.0%	14.4%	9.4%	1,778	2,211	24.4%
Income tax expense	-23	-56	-90	-51	76.3%	NM	62.2%	-62	-199	NM
Profit before NCI	514	505	524	517	1.2%	1.9%	3.6%	1,716	2,012	17.3%
Non-controlling interest	1	1	1	4	-68.3%	NM	-5.1%	4	16	NM
Net profit attributable	513	504	522	513	1.8%	1.8%	3.7%	1,712	1,996	16.6%

FABS estimate & Co Data

PURE HEALTH - Margins

	2Q24	1Q25	2Q25	YOY Ch	QOQ Ch	2024	2025F	YOY Ch
Gross profit	24.7%	26.6%	22.3%	-238	-425	25.7%	27.3%	162
EBITDA	16.8%	17.2%	17.0%	13	-26	15.9%	17.2%	128
Net profit	8.0%	7.7%	7.5%	-56	-19	6.6%	7.0%	38

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 into multiple segments, each segment is valued separately using the peers of the segment.

Valuation Method	Target	Weight	Weighted Value
DCF Method	5.84	70.0%	4.08
Relative Valuation (RV)	4.54	30.0%	1.36
Weighted Average Valuation (AED)			5.45
Current market price (AED)			2.94
Upside/Downside (%)			+85%

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 9.9%. To arrive at cost of equity, we have used the 10-year government bond yield of 5.1%, Country risk premium of 4.1%, and Beta of 1.00. 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 5.3% and adjusted it for the tax rate to arrive after the tax-adjusted cost of debt of 5.1%. We used a debt-to-equity ratio of 0.0003x for the valuation. Also, assumed a terminal growth rate of 3.0%.

Sum of PV (AED, Mn)	19,058
Terminal value (AED, Mn)	53,109
FV to Common shareholders (AED, Mn)	64.836
No. of share (Mn)	11,111
Current Market Price (AED)	2.94
Fair Value per share (AED)	5.84

DCF Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	2,499	3,536	4,089	4,653	5,271	5,908
(+/-) Depreciation & amortization	1,849	2,103	2,073	2,063	2,072	2,099
(+/-) CAPEX	-3,500	-1,105	-1,227	-1,363	-1,509	-1,675
(+/-) Working Capital	-470	-313	-111	-106	-166	-278
Free Cash Flow to Firm (FCFF)	378	4,221	4,824	5,247	5,667	6,055
Discounting Factor	0.96	0.87	0.80	0.72	0.66	0.60
Discounted FCFF	364	3,692	3,840	3,799	3,733	3,629

Source: FAB Securities

2) Relative Valuation:

In the SOTP valuation, we have used PB 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 into 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 includes the value of net debt, valuation of JVs, and value of non-controlling interest to arrive at the value of equity. All segments are valued based on FY2025 financials in line with median market multiple.

(All Figures in Million AED)	Method	Peer Multiple
Hospital and other healthcare-related services	EV/EBITDA	42,722
Diagnostic Services	EV/EBITDA	5,614
Health insurance services	PB	8,404
Procurement and supply of medical-related products	EV/EBITDA	4,757
Technology services and others	EV/EBITDA	889
Adjustments & eliminations		-3,591
Enterprise Value		58,796
Net (Debt)/Cash		-10,341
Valuation of JVs		2,010
Minority Interest		0
Equity Value		50,464

Source: FAB Securities

Hospital and other healthcare related services

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
IHH Healthcare Berhad	13,851	12.9x	11.8x	29.3x	25.3x
Al Hammadi Holding Company	1,546	13.2x	12.1x	18.9x	17.0x
Burjeel Holdings PLC	2,055	9.5x	8.1x	12.6x	9.7x
Ramsay Health	5,751	9.5x	8.9x	30.9x	25.0x
Mouwasat Medical Services Company	4,052	14.4x	13.2x	20.5x	18.8x
Middle East Healthcare Company	1,384	10.4x	9.6x	14.8x	15.7x
Dr Sulaiman Al Habib Medical	24,464	30.4x	24.8x	36.2x	28.9x
Nahdi Medical Co	4,290	9.1x	8.9x	19.8x	18.0x
Average		13.7x	12.2x	22.9x	19.8x
Median		11.7x	10.7x	20.1x	18.4x
Max		13.5x	12.4x	29.7x	25.1x
Min		9.5x	8.9x	17.9x	16.7x

Source: FAB Securities

Diagnostic Services

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
Labcorp Holdings Inc	21,878	11.6x	10.9x	16.2x	15.0x
Quest Diagnostics Inc	18,868	11.3x	10.9x	17.3x	16.2x
Guangzhou Kingmed Diagnost-A	1,987	15.3x	11.7x	63.4x	26.1x
Sonic Healthcare Ltd	8,807	10.3x	9.1x	25.3x	21.3x
Hangzhou Tigermed Consulti-A	7,805	35.7x	29.6x	52.8x	40.2x
Radnet Inc	4,358	19.7x	16.8x	236.8x	78.1x
Synlab AG	NA	NA	NA	42.4x	42.4x
Meinian Onehealth Healthca-A	2,763	15.3x	13.4x	32.6x	25.1x
Metropolis Healthcare Ltd	1,179	26.9x	26.3x	53.8x	51.9x
Average		18.2x	16.1x	60.1x	35.1x
Median		15.3x	12.6x	42.4x	26.1x
Max		21.5x	19.2x	53.8x	42.4x
Min		11.5x	10.9x	25.3x	21.3x

Source: FAB Securities

Health insurance services

Company	Market (USD Mn)	P/B (x)		P/E (x)	
		Current	2025F	2025F	2026F
Bupa Arabia for Cooperative Insurance Co	6,713	4.5x	4.5x	19.9x	17.6x
The Company for Cooperative Insurance	5,361	4.2x	3.8x	18.1x	15.3x
Abu Dhabi National Insurance Company PJSC	1,117	1.3x	NA	NA	NA
Islamic Arab Insurance Co. (Salama) PJSC	111	1.4x	NA	NA	NA
Average		2.9x	4.1x	19.0x	16.4x
Median		2.8x	4.1x	19.0x	16.4x
Max		4.3x	4.3x	19.5x	17.0x
Min		1.4x	4.0x	18.5x	15.8x

Source: FAB Securities

Procurement and supply of medical related products

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
Mckesson Corp	89,440	17.1x	13.8x	22.0x	19.1x
Cencora Inc	56,558	13.8x	12.7x	18.4x	16.8x
Cardinal Health Inc	37,687	13.6x	12.0x	19.3x	17.1x
Henry Schein Inc	8,469	11.8x	11.2x	14.3x	13.2x
Amplifon SPA	3,856	8.6x	7.7x	19.0x	15.8x
Galenica AG	5,356	15.0x	13.9x	23.6x	21.9x
Shanghai Pharmaceuticals-A	8,850	6.9x	6.9x	13.6x	12.3x
Owens & Minor Inc	545	4.8x	4.6x	4.3x	3.7x
Average		11.4x	10.4x	16.8x	15.0x
Median		12.7x	11.6x	18.7x	16.3x
Max		14.1x	13.0x	20.0x	17.6x
Min		8.2x	7.5x	14.2x	13.0x

Source: FAB Securities

Technology services and others

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
Al Moammar Information Systems Company	1,036	NA	NA	NA	47.4x
Arabian Internet and Communication Services	7,572	12.8x	11.4x	17.8x	15.9x
Accenture	987	NA	NA	NA	NA
Wipro limited	29,643	12.0x	12.5x	19.9x	19.6x
Infosys Limited	71,317	14.3x	14.5x	22.1x	22.0x
IBM	242,437	15.9x	15.2x	23.5x	21.9x
Average		13.8x	13.4x	20.8x	25.4x
Median		13.5x	13.5x	21.0x	21.9x
Max		14.7x	14.6x	22.5x	22.0x
Min		12.6x	12.2x	19.4x	19.6x

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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