FAB أبوظبـي الأول للأوراق المالية SECURITIES

Earnings Call Insight | 2Q26

UAE Equity Research | Sector: Healthcare | Market: ADX

Burjeel Holdings PLC

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.28	AED 1.70	+33%	BUY

2Q26 Net income higher than our estimate

- Burjeel Holdings revenue increased 3.7% YOY to AED 1,455 Mn in 2Q26, supported by a recovery in elective and high-acuity procedures, higher outpatient visits, and stronger inpatient activity. Excluding the impact of the Unified Procurement Program (UPP), normalized revenue grew 8.6% YOY in 2Q26.
- Inventories consumed declined 22.6% YOY to AED 290 Mn in 2Q26, reflecting tighter procurement controls, optimized vendor agreements, lower consumable intensity, and the net-basis recognition of certain pharmaceutical revenues under the UPP. As a result, inventory costs as a share of revenue declined by 6.8 p.p YOY to 20.0% in 2Q26.
- EBITDA declined 4.8% YOY to AED 291 Mn in 2Q26, with the EBITDA margin contracting 180 bps YOY to 20.0% in 2Q26, primarily due to AED 25 Mn of net non-recurring costs comprising impairment charges related to the strategic optimization of the Company's Saudi Arabia physiotherapy operations and the relocation of Burjeel Hospital for Advanced Surgery in Dubai, partially offset by lease-liability derecognition income. The YOY comparison was further affected by the absence of the AED 72 Mn one-off gain recognized in 2Q25 following the Medeor Hospital Dubai building acquisition.
- Operating profit rose 43.6% YOY to AED 191 Mn in 2Q26, with the operating profit margin expanding 364 bps YOY to 13.1%.
- Net profit attributable to shareholders declined 3.9% YOY to AED 142 Mn in 2Q26, primarily due to non-recurring impairment charges recognized during the quarter, the absence of the one-off gain recorded in 2Q25, increased doctors and other employees salaries, other expenses, and income tax expenses, partially offset by revenue growth and lower inventories consumed, D&A expenses, finance costs, and provision for expected credit losses.
- Excluding one-off items, net profit increased from AED 76 Mn in 2Q25 to AED 171 Mn in 2Q26, driven by strong operating performance, operating leverage, and disciplined control of non-operating costs.
- Free cash flow increased 37.3% YOY to AED 356 Mn in 1H26, with the free cash flow conversion ratio improving to 72% in 1H26.
- Cash and cash equivalents stood at AED 224 Mn in 2Q26, compared to AED 219 Mn in 1Q26.

Earnings Call Summary

- Total patient volumes increased 9.9% YOY to over 3.7 Mn in 1H26, with growth accelerating to 12.4% YOY in 2Q26, reflecting resilience and sustained demand for specialized services despite regional headwinds since March.
- Outpatient footfall increased 12.5% YOY in 2Q26, driven by the ramp-up of newly opened facilities and healthy activity across family medicine, pediatrics, obstetrics & gynecology, and IVF. Outpatient utilization reached 73% in 1H26.
- Inpatient footfall rose 8.4% YOY in 2Q26, reflecting strength across oncology, cardiology, gastroenterology, and the gradual post-March recovery in high-acuity elective surgeries. Bed occupancy averaged 69% in 1H26 with significant capacity remaining across the 1,784 bed network.
- The Company performed 24,610 surgeries in 2Q26, up 7.4% YOY, with particularly strong momentum at Burjeel Medical City, Burjeel Hospital Abu Dhabi, Medeor Hospital Dubai, and Lifecare Hospital Musaffah.
- The physician base expanded to 1,801 doctors in 1H26, with 25 physicians added since the beginning of the year.
- More than half of hospitals remain in medium and high growth phase and continue to operate below the normalized peak occupancy of 80%–85%, providing meaningful upside as assets mature.

- The Company has 18 healthcare assets in the pipeline, comprising two hospitals in Dubai, four-day surgery centers in the UAE, six medical centres in the UAE, two fertility clinics in Al Ain and Dubai, two day surgery centres in KSA, and two radiation oncology centres across the GCC.
- Recent business developments include deepening complex-care capabilities through Roswell Park collaboration, new Neuro-Oncology and Sarcoma & Bone Centers, further transplant milestones, and advances in precision oncology.
- Medical achievements included 45,880 total surgeries in 1H26, 544 oncology surgeries in 1H26, 1,075 robotic surgeries since inception using the Da Vinci Xi system, 86 multi-organ transplants since inception, and 178 bone marrow transplants since inception.
- Burjeel Cancer Institute became the world's first institution to administer Etcamah (camizestrant) using ctDNA-guided precision medicine for patients with advanced breast cancer.
- Burjeel Medical City achieved further milestones completing 15 kidney and four liver transplants in 2026, bringing cumulative total to 86 multi-organ transplants.
- Employees salaries as a percentage of revenue decreased by 0.4 p.p YOY to 43.6% in 2Q26 despite the addition of more than 350 employees over the past 12 months, reflecting disciplined workforce scaling and continued cost control.
- The Company partnered with Oracle Health to implement next-generation AI-enabled electronic medical record (EMR) across all Burjeel Holdings facilities, first of its kind implementation, foundation of smarter healthcare platform.
- Management stated that the digital backbone will enhance patient safety, improve clinician performance, reduce administrative burden, and enable more personalized care while supporting clinical research, population health management, and operational excellence.
- The Company stated that a technical system upgrade at Daman Insurance resulted in a one-stage payment delay. However, Burjeel's business with Daman has continued to grow, while discussions on receivables have become more structured through stricter enforcement of contractual terms.
- Management noted that receivables are now supported by AI applications integrated into clinical records, improving submission quality and reducing rejection rates. The Company expects further improvements within a quarter through regulator-level engagement.
- Burjeel targets an optimal receivable turnaround time of 1.25–1.35 days through real-time data implementation and optimized submission timing and remains committed to bringing payment delays under control.
- The Company noted that growth CapEx deployment will be phased cautiously and is not committed to fixed annual spending levels, as the Company continues to evaluate projects and markets for efficient capital allocation.
- 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 Group 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.
- Management also guided that 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

(AED Mn)	2Q25	1Q26	2Q26	2Q26F	Var	YOY Ch	QOQ Ch
Revenue	1,403	1,339	1,455	1,478	-1.6%	3.7%	8.7%
Doctors’ and other employees’ salaries	-617	-644	-635	-665	-4.6%	2.8%	-1.5%
Inventories Consumed	-375	-268	-290	-340	-14.6%	-22.6%	8.3%
D&A expenses	-99	-97	-98	-98	-0.2%	-1.3%	0.7%
Impairment of assets	0	0	-29	0	NM	NM	NM
Provision for doubtful debts	-55	-47	-48	-53	-9.2%	-12.2%	3.0%
Other expenses	-123	-175	-164	-145	13.0%	33.7%	-6.3%
EBITDA	**306**	**201**	**291**	**278**	**4.7%**	**-4.8%**	**44.8%**
Operating Profit	**133**	**107**	**191**	**177**	**8.0%**	**43.6%**	**78.0%**
Finance costs	-43	-39	-31	-43	-27.9%	-27.9%	-19.7%
Other Income	0	0	0	0	NM	NM	NM
Gain on termination of a lease agreement	72	0	4	0	NM	-94.5%	NM
Share of profit from associates	2	-3	-2	4	NM	NM	-53.8%
Profit before tax	**164**	**65**	**162**	**137**	**18.4%**	**-0.9%**	**149.3%**
Income tax expense	-16	-8	-16	-21	-19.7%	3.9%	96.2%
Profit before NCI	**148**	**57**	**146**	**116**	**25.1%**	**-1.4%**	**157.1%**
Non-controlling interest	0	7	3	7	-52.1%	NM	-52.8%
Profit / (loss) after NCI	**148**	**50**	**142**	**110**	**30.0%**	**-3.9%**	**NM**

FABS estimate & Co Data

Mid-Term 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.

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%

FAB Securities Contacts:

Research Analyst		
Ahmad Banihani	+971-2-6161629	Ahmad.Banihani@Bankfab.com
Shahrukh Nawaz	+971-2-6161612	Shahrukh.Nawaz@bankfab.com
Sales & Execution		
Abu Dhabi Head Office		
Trading Desk	+971-2-6161700/1	Online Trading Link
	+971-2-6161777	
Institutional Desk	+971-4-4245765	

DISCLAIMER

This report has been prepared by FAB Securities (FABS), which is authorised by the UAE Securities and Commodities Authority, licensing registration number 604002, and is a member of the Abu Dhabi Securities Exchange and Dubai Financial Market. The information, opinions and materials contained in this report are provided for information purposes only and are not to be used, construed, or considered as an offer or the solicitation of an offer or recommendation to sell or to buy or to subscribe for any investment security or other financial instrument. The information, opinions and material in this report have been obtained and derived from publicly available information and other sources considered reliable without being independently verified for their accuracy or completeness. FABS gives no representation or warranty, express or implied, as to the accuracy and completeness of information and opinions expressed in this report. Opinions expressed are current as of the original publication date appearing on the report only and the information, including the opinions contained herein, are subject to change without notice. FABS is under no obligation to update this report. The investments referred to in this report might not be suitable for all recipients. Recipients should not base their investment decisions on this report and should make their own investigations, and obtain independent advice, as appropriate. Any loss or other consequences arising from the uses of material contained in this report shall be the sole and exclusive responsibility of the recipient and FABS accepts no liability for any such loss or consequence. The value of any investment could fall as well as rise and the investor may receive less than the original amount invested. Some investments mentioned in this report might not be liquid investments, which could be difficult to realise in cash. Some investments discussed in this report could be characterised by high level of volatility, which might result in loss. FABS owns the intellectual property rights and any other material contained in this report. No part of this report may be reproduced, utilised or modified in any form either in whole or in part or by any electronic, mechanical or other means, now known or hereafter invented, including photocopying and recording, or stored in any retrieval system without the prior consent of FABS in writing. While utmost care has been taken to ensure that the information provided is accurate and correct, neither FABS, nor its employees shall, in any way, be responsible for the contents. By accepting this document, the recipient agrees he/she has read the above disclaimer and to be bound by the foregoing limitations/restrictions.