FAB SECURITIES أبوظبـي الأول للأوراق المالية

First Look Note | 2Q26

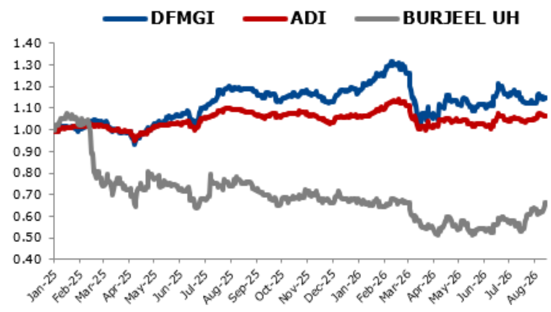
UAE Equity Research | Sector: Healthcare | Market: ADX

Burjeel Holdings PLC

One-off charges weigh on profitability despite strong operations

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.30	AED 1.70	+31%	BUY

- Patient volumes increased 9.9% YOY to over 3.7 Mn in 1H26, with growth accelerating to 12.4% YOY in 2Q26.
- EBITDA declined 4.8% YOY to AED 291 Mn in 2Q26 due to non-recurring costs and the absence of the one-off gain recognized in 2Q25.
- The Company expanded its healthcare network with the opening of new community and premium-care facilities in Dubai Silicon Oasis and Jumeirah.
- The Company successfully issued a USD 500 Mn Sukuk, which was 3.2x oversubscribed.
- Management guided for a low double-digit revenue CAGR, EBITDA margin expansion to the low-20s range, and a dividend payout ratio of 40%-70% of net income in mid-term.



Stock Information	
Market Cap (USD, Mn)	6,766.67
Paid Up Capital (Mn)	520.51
52 Week High	1.51
52 Week Low	1.00
3M Avg. daily value (AED)	4,252,595

2Q26 Result Review (USD, Mn)	
Total Assets	6,812
Total Liabilities	4,587
Total Equity	2,225
EBITDA	291
Net Profit	142

Financial Ratios	
Dividend Yield (12m)	1.54
Dividend Pay-out (%)	21.90
Price-Earnings Ratio(x)	13.97
Price-to-Book Ratio (x)	3.12
Book Value (AED)	0.42
Return-on Equity (%)	24.28

Stock Performance	
5 Days	7.44%
1 Months	25.00%
3 Months	26.21%
6 Months	-1.52%
1 Year	-12.16%
Month to Date (MTD%)	4.84%
Quarter to Date (QTD%)	16.07%
Year to Date (YTD%)	-2.26%

2Q26 Net Profit higher than our estimate

Burjeel Holdings PLC (Burjeel/the Company)'s 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.

P&L Highlights

Burjeel Holdings PLC's revenue increased 3.7% YOY to AED 1,455 Mn in 2Q26, supported by a recovery in elective and high-acuity procedures, higher patient visits, and stronger inpatient activity. Excluding the impact of the Unified Procurement Program (UPP), normalized revenue grew 8.6% YOY in 2Q26. Outpatient revenue increased 2.0% YOY to AED 922 Mn in 2Q26, driven by growth in outpatient volumes from 1.7 Mn in 2Q25 to 1.9 Mn in 2Q26. The increase was supported by continued demand for specialized services and community-based network despite regional headwinds. Inpatient revenue increased 11.9% YOY to AED 504 Mn in 2Q26, supported by improved bed capacity and occupancy. The Company's bed capacity increased to 1,784 in 2Q26 from 1,743 in 2Q25, while occupancy improved to 70% in 2Q26 from 69% in 2Q25. Revenue from the Pharmacies segment declined 24.4% YOY to AED 13 Mn in 2Q26, while revenue from the Others segment decreased from AED 31 Mn in 2Q25 to AED 16 Mn in 2Q26. Doctors and other employees salaries increased 2.8% YOY to AED 635 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. Consequently, inventory costs as a share of revenue declined by 6.8 percentage points YOY in 2Q26. Depreciation & Amortization expenses declined 1.3% YOY to AED 98 Mn in 2Q26. The Company recognized impairment charges of AED 29 Mn in 2Q26, compared to nil in 2Q25. Provision for expected credit losses declined 12.2% YOY to AED 48 Mn in 2Q26, while other expenses increased 33.7% YOY to AED 164 Mn 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, reflecting AED 25 Mn of net non-recurring costs comprising impairment charges related to the strategic optimization of the Group'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% in 2Q26. Finance costs decreased 27.9% YOY to AED 31 Mn in 2Q26. Gain on termination of a lease agreement declined from AED 72 Mn in 2Q25 to AED 4 Mn in 2Q26, primarily due to the absence of the one-off gain recognized following the Medeor Hospital Dubai building acquisition. The share of profit from associates declined from a profit of AED 2 Mn in 2Q25 to a loss of AED 2 Mn in 2Q26. Income tax expenses increased 3.9% YOY to AED 16 Mn in 2Q26, while profit attributable to non-controlling interests increased to AED 3 Mn in 2Q26 from nil in 2Q25.

Balance Sheet Highlights

Burjeel Holdings PLC’s cash and cash equivalents stood at AED 224 Mn in 2Q26, compared with AED 219 Mn in 1Q26. Free cash flow increased to AED 356 Mn in 1H26 from AED 259 in 1H25, with the free cash flow conversion ratio improving to 72% in 1H26. Cash generated from operating activities increased from AED 87 Mn in 2Q25 to AED 244 Mn in 2Q26. Net debt increased to AED 1.7 Bn in 2Q26, compared with AED 1.6 Bn in 1Q26.

Target Price and Rating

We maintain our BUY rating on Burjeel Holdings with a target price of AED 1.70. Burjeel delivered a resilient operating performance in 2Q26 despite a challenging regional backdrop, with reported revenue increasing 3.7% YOY to AED 1.5 Bn in 2Q26. Excluding the UPP impact, normalized revenue grew 8.6% YOY in 2Q26, reflecting continued strength in the Company's underlying operations. Patient volumes remained a key growth driver, increasing 9.9% YOY to more than 3.7 Mn in 1H26, with growth accelerating to 12.4% YOY in 2Q26, supported by the recovery in elective and high-acuity procedures, higher outpatient activity, and stronger inpatient demand. Outpatient utilization improved to 73% in 1H26, while inpatient activity continued to benefit from growth across oncology, cardiology, gastroenterology, and complex surgical procedures. More than half of the Company's hospitals continue to operate below the normalized occupancy range of 80%–85%, providing meaningful upside as assets mature. 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 Company continued to strengthen its leadership in specialized healthcare through the Roswell Park Comprehensive Cancer Center collaboration, the launch of new Neuro-Oncology and Sarcoma & Bone Centers, further transplant milestones, and advances in precision oncology. Burjeel Cancer Institute became the world's first institution to administer Etcamah (camizestrant) using ctDNA-guided precision medicine, while Burjeel Medical City completed 15 kidney and four liver transplants in 2026, bringing the cumulative total to 86 multi-organ transplants. The Company also expanded its network by opening new community and premium-care facilities in Dubai Silicon Oasis and Jumeirah, expanding access, supporting patient acquisition, and strengthening referral pathways across the network. In addition, Burjeel partnered with Oracle Health to implement a next-generation AI-enabled electronic medical record (EMR) platform across its facilities, first of its kind implementation, foundation of smarter healthcare platform. 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 successful issuance of a USD 500 Mn Sukuk strengthened the Company's balance sheet by refinancing existing debt. The issuance was 3.2x oversubscribed, with 61% allocated to international investors, reinforcing the Company’s long-term funding platform while maintaining net leverage at 1.8x as of June 2026. The Company plans to expand its network through 18 healthcare assets in mid-term, including 2 hospitals in Dubai, 6 medical centers and 4 day-surgery centers in the UAE, 2 fertility clinics in Al Ain and Dubai, 2 day-surgery centers in Saudi Arabia, and 2 radiation oncology centers across the GCC. Management expects revenue to grow at a low double-digit CAGR in mid-term, 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, supported by asset ramp-up, scale benefits, and patient yield optimization. The Company 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 this guidance incorporates the impact of the UPP on medicine procurement and revenue recognition, while emphasizing that, excluding the UPP impact, the underlying operating performance and demand trends remain intact. Thus, based on our analysis, we maintain our BUY rating on the stock.

Burjeel Holdings PLC - Relative valuation

(at CMP)	**2023**	**2024**	**2025**	**2026F**
PE	12.1	18.0	13.1	13.4
PB	4.1	3.5	3.0	2.6
EV/EBITDA	8.1	9.5	8.6	8.5
BVPS (AED)	0.290	0.344	0.403	0.470
EPS (AED)	0.099	0.067	0.091	0.090
DPS (AED)	0.031	0.033	0.023	0.036
Dividend Yield	2.4%	2.5%	1.8%	2.8%

FABS Estimates & Co Data

Burjeel Holdings PLC - P&L

(AED Mn)	**2Q25**	**1Q26**	**2Q26**	**2Q26F**	**Var.**	**YOY Ch.**	**QOQ Ch.**	**2025**	**2026F**	**Change**
Revenue	1,403	1,339	1,455	1,478	-1.6%	3.7%	8.7%	5,486	5,663	3.2%
Doctors and other employees salaries and benefits	-617	-644	-635	-665	-4.6%	2.8%	-1.5%	-2,403	-2,537	5.6%
Inventories Consumed	-375	-268	-290	-340	-14.6%	-22.6%	8.3%	-1,261	-1,147	**-9.1%**
Depreciation & Amortization expenses	-99	-97	-98	-98	-0.2%	-1.3%	0.7%	-386	-391	1.4%
Impairment of assets	0	0	-29	0	NM	NM	NM	0	0	NM
Provision for doubtful debts	-55	-47	-48	-53	-9.2%	-12.2%	3.0%	-179	-198	10.8%
Other expenses	-123	-175	-164	-145	13.0%	33.7%	-6.3%	-625	-680	8.7%
EBITDA	**306**	**201**	**291**	**278**	**4.7%**	**-4.8%**	**44.8%**	**1,089**	**1,109**	**1.8%**
EBIT	**133**	**107**	**191**	**177**	**8.0%**	**43.6%**	**NM**	**633**	**710**	**12.2%**
Financing cost	-43	-39	-31	-43	-27.9%	-27.9%	-19.7%	-162	-166	2.0%
Gain on termination of a lease agreement	72	0	4	0	NM	NM	NM	0	0	NM
Share of profit from associates	2	-3	-2	4	NM	NM	-53.8%	-3	7	NM
Profit Before Tax	**164**	**65**	**162**	**137**	**18.4%**	**-0.9%**	**NM**	**541**	**552**	**2.1%**
Income tax expense	-16	-8	-16	-21	-19.7%	3.9%	NM	-38	-55	44.9%
Profit before NCI	**148**	**57**	**146**	**116**	**25.1%**	**-1.4%**	**NM**	**503**	**497**	**-1.2%**
Non-controlling interest	0	7	3	7	-52.1%	NM	-52.8%	27	30	8.9%
Net profit attributable	**148**	**50**	**142**	**110**	**30.0%**	**-3.9%**	**NM**	**475**	**467**	**-1.8%**

FABS estimate & Co Data

Burjeel Holdings PLC - Margins

	2Q25	1Q26	2Q26	YOY Ch.	QOQ Ch.	2025	2026F	Change
EBITDA	21.8%	15.0%	20.0%	-180	499	19.8%	19.6%	-27
Operating Profit	9.5%	8.0%	13.1%	364	511	11.5%	12.5%	101
Net Profit	10.6%	3.7%	9.8%	-78	607	8.7%	8.2%	-42

FABS estimate & Co Data

Key Developments:

- **20 January 2026:** Burjeel Holdings announced an AED 15 Mn financial recognition fund for frontline employees, benefiting nearly 10,000 staff, equivalent to c. half to one month of basic salary.
- **04 February 2026:** Burjeel Holdings launched the Burjeel Eye Institute at Burjeel Medical City, offering specialized ophthalmic services across cataract surgery, retinal diseases, glaucoma, corneal disorders, pediatric ophthalmology, and oculoplastic surgery. The Institute also signed an MoU with Spain-based Oftalvist to strengthen specialized eye care and clinical collaboration.
- **14 February 2026:** Burjeel Medical City launched the Sarcoma & Bone Center at Burjeel Cancer Institute in collaboration with the Burjeel Orthopaedic Institute, integrating oncology, orthopedic surgery, advanced diagnostics, and rehabilitation to strengthen specialized care for rare and complex bone and soft tissue cancers.
- **24 March 2026:** Burjeel Holdings opened a new medical center at Silicon Central Mall in Dubai Silicon Oasis, expanding its community-based healthcare network. The Company also announced an AED 1 Mn community health initiative, providing 1,000 residents with AED 1,000 health credits for consultations, diagnostics, and wellness programs.
- **02 April 2026:** Burjeel Holdings' Tajmeel Clinic launched its flagship clinic in Jumeirah, offering 30+ specialized procedures across advanced aesthetics, dentistry, surgical care, and regenerative medicine, further expanding its presence in Dubai.
- **14 April 2026:** Burjeel Hospital Abu Dhabi launched the Korean Pavilion to provide access to Korean medical expertise across orthopedic, neuro and spine, rehabilitation, urology, ENT, internal medicine, and dental care. The initiative also includes an MoU with Korea University Anam Hospital to strengthen clinical collaboration and expertise exchange.
- **23 April 2026:** Burjeel Medical City performed the UAE's first uniportal robotic lobectomy, removing part of a lung through a single 3 cm incision using the da Vinci Xi system. The minimally invasive procedure enabled the 37-year-old stage-one lung cancer patient to be discharged after two days and return to work within one month.
- **11 June 2026:** Burjeel Holdings' Lifecare Hospital, Musaffah launched a Seasonal Illness Clinic in Abu Dhabi to strengthen prevention, early detection, and treatment of respiratory, gastrointestinal, and skin infections. The clinic will provide diagnostic, treatment, screening, and consultation services, with a focus on supporting workers, employers, and surrounding communities.

Valuation:

We use Discounted Free Cash Flow (DCF), Relative Valuation (RV) and Price to Earnings (PE) to value Burjeel Holdings PJSC. We have assigned 70% weight to DCF, 15% to RV and 15% to PE.

Valuation Method	Target	Weight	Weighted Value
DCF Method	1.69	70.0%	1.19
Relative Valuation (RV)	1.92	15.0%	0.29
PE	1.53	15.0%	0.23
Weighted Average Valuation (AED)			**1.70**
Current market price (AED)			1.30
Upside/Downside (%)			+31%

1) DCF Method:

Burjeel Holding is valued using free cash flow to equity. We have discounted the cash flow using the cost of equity of 9.9%. The cost of equity is calculated using a 10-year government bond yield of 4.5%, a beta of 1.0, and an equity risk premium of 4.7%. Government bond yield is calculated after adding Abu Dhabi's 10-year spread over 10-year US risk-free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (USD, Mn)	1,495
Terminal value (USD, Mn)	9,026
Net Debt as of June 2026	-1,709
FV to Common shareholders (USD, Mn)	**8,812**
No. of share (Mn)	5,205
Current Market Price (AED)	1.30
Fair Value per share (AED)	**1.69**

DCF Method

(All Figures in USD Mn)	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Net Income	639	721	866	1,061	1,308
D&A	391	400	443	476	471
(-) Capex	-647	-461	-374	-197	-222
Change in working capital	-394	-306	-334	-459	-588
Net change in debt	-177	-183	-184	-183	-184
Free Cash Flow to Equity (FCFE)	**-188**	**172**	**417**	**698**	**785**
Discounting Factor	*0.97*	*0.90*	*0.83*	*0.76*	*0.71*
Discounted FCFF	**-91**	**154**	**345**	**533**	**554**

Source: FAB Securities

2) Relative Valuation:

We have used regional and global peers to value Burjeel Holdings, which is valued using the EV/EBITDA and PE multiple. It is valued at EV/EBITDA multiple of 12.3x and PE of 17.0x in line with peers.

Company	Market	EV/EBITDA (x)		P/E (x)	
	(USD Mn)	2026F	2027F	2026F	2027F
Al Hammadi Holding Company	1,121	13.1x	11.5x	15.9x	14.6x
Pure Health	7,140	7.8x	6.9x	11.9x	10.4x
Dallah Healthcare	2,757	15.5x	14.3x	18.2x	18.6x
Mouwasat Medical Services Company	3,383	11.5x	10.5x	15.1x	14.1x
Middle East Healthcare Company	772	8.8x	8.4x	19.7x	14.7x
Dr Sulaiman Al Habib Medical	21,851	24.7x	21.1x	32.2x	26.7x
Gulf Medical Projects	457	NA	NA	NA	NA
Average		**13.6x**	**12.1x**	**18.8x**	**16.5x**
Median		**12.3x**	**11.0x**	**17.0x**	**14.6x**
Max		**14.9x**	**13.6x**	**19.3x**	**17.6x**
Min		**9.5x**	**8.9x**	**15.3x**	**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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