

Pure Health Holding PJSC

Current Price
AED 3.25

Target Price
AED 6.05

Upside/Downside (%)
+86%

Rating
BUY

4Q24 Net profit lower than our estimate

- Pure Health's revenue grew 61.0% YOY to AED 6,892 Mn in 4Q24, fueled by a mix of organic expansion and strategic acquisitions both domestically and internationally.
- Revenue from hospital and other related services doubled from AED 2,302 Mn in 4Q23 to AED 4,637 Mn in 4Q24, driven by higher patient volumes, improved pricing, strategic acquisitions, and new hospital commissions.
- Revenue from health insurance services increased 19.5% YOY to AED 1,716 Mn YOY in 4Q24, supported by a 24.0% rise in gross written premiums, higher member count, improved premiums, and stronger retention.
- Revenue from procurement and supply of medical-related products increased 34.5% YOY to AED 376 Mn in 4Q24, supported by higher patient volumes, strategic partnerships, and agreements that enhanced operational efficiency across the Group.
- Revenue from diagnostic services decreased 41.5% YOY to AED 127 Mn YOY in 4Q24 affected by reduced COVID-related activities compared to 2023.
- Gross profit increased 61.5% YOY to AED 1,228 Mn in 4Q24, reflecting a margin of 17.8%. The Company posted a significant increase in gross profit due to strong revenue growth in 4Q24.
- General & administrative expenses declined 3.6% YOY to AED 1,126 Mn in 4Q24, and selling and distribution expenses decreased 39.4% YOY to AED 14 Mn in 4Q24.
- The Company reported an EBITDA of AED 993 Mn in 4Q24 compared to a negative EBITDA of AED 53 Mn in 4Q23, demonstrating improved efficiency across all segments.
- Finance costs grew from AED 30 Mn in 4Q23 to AED 243 Mn in 4Q24 since the Company's borrowings increased in FY2024.
- The Company recorded a net profit of AED 279 Mn in 4Q24 with a net profit margin of 4.0% compared to a net loss of AED 310 Mn in 4Q23.

Earnings Call Summary

- Following the acquisition of SEHA, PureHealth offers complex procedures in the UAE, positioning it as a destination for advanced treatments that were previously available only in Western markets.
- PureHealth's team of doctors performed critical surgeries, including life-saving heart surgery on a 3-month-old and advanced spinal surgery on a 21-year-old, showcasing the advanced capabilities available within the UAE.
- Around 700 researchers contributed to over 350 scientific publications in 2024.
- Expanded its operational footprint with 100.0% acquisition of Circle Health, and SSMC along with starting Sheikh Khalifa Hospital in Fujairah.
- SKMC and SSMC are recognized as centers of excellence by the regulator in Abu Dhabi for pediatric cardiac surgery and burn treatments, respectively, bringing top-tier care to the UAE.
- The Company recently acquired a 60.0% stake in the Hellenic Healthcare Group, valued at USD 2.3 Bn, strengthening its presence in Cyprus as the region's largest private health group.
- Plans to expand its healthcare infrastructure in the UAE, including the launch of PURA Longevity Clinics, a new cancer institute, and additional specialty services like bone marrow transplants.
- Aims to enhance its UK footprint with new sites, specialties, and robotic surgeries while adding 12-15 new SEHA clinics in the UAE.

- Launching the UAE's largest reference lab to streamline healthcare decisions and reduce specialty tests sent abroad.
- Revenue growth is projected in the mid to high teens, with an EBITDA margin in the low 20s, and a goal to achieve 50% of revenue from international operations.
- SSMC transformed from a loss of AED 190 Mn to a profit of AED 137 Mn in 11 months.
- Launched Sakina under SEHA – the largest mental health platform in the region
- Took over the National Rehabilitation Center, becoming the only UAE healthcare group offering addiction treatment and rehabilitation services.

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(AED Mn)	4Q23	3Q24	4Q24	4Q24F	Var.	YOY Ch	QOQ Ch
Revenue	4,282	6,452	6,892	6,550	5.2%	61.0%	6.8%
Cost of sales	-3,522	-4,416	-5,664	-4,088	38.5%	60.8%	28.3%
Gross Profit	760	2,037	1,228	2,462	-50.1%	61.5%	-39.7%
G&A exp, including S&D exp	-1,191	-1,377	-1,140	-615	85.2%	-4.3%	-17.3%
EBITDA	-53	970	993	1,072	-7.4%	NM	2.4%
Net finance income	-30	-218	-243	-186	30.8%	NM	11.3%
Profit before tax	-318	472	250	604	-58.6%	NM	-47.1%
Income tax expense	11	-40	30	-47	NM	178.7%	NM
Net profit attributable to equity	-310	431	279	557	-50.0%	NM	-35.3%

FABS estimate & Co Data

