

## Pure Health Holding PJSC

Current Price	Price Change	52 Week High (AED)	52 Week Low (AED)
AED 2.79	▲ 0.72%	4.47	2.43

### 1Q25 Net profit lower than our estimate

- Pure Health's revenue grew 7.6% YOY to AED 6,581 Mn in 1Q25, fueled by rising patient volumes across the Hospital segment and higher renewals in the Insurance segment.
- Revenue from hospital and other related services increased 3.3% YOY to AED 4,571 Mn in 1Q25, driven by an increase in volume across the UAE and UK.
- Revenue from health insurance services increased 20.5% YOY to AED 1,782 Mn YOY in 1Q25, supported by a rise in renewal rate and expansion across under-penetrated areas and the launch of new products in the Northern Emirates.
- Revenue from procurement and supply of medical-related products increased 24.9% YOY to AED 123 Mn in 1Q25, supported by higher orders across group entities, effective category management, strengthening of the supplier network, and focus on delivering premier patient care delivery.
- Revenue from diagnostic services increased marginally 1.4% YOY to AED 70 Mn in 1Q25, owing to increased testing volumes and growth in external business revenue. However, revenue from Technology services and others fell 18.3% YOY to AED 35 Mn in 1Q25.
- Gross profit increased 7.3% YOY to AED 1,748 Mn in 1Q25, reflecting 9 bps YOY decline in gross margin to 26.6%.
- General & administrative expenses grew 7.4% YOY to AED 1,122 Mn in 1Q25, while selling and distribution expenses rose 74.3% YOY to AED 35 Mn.
- The Company reported 4.9% YOY growth in EBITDA to AED 1,133 Mn in 1Q25 with 45 bps YOY decline in EBITDA margin to 17.2%.
- Net finance costs grew from 8.7% to AED 214 Mn in 1Q25.
- The Company recorded a 2.9% YOY rise in net profit to AED 504 Mn in 1Q25 with a 35 bps YOY decline in net profit margin to 7.7%.

### Earnings Call Summary

- Pure Health has started integrating its recent acquisition and witnessed early gains in clinical quality, efficiency, and platform alignment.
- The group's outpatient visits increased 9% to 2.2 Mn while inpatient volumes grew 4% to more than 53,000.
- Approved dividend for the first time, amounting to 3.09 fils, equivalent to 20% of the group's net profit for the year 2024.
- Pure Health is exploring opportunities to expand across different regions, from its current operations in the UAE and UK.
- Expected to establish its presence in Europe by acquiring the Hellenic healthcare group. Pure Health has secured the initial clearances to proceed with additional regulatory reviews, which are currently underway.
- The growth across the healthcare segment is mainly driven by increased patient volumes across the UAE and UK in 1Q25. On the other hand, strong renewal rate and expansion into under-penetrated segments drove the performance across the Insurance segment.
- UAE outpatient volumes rose 11% YOY in 1Q25, while emergency visits increased 6% YOY. Moreover, inpatient volumes in the UAE rose 7% YOY in 1Q25, whereas bed occupancy stood strong at 72% in 1Q25, up from 69% in 1Q25.

- Ageing population and long NHS waiting list is led to a strong growth in Pure Health's patient volumes in the UK.
- Pure Health doubled the number of Mental Health hubs in 1Q25 opened two new outpatient clinics in UAE, with eight additional units scheduled to open in 2025.
- Insurance segment processed 14 Mn claims in 1Q25 and witnessed a 15% YOY increase in Gross Written Premium. Combined ratio improved to 90% in 1Q25 while solvency ratio stood at 151%.
- Insurance segment launched a new product in Northern Emirates and introduced international health coverage through a partnership with AXA.
- Aims a mid to high teens growth in revenue from 2025-29 with EBITDA Margin expected to stay in low 20s. Pure Health aims to generate c. 50% of their total revenue (excluding eliminations) from the international segment.

**Pure Health Holding PJSC**

<b>(AED Mn)</b>	<b>1Q24</b>	<b>4Q24</b>	<b>1Q25</b>	<b>1Q25F</b>	<b>Var.</b>	<b>YOY Ch</b>	<b>QOQ Ch</b>
Revenue	6,115	6,892	6,581	7,162	-8.1%	7.6%	-4.5%
Cost of sales	-4,486	-5,664	-4,833	-5,467	-11.6%	7.7%	-14.7%
<b>Gross Profit</b>	<b>1,629</b>	<b>1,228</b>	<b>1,748</b>	<b>1,695</b>	<b>3.1%</b>	<b>7.3%</b>	<b>42.3%</b>
G&A exp, including S&D exp	-1,065	-1,140	-1,156	-1,477	-21.7%	8.6%	1.5%
<b>EBITDA</b>	<b>1,081</b>	<b>993</b>	<b>1,133</b>	<b>1,372</b>	<b>-17.4%</b>	<b>4.9%</b>	<b>14.2%</b>
Net finance income	-197	-243	-214	-181	18.1%	8.7%	-11.9%
<b>Profit before tax</b>	<b>519</b>	<b>250</b>	<b>561</b>	<b>771</b>	<b>-27.2%</b>	<b>8.1%</b>	<b>NM</b>
Income tax expense	-28	30	-56	-69	-19.8%	96.5%	NM
<b>Net profit attributable to equity</b>	<b>490</b>	<b>279</b>	<b>504</b>	<b>700</b>	<b>-28.0%</b>	<b>2.9%</b>	<b>80.9%</b>

FABS estimate & Co Data

## 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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