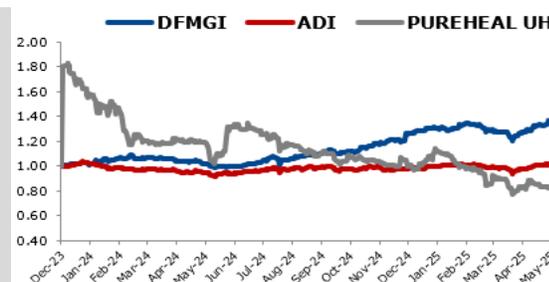


Pure Health Holding PJSC

Solid performance across the Health Insurance segment drove profitability

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.60	5.45	110%	BUY

- Outpatient and inpatient volumes in the UAE increased 11% and 7% YOY, respectively, in 1Q25
- Bed occupancy rate increased to 72% in 1Q25 from 69% in 1Q24
- Diagnostics Service Segment tapped new market segments of surgical sterilization, nuclear medicine, durable medical equipment and digital health
- Insurance segment launched "Amanak", a new product in the Northern Emirates for SMEs and introduced international health coverage through a partnership with AXA
- Approved a dividend of 3.09 fils per share, reflecting a payout ratio of 20% for 2024



Stock Information

Market Cap (AED, mn)	28,888.89
Shares Outstanding(mm)	11,111.11
52 Week High	4.47
52 Week Low	2.43
3M Avg. daily value (AED)	19,508,200

1Q25 Net Profit lower than our estimate

Pure Health Holding (Pure Health/the Company) recorded 2.9% YOY growth in net profit attributable to shareholders to AED 504 Mn in 1Q25, lower than our estimate of AED 700 Mn. The growth in net profit is primarily driven by a healthy growth in revenue and other income, partially offset by an increase in cost of sales, G&A & marketing expense, S&D expenses, net finance cost, and income tax expense.

P&L Highlights

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 3.4% YOY to AED 4,984 Mn in 1Q25, driven by an increase in volume across the UAE and UK. Revenue from health insurance services increased 18.9% YOY to AED 1,864 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 10.6% YOY to AED 1,177 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 13.5% YOY to AED 261 Mn in 1Q25, owing to increased testing volumes and growth in external business revenue. Moreover, revenue from Technology services and others more than doubled from AED 66 Mn in 1Q24 to AED 152 Mn in 1Q25. The Company's cost of sales increased 7.7% YOY to AED 4,833 Mn in 1Q25. Thus, gross profit grew 7.3% YOY to AED 1,748 Mn in 1Q25. General and administrative expenses grew 7.4% YOY to AED 1,122 Mn in 1Q25. Selling and distribution expenses rose significantly from

1Q25 Result Review (AED, mn)

Total Assets	47,788
Total Liabilities	27,771
Total Equity	20,018
EBITDA	1,133
Net Profit	504

Financial Ratios

Dividend Yield (last 12M)	1.19
Dividend Pay-out (%)	20.00
Price-Earnings Ratio(x)	16.21
Price-to-Book Ratio (x)	1.44
Book Value (AED)	1.80
Return-on Equity (%)	9.07

Stock Performance

5 Days	-1.14%
1 Months	-5.11%
3 Months	-5.80%
6 Months	-25.07%
1 Year	-37.80%
Month to Date (MTD%)	-2.26%
Quarter to Date (QTD%)	-11.26%
Year to Date (YTD%)	-21.92%

AED 20 Mn in 1Q24 to AED 35 Mn in 1Q25. The Company's net finance cost grew from 8.7% YOY to AED 214 Mn in 1Q25. Other operating income, including share of JVs increased to AED 183 Mn in 1Q25 from AED 151 Mn in 1Q24. Furthermore, the Company's EBITDA rose 4.9% YOY to AED 1,133 Mn in 1Q25. Hospital and other healthcare related services segment EBITDA fell 4.1% YOY to AED 767 Mn in 1Q25, while the Health Insurance segment EBITDA grew substantially 62.8% YOY to AED 210 Mn. Diagnostic services segment EBITDA declined 2.1% YOY to AED 86 Mn in 1Q25, while the Procurement services EBITDA marginally reduced 1.8% YOY to AED 63 Mn. The Company's Technology segment EBITDA increased from AED 14 Mn in 1Q24 to AED 23 Mn in 1Q25.

Balance Sheet Highlights

Pure Health fully repaid bank loans in 1Q25, reducing its total debt to AED 9 Mn, down from AED 1.86 Bn in 4Q24. The Company repaid loans of AED 1.85 Bn in 1Q25, which was scheduled to mature in 2027. Net cash generated from operating activities fell to negative AED 839 Mn in 1Q25 from positive AED 2.8 Bn in 4Q24. Pure Health's cash and cash equivalents stood at AED 7.2 Bn in 1Q25 compared to AED 12.0 Bn in 4Q24.

Target Price and Rating

We maintain our BUY rating on Pure Health with a revised target price of AED 5.45. The Company's profitability is mainly driven by strong growth across the Health Insurance segment. Pure Health witnessed margin pressure across the Hospital Segment due to the opening of new clinics and geographical expansion. The outpatient and inpatient volumes in the UAE increased 11% and 7% YOY, respectively, in 1Q25, while the bed occupancy rate rose to 72% in 1Q25 from 69% in 1Q24. Pure Health successfully performed several critical treatments like organ transplants and cardiac surgeries, reflecting solid clinical innovation, improved quality of service, and robust development due to international acquisition. Moreover, an ageing population and a long NHS waiting list have led to a strong growth in Pure Health's patient volumes in the UK. Diagnostics Service Segment forayed into new business segments of surgical sterilization, nuclear medicine, durable medical equipment and digital health. These strategic additions are expected to drive healthy volume growth in the medium term. PureLab also signed an MOU with ExpressMed Diagnostics & Research Bahrain to increase international referral volumes. Consequently, the Insurance segment launched "Amanak", a new product in the Northern Emirates for SMEs and introduced international health coverage through a partnership with AXA. Pure Health is soon expected to establish its presence in Europe by acquiring the Hellenic Healthcare Group. The Company secured initial clearances to proceed with the acquisition, while additional regulatory reviews are underway. Furthermore, Pure Health reiterated its target of generating c. 50% of its total revenue (excluding eliminations) from the international segment. The Company witnessed key developments during 1Q25. We expect the Hellenic Healthcare Group (HHG) acquisition to be completed by the end of 3Q25 and will start incorporating it into the forecast at the beginning of 4Q25. HHG has a diversified presence and earns revenue through outpatient, inpatient and diagnostic services. We estimate HHG topline to grow at a CAGR of 5.0% in the medium term, in line with the growth in the Greece and Cyprus healthcare sector. The Hospital and Other Healthcare Related Services segment is expected to witness an 8.9% CAGR growth during the medium term, supported by the acquisition of HHG, new clinic openings, STMC ramp-up, and increased clinic operating hours. Meanwhile, the Healthcare Insurance Services segment topline is anticipated to expand at a CAGR of 10.7% in the medium term, driven by the introduction of mandatory insurance in the northern emirates, strong renewals, and expansion across P&C insurance segment. We estimate Pure Health market share in P&C Insurance Segment to grow from 0.25% in 2026 to 3.5% by 2030. Additionally, the Company approved a dividend for the first time, amounting to 3.09 fils, equivalent to 20% of the group's net profit for 2024. Thus, based on the above-mentioned factors, we maintain our BUY rating for the stock.

Key Developments:

Hellenic Healthcare Group (HHG) is established in 2018 by CVC Capital Partners with the acquisition of Metropolitan Hospital. HHG rapidly evolved as the largest integrated private healthcare services provider in Greece and Cyprus. Through strategic acquisitions and organic growth, HHG has a comprehensive healthcare ecosystem that includes emergency & ambulatory services, acute care, diagnostic centers & genetics labs, maternity & IVF services, primary care, occupational health, rehabilitation, AND home care. The Group's vision is to deliver high-quality patient-centric care through a holistic and digitally enabled model, supported by leading academic partnerships such as the University of Nicosia and eHealth Ventures. HHG continuously invests in innovative technologies like 3D medical platforms and robotic systems.

HHG's operational footprint is extensive, comprising 11 hospitals, 16 diagnostic centers, 108 operating theatres, and 10 MRI systems. Over 6,700 physicians, the group operates 1,630 hospital beds, including 136 pediatric beds and 71 luxury rooms and suites. HHG treats more than 1.3 Mn outpatients annually, performing over 101,000 surgeries every year, and has completed nearly 6,000 IVF cycles. With a 32% market share in Greece and 7% in Cyprus as of 2023, HHG has solidified its position as the leading private healthcare provider in both countries.

HHG operates through three business segments: General & Maternity Hospitals, Primary Care, and Medical Procurement.

- The General & Maternity Hospitals segment offers general care and maternity services through its nine leading healthcare institutions, namely Hygeia, Metropolitan Hospital, Mitera, Metropolitan General, Leto, Creta InterClinic, City Clinic, and Hospital & Aretaieio Hospital in Cyprus.
- The Primary Care segment includes advanced diagnostic centers like, Health Spot, Platon, and Prognosis, along with A-Lab, a Molecular Biology lab and an IVF unit with innovative assisted reproduction methods. HHG also offers healthcare services at home through Home Care, and operates My Clinic, a day care center. Additionally, the group provides occupational healthcare services to businesses and organizations through Business Care.
- Medical Procurement division, led by Y-Logimed and GMP, ensures the efficient and cost-effective supply of medical equipment, pharmaceuticals, and consumables across the HHG network.

With a clear strategic focus on innovation, patient care, and operational excellence, HHG is well-positioned to shape the future of healthcare in Southeast Europe. Its integrated model, commitment to quality, and strong market presence ensure continued leadership and sustainable growth in an evolving healthcare landscape.

PURE HEALTH - Relative valuation

(at CMP)	2023	2024	2025F
PE	NA	5.54	4.56
PB	NA	17.27	14.81
EV/EBITDA	NA	1.50	1.39
DPS	NA	0.031	0.040
Dividend Yield	NA	1.2%	1.5%

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	1Q24	4Q24	1Q25	1Q25F	Var.	YOY Ch	QOQ Ch	2024	2025F	YOY Ch
Revenue	6,115	6,892	6,581	7,162	-8.1%	7.6%	-4.5%	25,848	28,505	10.3%
Cost of sales	-4,486	-5,664	-4,833	-5,467	-11.6%	7.7%	-14.7%	-19,212	-20,726	7.9%
Gross Profit	1,629	1,228	1,748	1,695	3.1%	7.3%	42.3%	6,636	7,779	17.2%
G&A & marketing exp	-1,045	-1,126	-1,122	-1,459	-23.1%	7.4%	-0.4%	-4,666	-5,254	12.6%
S&D expenses	-20	-14	-35	-18	94.5%	74.3%	152.9%	-59	-80	35.0%
Net Finance income	-197	-243	-214	-181	18.1%	8.7%	-11.9%	-848	-934	10.2%
Share from JV	26	-11	5	32	-85.5%	-81.8%	NM	82	89	8.8%
Other Income	125	253	179	701	-74.5%	42.6%	-29.5%	608	612	0.7%
EBITDA	1,081	993	1,133	1,372	-17.4%	4.9%	14.2%	4,119	4,906	19.1%
Profit before tax	519	250	561	771	-27.2%	8.1%	NM	1,778	2,211	24.4%
Income tax expense	-28	30	-56	-69	-19.8%	96.5%	NM	-62	-199	NM
Profit before NCI	491	279	505	701	-28.0%	3.0%	80.8%	1,716	2,012	17.3%
Non-controlling interest	1	1	1	1	-1.5%	22.7%	56.5%	4	16	NM
Net profit attributable	490	279	504	700	-28.0%	2.9%	80.9%	1,712	1,996	16.6%

FABS estimate & Co Data

PURE HEALTH - Margins

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	YOY Ch
Gross profit	26.6%	17.8%	26.6%	-9	874	25.7%	27.3%	162
EBITDA	17.7%	14.4%	17.2%	-45	282	15.9%	17.2%	128
Net profit	8.0%	4.0%	7.7%	-35	362	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	5.66	70.0%	3.96
Relative Valuation (RV)	4.97	30.0%	1.49
Weighted Average Valuation (AED)			5.45
Current market price (AED)			2.60
Upside/Downside (%)			+110%

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 10.0%. To arrive at cost of equity, we have used the 10-year government bond yield of 5.2%, Country risk premium of 4.1%, and Beta of 1.00. After applying all these, we arrived at the cost of equity of 10.0%. 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%. Also, assumed a terminal growth rate of 3.0%.

Sum of PV (AED, Mn)	18,752
Terminal value (AED, Mn)	52,337
FV to Common shareholders (AED, Mn)	62,895
No. of share (Mn)	11,111
Current Market Price (AED)	2.60
Fair Value per share (AED)	5.66

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	0.95	0.86	0.78	0.71	0.65	0.59
Discounted FCFF	359	3,640	3,781	3,738	3,670	3,564

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	48,032
Diagnostic Services	EV/EBITDA	4,889
Health insurance services	PB	8,722
Procurement and supply of medical-related products	EV/EBITDA	4,637
Technology services and others	EV/EBITDA	975
Adjustments & eliminations		-3,871
Enterprise Value		63,383
Net (Debt)/Cash		-10,205
Valuation of JVs		2,010
Minority Interest		0
Equity Value (AED, Mn)		55,190
Fair Value per share (AED)		4.97

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	14,699	13.3x	12.1x	30.4x	26.7x
Al Hammadi Holding Company	1,694	14.3x	13.2x	20.5x	18.6x
Burjeel Holdings PLC	2,196	9.1x	7.8x	13.5x	10.4x
Ramsay Health	5,075	9.1x	8.5x	27.4x	21.9x
Mouwasat Medical Services Company	4,175	14.5x	12.7x	20.3x	18.0x
Middle East Healthcare Company	1,696	13.0x	11.6x	22.5x	19.1x
Dr Sulaiman Al Habib Medical	26,016	32.3x	25.5x	37.8x	30.4x
Nahdi Medical Co	3,930	9.0x	8.5x	17.0x	15.7x
Average		14.3x	12.5x	23.7x	20.1x
Median		13.1x	11.9x	21.5x	18.8x
Max		14.3x	12.8x	28.2x	23.1x
Min		9.1x	8.5x	19.5x	17.4x

Source: FAB Securities

Diagnostic Services

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
Labcorp Holdings Inc	20,659	11.3x	10.6x	15.4x	14.0x
Quest Diagnostics Inc	19,823	12.1x	11.4x	18.3x	16.9x
Guangzhou Kingmed Diagnost-A	1,961	13.3x	9.3x	70.7x	19.7x
Sonic Healthcare Ltd	8,128	9.7x	8.7x	24.1x	20.4x
Hangzhou Tigermed Consulti-A	5,061	22.6x	17.8x	42.9x	25.3x
Radnet Inc	3,985	18.3x	15.5x	126.7x	68.3x
Synlab AG	3,199	7.8x	7.3x	34.7x	42.8x
Meinian Onehealth Healthca-A	2,916	23.5x	12.3x	35.2x	20.6x
Metropolis Healthcare Ltd	1,035	26.4x	20.9x	53.0x	39.5x
Average		16.1x	12.6x	46.8x	29.7x
Median		13.3x	11.4x	35.2x	20.6x
Max		22.6x	15.5x	53.0x	39.5x
Min		11.3x	9.3x	24.1x	19.7x

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	6,870	5.3x	4.8x	21.6x	15.7x
The Company for Cooperative Insurance	5,757	4.8x	4.1x	20.2x	16.4x
Abu Dhabi National Insurance Company PJSC	993	1.0x	NA	NA	NA
Islamic Arab Insurance Co. (Salama) PJSC	99	0.7x	0.7x	18.0x	NA
Average		3.0x	3.2x	19.9x	16.1x
Median		2.9x	4.1x	20.2x	16.1x
Max		4.9x	4.4x	20.9x	16.3x
Min		1.0x	2.4x	19.1x	15.9x

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	88,606	16.8x	15.4x	21.6x	19.2x
Cencora Inc	56,618	13.8x	12.8x	18.9x	17.2x
Cardinal Health Inc	36,277	13.3x	11.7x	18.7x	16.8x
Henry Schein Inc	8,104	11.4x	10.8x	13.7x	12.6x
Amplifon SPA	4,454	8.7x	8.0x	19.4x	16.5x
Galenica AG	5,301	16.1x	15.3x	24.0x	22.7x
Shanghai Pharmaceuticals-A	8,145	6.0x	6.5x	13.4x	11.5x
Owens & Minor Inc	632	4.9x	4.6x	4.7x	3.9x
Average		11.4x	10.6x	16.8x	15.1x
Median		12.4x	11.2x	18.8x	16.6x
Max		14.4x	13.4x	19.9x	17.7x
Min		8.0x	7.6x	13.6x	12.4x

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	1,075	NA	NA	NA	47.4x
Arabian Internet and Communication Services	8,922	14.9x	13.3x	21.0x	18.2x
Accenture	192,634	14.9x	14.0x	24.2x	22.5x
Wipro limited	29,936	12.0x	11.3x	19.2x	18.0x
Infosys Limited	74,336	14.5x	13.4x	22.4x	20.4x
IBM	226,603	15.8x	14.9x	22.8x	21.5x
Average		14.4x	13.3x	21.9x	24.7x
Median		14.9x	13.4x	22.4x	20.9x
Max		14.9x	14.0x	22.8x	22.3x
Min		14.5x	13.3x	21.0x	18.7x

Source: FAB Securities

