CUF SGPS SA

507231066 CORPORATE

BBB- ISSUER RATING
LongTerm

OUTLOOK
Stable

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Rating Action and Rationale

- EthiFinance Ratings affirms CUF SGPS S.A's rating at BBB-, maintaining its Stable outlook.
- CUF, founded in 1945, is one of the most experienced players in providing private health care in Portugal, whether in person through its national network of hospitals and clinics, at patient's own home or virtually.
- Although CUF SGPS S.A's rating is higher, it is capped at CUF S.A's, corporate group to which it belongs. This is primarily due to the fact that the debt is not entirely located at the subsidiary level, despite the subsidiary representing 97% of total sales. In this regard, it should be noted that EthiFinance Ratings has affirmed CUF S.A 's rating at BBB-, maintaining its Stable outlook
  - The rating is supported by the company's strong business profile based on its leading competitive positioning and robust governance within a sector that presents favourable fundamentals (high barriers to entry, low volatility of profitability and stable growth prospects).
  - On the other hand, the rating is constrained by a financial profile characterized by its still relatively high indebtedness level (NFD/EBITDA of 4.0x and FFO/NFD below 20% on average) which, together with medium interest coverage (EBITDA/interest of 4.5x on average) and low financial autonomy (equity/TFD below 40%), weakens the overall financial profile.
  - It is worth highlighting that the low volatility table has been applied, based on an industry which shows a proven track record of stability over long term economic cycles.
- In line with our methodology, the healthcare equipment and services sectors have medium to low ESG risks under our methodology (sector heatmap score between 2 and 3). This results in a sector assessment which is not impacted by industry-related considerations. On the other hand, the company's ESG policy is considered to be good (company ESG score between 1.0 and 1.5), resulting in a positive impact on the financial profile (+0.5 notch).

Company Description

CUF, founded in 1945, is one of the most experienced players in providing private health care in Portugal, whether in person through its national network of hospitals and clinics, at patient's own home or virtually. The group offers a wide range of services (consultations, exams, hospitalization, maternity care, intensive care, palliative care, surgeries, etc.). It also has other secondary activities, in the infrastructure sector, and in training and research.

In 2024, the CUF network consists of 43 units (hospitals, clinics and one institute) with presence in Lisbon, Setúbal, Santarém, Leiria, Coimbra, Aveiro, Viseu, Porto and Açores. The centers of the group can be classified under the following categories:

- Large hospitals: includes its 3 biggest units: CUF Tejo, CUF Descobertas and CUF Porto.
- Medium-sized hospitals: the company manages 10 medium-sized hospitals. These hospitals are designed to cover second-tier towns in terms of population.
- Proximity clinics: these are designed to increase proximity to its clients throughout the country. The company manages 18 proximity clinics.
- Health centers: offer personalized monitoring to prevent, diagnose and treat diseases. The company has 12 health centers

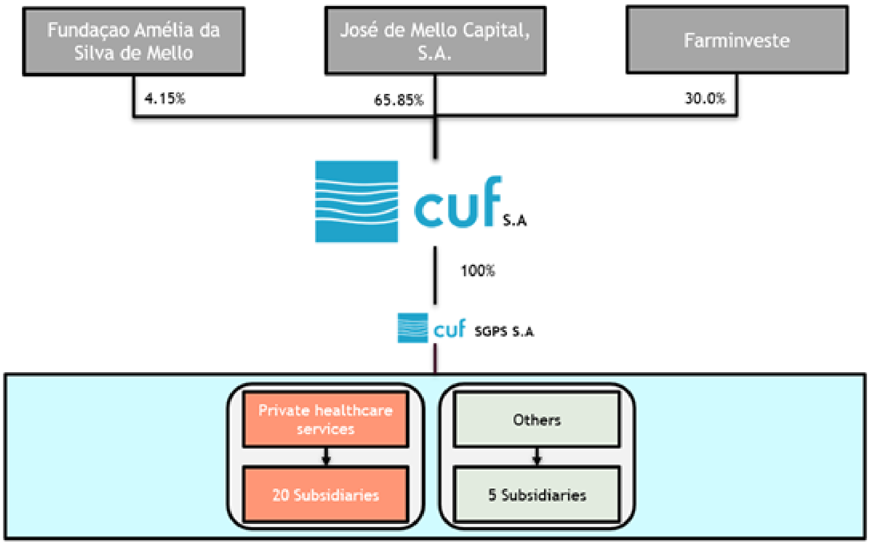
The group has a total of 78 operating theatres, 1,576 consulting rooms, 807 beds and c. 16,800 employees.

At a CUF SA level, turnover amounted to €884.3m in 2024 (+18.4% YoY), with EBITDA of €147.6m and an EBITDA margin of 16.7%. Adjusted NFD/EBITDA stood at 3.9x. In 1H2025, the company's turnover amounted to €485m (+7.4% vs 1H24), with EBITDA of €85.8m and an EBITDA margin of 17.7%. Adjusted NFD/EBITDA LTM stood at 4.0x.

Corporate Structure

CUF SGPS operates the private healthcare business within CUF corporate structure, among other services through 25 subsidiaries.

CUF Corporate structure



Source: Financial accounts FY2024.

Fundamentals

Business Risk Profile

Industry Risk Assessment

- **Sector characterized by medium profitability margins (at the EBIT level), high barriers to entry, low correlation to macroeconomic trends and positive long-term prospects.**

Healthcare is a fundamental right in Portugal's social security system, making the State the main operator in the market. The private healthcare sector in Portugal is fragmented given the large number of private hospitals (more than 100) and a significant number of private consultations owned by independent doctors, although dominated by a few, well-known companies with large geographic footprints, such as CUF. Insurance companies are the most relevant clients for the private healthcare providers in Portugal, such as Médis, Multicare, Advance Care, Victoria or Allianz. There is an intensive price war between private insurances which reduces the bargaining power of health providers. That, coupled with the presence of the government and the still low concentration of the market, intensifies the levels of competition and derives in medium profitability margins (EBIT mg between 6%-9%) although with a very low level of volatility given its essential characteristic. This situation has led large healthcare companies to implement different strategies focused on offering higher value-added services and to accelerate M&A activities.

The barriers to entry are considered high given the relevant capital and R&D investments required (facilities, highly innovative equipment, qualified staff, regulation, etc.), significant know-how, expertise and brand recognition that are necessary to be competitive and to stand out within the industry. In the case of large private hospital groups, the presence of economies of scale through suppliers (equipment, materials, etc.) and a strong brand image are considered as significant barriers to entry for new players.

The private industry, in which CUF operates, represents 35.8% out of total expenditure on healthcare in Portugal in 2023 (Data Source: INE - Satellite Account for Health). The health private sector shows favorable growth perspectives due to the demographic ageing (population aged 65 or over) represented 24.1%. In addition, life expectancy also continues increasing progressively, being estimated at 81.17 years in 2021-2023 (80.96 years in 2020-2022; latest INE data FY 2023). Also, the number of health policyholders shows a steady growth (+3,3% YoY) representing approx. 34.8% of total population (source: APS 2024). Despite all this, the sector is dependent on the macroeconomic situation and its impact on families' disposable household income for private healthcare services.

- **The health sector has medium-to-low ESG exposure.**

The healthcare equipment and services sectors have medium to low ESG risks under our methodology (sector heatmap score between 2 and 3). This results in a sector assessment which is not impacted by industry-related considerations. Regarding environmental factors, the sector has a low impact on climate and resources. It has a medium impact on pollution linked to waste, which create issues on nature and biodiversity. However, healthcare is critical for consumers, which imposes significant responsibilities on the industry. In particular, equal access to medication remains a significant issue. On the financial materiality side, on some occasions expensive lawsuits can affect the business. In addition, health is a major item in the budget for all countries and is also contributing to job creation in many regions.

Competitive Positioning

- **Robust competitive advantages in Portugal, based on its long track-record, brand recognition and state-of-the-art technology and equipment.**

CUF has a leading position within the private healthcare sector in Portugal, representing 7.9% of the total private healthcare expenditure in 2023 (expenditure on healthcare in 2023, latest information available. Source: INE). This reference positioning is based on its long track-record (more than 70 years), which provides them with strong expertise in the sector, its brand, which is highly recognized within the industry, and state-of-the-art technology and equipment, which enables CUF to provide high quality services. Additionally, the group has an integrated network of high-performance units which enables the company to offer its wide range of services throughout the main cities of Portugal.

CUF SGPS concentrates its business in the private healthcare segment, offering a quality private healthcare service as an alternative to the public system. The group's network includes 43 units among hospitals, clinics, health centers and one institute, distributed according to the area and target population. In addition, the group offers its services via digital channels or conveniently at home. In terms of the public-private partnerships with the government, the group had concession contracts for Braga and Vila Franca de Xira hospitals till August 2019 and May 2021, respectively. The ending of these contracts, together with the decision of not renewing, is considered unfavorable in terms of diversification, scale, research capacity, etc. However, from a financial perspective, this decision has resulted in greater profitability margins.

The group's evolution has been characterized by an expansion of the range of services (consultations, exams, permanent care, surgeries, home hospitalization, vaccination, etc.) offered across all areas of care (cardiology, endocrinology, nutrition, urology, psychiatry, etc.), as well as an increase in its network and the use of avant-garde technology. This has enabled the group to stand out in terms of quality of services (prevention, diagnosis and treatment) and efficiency. For example, the group is currently recognized for having the largest private cancer care network in the country and a leading diagnostic hub.

Although CUF is positioned as the leading player in terms of sales, another noteworthy operator in the private market is Luz Saúde, with a combined market share of approx. ~15.0% of total. CUF's EBITDA margin stand above that of its main competitor (avg. of 16.0% over the last years), reflecting the positive management of the group's cost structure. In terms of financial structure, both competitors show high indebtedness levels on average (above 3.0x over the last three years) characteristic of intensive acquisitions programs in a sector that tends towards concentration. CUF's financial position at end-2024 was weaker due to lower financial autonomy (equity/TFD below 40%) and higher indebtedness levels (adjusted NFD/EBITDA above 3.5x).

Main financial figures. Thousands of €.[1]

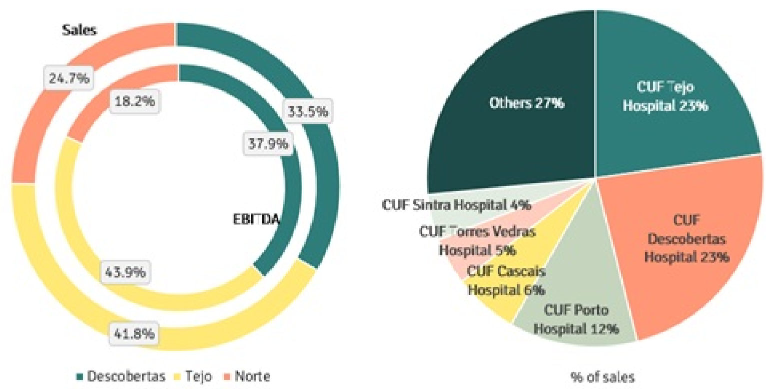
	CUF SA			Luz Saúde		
	2022	2023	2024	2022	2023	2024
Turnover	630,046	747,075	884,335	588,289	662,669	729,266
EBITDA	98,455	120,218	147,585	81,526	99,762	115,328
EBITDA Margin	15.6%	16.1%	16.7%	13.9%	15.1%	15.8%
EBIT	57,542	72,823	92,175	42,886	54,190	69,114
EBIT Margin	9.1%	9.7%	10.4%	7.3%	8.2%	9.5%
EBT	40,466	44,753	58,950	30,645	34,614	48,614
Total Assets	900,970	995,200	1,145,382	870,915	894,470	919,374
Equity	189,002	210,525	247,771	296,855	325,388	364,457
Total Financial Debt	565,129	609,280	691,200	440,393	423,880	406,489
Net Financial Debt	498,583	550,273	572,386	393,041	386,162	368,048
Equity/TFD	33.4%	34.6%	35.8%	67.4%	76.8%	89.7%
NFD/EBITDA	5.1x	4.6x	3.9x	4.8x	3.9x	3.2x
FFO	69,390	82,881	95,222	69,677	82,716	90,711
FFO/NFD	13.9%	15.1%	16.6%	17.7%	21.4%	24.6%
EBITDA/Interest	5.6x	4.1x	4.2x	5.9x	4.6x	4.7x

1Financial debt has been adjusted to include non-recourse factoring.

- **Strong diversification of services and clients.**

The group's geographical positioning is stronger in the area that ranges from Lisbon to the North of the country, with a lack of physical presence in the South. CUF divides its activity into three geographical clusters in order to coordinate hospitals' activities from the three largest hospitals: Norte, Tejo and Descobertas. The most relevant cluster in terms of financial performance is 'Tejo' generating 41.8% and 43.9% of sales and EBITDA of 2024, respectively.

Diversification by cluster and hospitals



Despite of the concentration through its three large hospitals (CUF Descobertas, CUF Tejo and CUF Porto amount 58.3% of sales in 2024), the ample range of specialties (from cardiology to psychiatry) combined with specific centers (odontology, ophthalmology, etc.), ancillary services (such as laboratory or diagnosis units) and its strategic locations in the main population centers are assessed positively. In addition, the ample portfolio of clinics and the access from anywhere in the country, or even abroad, through remote consultation (proximity care), make the company resilient against potential difficulties in any of the large hospitals. The rest of the hospitals and clinics individually contribute less than 10% of total sales.

Regarding clients' diversification, CUF shows a well-diversified portfolio composed of individuals, insurance companies, civil servants and other minority customers (state, international entities, etc.). Insurance companies are the most significant clients, such as Médis (17.2% of sales in 2024), Multicare (17.1%) or Advance Care (14.9%). Additionally, we highlight the presence of the public institute (ADSE) which provides healthcare benefits to civil servants (12.8%). Individuals represented 10.4% of total sales in 2024.

Shareholder Structure and Governance

- **Family ownership structure with strong financial capacity.**

Shareholder structure. % of total.	% of total
José de Mello Capital, S.A.	65.85%
Fundaçao Amélia da Silva de Mello	4.15%
Farminveste - Investimentos, Participaçoes e Gestão, S.A.	30.00%

Although the ownership structure limits the amount of financial support to Mello's family, the fact that this is one of Portugal's major groups is positive from a credit standpoint and slightly offsets the ownership structure's disadvantages.

- **Professionalized management team.**

Despite the concentration of decision-making, evidenced by the presence of shareholders on the Board of Directors, Salvador Maria Guimarães José de Mello (President of the Board of Directors of CUF S.A), we positively value the commitment in day-to-day management and the extensive professional background of the members of the management team. At CUF SGPS level, the financial policy is marked by controlled indebtedness levels (adjusted NFD/EBITDA below 3.0x on average) and strong financial autonomy (adjusted equity/TFD of 140% on average).

- **Positive ESG policy.**

The company's strategy already considered and managed ESG issues, leading to a low probability of an ESG-related impact on revenues, results, cash flows, asset value or reputation. We highlight company's social policies with the presence of responsible purchasing policies, gender diversity, HSS management system and low accident and absenteeism rates. Also, CUF's governance policies stand out, marked by a qualified board of directors including the presence of independent members, separation of the roles (CEO and Chair of the Board/Supervisory Board), public disclosure of policies (Business Code of Conduct and Corruption Policy) and prioritization of ESG issues. This assessment (score between 1.0 and 1.5) results in a positive impact on the financial profile (+0.5 notch).

Financial Risk Profile

The analysis is based on CUF SGPS's consolidated annual accounts for year-ended 31 December 2024, audited by Deloitte & Associados, SROC S.A. with an unqualified opinion; together with unaudited financial accounts for the first half of 2025.

Sales and Profitability

- **Positive evolution of sales and profitability margins.**

Profitability. Thousands of €.	FY22	FY23	FY24	24vs23
Turnover	618,755	730,652	859,797	17.7%
Gross Mg	87.6%	88.1%	88.2%	0.1pp
EBITDA	105,053	129,483	155,364	20.0%
EBITDA Mg	17.0%	17.7%	18.1%	0.3pp
EBIT	37,176	71,338	91,349	28.1%
EBIT Mg	6.0%	9.8%	10.6%	0.9pp
Financial expenses	16,420	22,525	27,864	23.7%
EBT	21,307	49,884	65,436	31.2%

CUF SGPS's turnover reached €859.8m in 2024, increasing by 17.7% YoY. The increase in revenues was mainly due to organic growth in all former units, with a notable increase of +€60m through its 3 main hospitals. Also, the additional revenue from the new additions done in 2024 contributed with an additional +€25m to total revenues: i) CMAS Group (Clínica Médica Arrifana de Sousa) in January 2024, owner of a hospital and six clinics, and ii) miMed in October 2024, a network of 11 clinics located in the Greater Lisbon area.

All together contributed to an increase in medical activity compared to the previous financial year, highlighting more surgeries, births and a greater influx to permanent services, as well as strong growth in some areas such as Orthopedics, Urology and others. The main metrics were as follows:

Private Healthcare KPI's. Thousands.	2022	2023	2024	24v23
Consultations	2,543.5	2,871.9	3,291.0	14.6%
Emergencies	408.5	451.5	464.2	2.8%
Surgeries	57.5	64.5	68.1	5.6%
Days of hospitalization	139.3	156.5	160.4	2.5%
Births	4.0	4.3	4.6	7.0%

EBITDA improved to a record figure of €155.4m in 2024 (+20% YoY) with an EBITDA margin that improved to 18.1% (17.7% in 2023) enhanced by cost efficiencies in process and economies of scale gained through companies acquired over the last years. EBIT stood at €91.3m (+28.1% YoY) with EBIT margin of 10.6% (+0.9pps vs 2023).

Financial expenses increased to €27.9m, +23.7% YoY (2023: €22.5m) mainly from the increase in interest paid through CUF's new loans, as well as the financial debt of the Arrifana de Sousa Group companies, incorporated since January 2024. EBT growth increased by 31.2% YoY, to €65.4m.

Profitability. Thousands of €.	1H24	1H25	1H25vs24
Turnover	439,066	471,846	7.5%
Gross Mg	87.3%	87.8%	0.5pp
EBITDA	85,245	89,290	4.7%
EBITDA Mg	19.4%	18.9%	-0.5pp
EBIT	54,806	55,636	1.5%
EBIT Mg	12.5%	11.8%	-0.7pp
Financial expenses	13,230	14,844	12.2%
EBT	41,897	41,847	-0.1%

In the first half of 2025, there was a positive evolution in total turnover +7.5% vs same period in 2024, highlighting the performance in consultations (+13.1%), surgeries (+7.3%) and births (+4.6%), whilst emergencies were 3.4% down. EBITDA increased to €89.3m although the margin was slightly impacted by an increase in personnel costs (average salary rising by 6.6%) and supplies and external services costs that also contributed to this pressure, leading to a 0.5pp reduction in the EBITDA margin. Financial expenses also increased (+12.2% vs 1H24) due to the acquisition of new debt, mainly driven by the increase in interest on the bonds contracted in two phases in 2024, one in June (€60m) and another in October (€33.5m). Despite all this, EBT stood stable at €41.8m -0,1% vs same period in last year.

Leverage and Coverage

- **Controlled indebtedness level FY24 and at June-2025.**

The CUF SGPS Group's debt is mainly made up of lease agreements relating to the rental of properties in its hospital units and equipment.

Although net financial debt stood at €379.4m (-0.2% YoY, cash and equivalents position of €210.3m) in 2024, the positive evolution of the company evidenced by the increase of EBITDA (+20% YoY) led to a significant reduction in debt level (adjusted NFD/EBITDA of 2.4x, -0.5x vs last year). The interest coverage ratio remained relatively stable at 5.6x in 2024 (vs 5.7x in 2023) in the context of higher interest rates and higher volume of debt.

At June-2025, adjusted NFD/EBITDA LTM slightly reduced from 2.4x to 2.3x through the combined effect of the reduction in net financial debt and the improvement in EBITDA. The coverage ratio EBITDA/ interest (LTM) stood at 5.4x due to higher interest expenses.

NFD/EBITDA calculations. Thousands of €.	FY22	FY23	FY24	1S2025
Loans	-	74,390	64,712	55,441
Debenture loans	-	-	91,746	91,941
Commercial paper	-	-	14,698	38,451
Factoring	15,122	12,933	9,231	12,477
Overdraft	76	13	45	1,652
Leases	327,210	348,289	358,059	363,019
Others	8,565	8,869	8,875	8,899
Total Financial Debt	**350,973**	**444,494**	**547,366**	**571,880**
Non-recourse factoring	**35,613**	**43,357**	**41,238**	**48,488**
Acquisition of investments	**1,936**	**1,708**	**1,139**	**608**
Adjusted Total Financial Debt	**388,522**	**489,559**	**589,742**	**620,976**
Cash and equivalents	28,331	43,560	50,943	34,046
Short term investments[1]	49,562	65,721	159,372	225,467
Adjusted Net Financial Debt	**310,629**	**380,278**	**379,427**	**361,463**
EBITDA	105,053	129,483	155,364	159,409[2]
Adjusted NFD/EBITDA	**3.0x**	**2.9x**	**2.4x**	**2.3x**

1Includes other financial instruments €225.5 (June-2025), €109.4m (2024), €65.7m (2023) and €39.6m (2022) relating to the group contract for joint treasury management of the CUF Group with a financial institution. In addition, a loan to the shareholder CUF, S.A., in the amount of €50m, which repayment was in 2025, was included as part of short-term investments in 2024.This loan was recovered in the first half of 2025. 2 LTM EBITDA .

Cash Flow Analysis

- **Growing and positive FFO on the back of the increase in EBITDA FY24 and first half of 2025.**

Cash flow. Thousands of €.	FY22	FY23	FY24	24vs23	1H24	1H25	1H25vs24
Funds From Operations	81,950	107,291	113,505	5.8%	74,930	81,777	9.1%
+/- WK changes[1]	-11,916	-1,814	23,311	1385.1%	-8,073	-13,389	65.8%
Operational CF	**70,034**	**15,477**	**136,816**	**29.7%**	**66,857**	**68,388**	**2.3%**
Net Investment CF	**-15,320**	**-39,410**	**-106,473**	**-170.2%**	**-36,495**	**-17,123**	**-53.1%**
Operating leases	-30,752	-29,877	-32,584	-9.1%	-15,854	-18,088	14.1%
FCF	**23,962**	**36,190**	**-2,241**	**-106.2%**	**14,508**	**33,177**	**128.7%**
+/- changes in capital	-	-	-	-	-	-	-
- Dividends	-177	-46,688	-31,929	31.6%	-	-380	-
CF Generated Internally	**23,785**	**-10,498**	**-34,170**	**-225.5%**	**14,508**	**32,797**	**126.1%**
+/- debt variation	5,097	51,950	85,171	63.9%	49,757	64,797	30.2%
Net cash variation	**28,882**	**41,452**	**51,001**	**23.0%**	**64,264**	**97,591**	**51.9%**
Initial Cash position	**38,935**	**67,817**	**109,269**	**61.1%**	**109,269**	**160,270**	**46.7%**
Final Cash position[2]	**67,817**	**109,269**	**160,270**	**46.7%**	**173,533**	**257,861**	**48.6%**

1Estimated by EthiFinance Ratings. 2Includes other financial instruments: €225.5m (June-2025), €109.4m (2024), €65.7m (2023) and €39.6m (2022) relating to the group contract for joint treasury management of the CUF Group with a financial institution. This allows immediate liquidity up to the contractual limit, without risk of change in value. Excludes overdraft facility.

CUF Group reported stronger FFO in 2024 favored by the higher EBITDA generation (+5.8% YoY). Operating cash flow stood at €136.8m, +29.7% YoY with a positive working capital variation of €23.3m The group had a higher negative cash flow from investing activities of -€106.5m in 2024 (vs -€39.4m in 2023). The acquisition of Arrifana de Sousa Group on 1 January 2024 and of miMed on 31 October 2024 stands out, with payments of €23.2m and €5.6m, respectively. Also, the company reported other financial instruments related to loans to the shareholder CUF, S.A., in the amount of €50m, which were made in 2024. This, together with dividends payout of €31.9m led to a negative CF generated internally of -€34.2m. The gross debt variation of +€85.2m (mainly refered to the new bond issuance) led to a positive cash variation of €51m which reinforced its cash position to €160.3m (+46.7% YoY).

In first half of 2025, the position of cash and equivalents increased to €257,9m, highlighting the receipts from loans to related entities (+€50m) and from obtained loans (+36.6m) while investing activities remained below the same period in last year.

Capitalisation

- **Strong financial autonomy at December 2024 and June-2025, which is expected to remain relatively stable.**

At the end of November 2021, an internal operation was carried out to concentrate the management of the shareholding of the companies that manage and operate the private healthcare units in a sub-holding company, CUF SGPS S.A. This operation involved capital contributions of €953.9m, which were used to acquire the shares of the private healthcare companies. As a result, goodwill now represents 51.4% of total assets, being mainly composed by Hospital CUF Descobertas S.A (€233.7m), Hospital CUF Tejo S.A (€224.7m), Hospital CUF Cascais S.A (€133.5m) and Hospital CUF Porto S.A (€103.7m). CUF SGPS S.A has rental agreements with CUF Investimentos Imobiliários S.A", which is CUF S.A's real estate subsidiary regarding healthcare facilities where the group operates its private healthcare business. As such, right-of-use assets represented 19.8% of total assets (€342.1m) at end-2024. The remaining assets are mainly distributed among PPE, financial investments, debtors or inventories.

Equity remained relatively stable at €972.3m (+1.5% vs previous year, dividends payout to parent company CUF S.A in the amount of €31.9m). The group's financial autonomy remained strong, with equity equivalent to 164.9% of total financial debt in 2024, although significantly reduced by 30.9pp compared to 2023. Total financial debt increased by 20.5%, highlighting the acquisition of new loans signed in order to meet their investment plans and the financial debt of the Arrifana de Sousa Group.

At June-2025, the capitalization level remained stable at 161.2%.

Liquidity

- **High level of liquidity with a satisfactory refinancing profile.**

CUF SGPS has a good capacity to meet its commitments in the short term, supported by its ability to generate stable and recurring cash flows from its operations (CFO estimated at €139.6m in 2025) which, together with the cash and equivalents (€210.3m at December 2024), provide it with a good liquidity cushion to meet short-term payment obligations (€96.8m at December 2024), maintenance capex (estimated at €50m in 2025) and dividend payments. In addition, the company has a good refinancing profile, which is relevant in any stress scenario.

Modifiers

Controversies

- **The group has an administrative offence proceeding raised by the Portuguese Competition Authority (AdC).** Fines were imposed to CUF S.A in the amount of €74.98m, with its shareholder José de Mello Capital, S.A being jointly liable for the payment of the fine. CUF S.A and José de Mello Capital, S.A, rejected the decision of the AdC and its legal grounds. Therefore, the group did not recognise any provision. In May 2023, an order was issued by the Competition, Supervision and Regulation Court ("TCSR") restricting the suspensive effect of the appeal, and as a result of the obligation to pay the fine imposed by the AdC, the Court accepted a provision of a guarantee through the pledge of 100% of the share capital of the companies CUF Alvalade and CUF Viseu. The group received a communication from the Court in April 2024, referring that the process will not go ahead since the Court declared the evidence obtained by the Competition Authority null, thus declaring the entire process also null. On 27 June CUF was notified of a new Notice of Offence in which the AdC concluded that the Portuguese Private Hospitalisation Association (APHP) and the hospital groups CUF, Trofa Saúde, Hospital Particular do Algarve, Lusíadas and Luz Saúde coordinated their interests and behaviour in the context of negotiations with ADSE, regarding its price list and rules, as well as the process to settle the 2015 and 2016 invoices. CUF had until 27 August to comment on the Notice of Offence. Subsequently, the AdC will issue a final decision to (i) close the case or (ii) sentence. CUF S.A. absolutely rejects the AdC's decision and its legal basis, and has thus appealed to the competent judicial authorities, with a view to ensuring full clarification of the real facts. Therefore, the Company did not recognize any provision for the aforementioned process.
- **On 31 December 2024 there were lawsuits brought against the Group.** The group estimates that the liability not covered by the insurance it has contracted amounts to approximately €25m (FYE23: €27.5m). However, the group considered that from this amount only around €1.5m is a reasonable value at risk. As so, they have a provision in their accounts with this value. No further information is available based on the financial accounts as of June 2025.

The above controversies, although monitored by Ethifinance Ratings are considered manageable and therefore to have a neutral impact on the rating (Controversial ESG score between 1 and 3).

Country Risk

- **No country risk has been identified.**

Main Financial Figures

CUF SGPS SA

Main financial figures. Thousands of €.	FY23	FY24	24vs23
Turnover	730,652	859,797	17.7%
EBITDA	129,483	155,364	20.0%
EBITDA Margin	17.7%	18.1%	0.3pp
EBIT	71,338	91,349	28.1%
EBIT Margin	9.8%	10.6%	0.9pp
EBT	49,884	65,436	31.2%
Total Assets	1,584,930	1,723,660	8.8%
Equity	958,139	972,270	1.5%
Total Financial Debt[1]	489,559	589,742	20.5%
Net Financial Debt[1]	380,278	379,427	-0.2%
Equity/TFD	195.7%	164.9%	-30.9pp
NFD/EBITDA	2.9x	2.4x	-0.5x
FFO	107,291	113,505	5.8%
FFO/ NFD	28.2%	29.9%	1.7pp
EBITDA/ Interest	5.7x	5.6x	-0.1x

CUF S.A

Main financial figures. Thousands of €.	FY23	FY24	24vs23
Turnover	747,075	884,335	18.4%
EBITDA	120,218	147,585	22.8%
EBITDA Margin	16.1%	16.7%	0.6pp
EBIT	72,823	92,175	26.6%
EBIT Margin	9.7%	10.4%	0.7pp
EBT	44,753	58,950	31.7%
Total Assets	995,200	1,145,382	15.1%
Equity	210,525	247,771	17.7%
Total Financial Debt[1]	609,280	691,200	13.4%
Net Financial Debt[1]	550,273	572,386	4.0%
Equity/TFD	34.6%	35.8%	1.3pp
NFD/ EBITDA	4.6x	3.9x	-0.7x
FFO	82,881	95,222	14.9%
FFO/ NFD	15.1%	16.6%	1.6pp
EBITDA/Interest	4.1x	4.2x	0.1x

1 Financial debt adjusted with non-recourse factoring and acquisition debt.

Credit Rating

Credit Rating	
Business Risk Profile	**BBB+**
Industry risk assessment	*A-*
Industry's ESG	*Neutral*
Competitive Positioning	*BBB+*
Governance	*BBB*
Financial Risk Profile	**BBB+**
Cash flow and leverage	*BBB*
Capitalization	*A-*
Company's ESG	Positive
Anchor Rating	**BBB+**
Modifiers	*No*
Rating standalone CUF SGPS	**BBB+**
CAP CUF S.A[1]	**BBB-**
Final Rating CUF SGPS	**BBB-**

1Final rating strictly linked to the rating assigned to the corporate group to which it belongs, tapping the subsidiary to CUF S.A's rating.

Rating Sensitivity

- **Long-term rating positive factors (↑)**

A rating upgrade could be entailed by a sustained improvement in CUF S.A's rating, which could be a consequence of a combination of the following: A favourable economic context, materializing in rising demand for private healthcare services, together with the successful integration of newly opened units, could enhance CUF's financial metrics. As a guidance, the improvement in adjusted indebtedness levels (NFD/EBITDA below 3.5x, FFO/NFD above 20% and EBITDA/interest above 5.0x), greater financial autonomy (equity/TFD above 50% on average) and/or ESG company score between 0 to 1 corresponding to the best ESG grading could enhance the rating.

- **Long-term rating negative factors (↓)**

A rating downgrade could be entailed by a sustained deterioration in CUF S.A's rating, which could be a consequence of a combination of the following: A less favourable macroeconomic environment, reducing households' purchasing power and demand for private services, would pose downside risks. The group could also be pressured by rising labour costs, as well as by potential delays or inefficiencies in integrating new hospital units. Also, increasing competition in the private healthcare sector, particularly from other established hospital groups, may weigh on pricing power and profitability margins. As a guidance, a deterioration in adjusted indebtedness levels (NFD/EBITDA above 4.5x, FFO/NFD below 10% and EBITDA/interest below 4.0x on average), decreased financial autonomy (equity/TFD below 30% on average) and/or a weaker ESG assessment could negatively affect the current rating.

Sources of information

The credit rating assigned in this report has been requested by the rated entity, which has also taken part in the process. It is based on private information as well as public information. The main sources of information are:

1. Annual Audit Reports.
2. Corporate Website.
3. Information published in the Official Bulletins.
4. Rating book provided by the Company.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
  - Corporate Rating Methodology - General : https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203
- The rating scale used in this report is available at https://www.ethifinance.com/en/ratings/ratingScale.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has provided ancillary services to related third parties of the rated entity, but not to the rated entity. However, according to our Conflict of Interest Policy, it does not involve a conflict of interest, since the aggregate sale does not exceed 5% of net turnover.
- The issued credit rating has been notified to the rated entity, and has not been modified since.