Medicover

Fast comment

Divests Medicover Hospitals India

- Sells MHI to KKR; deal expected by management to close in Q4
- Agreed EV of EUR 1.2bn corresponds to ~46x EV/EBITDA
- Improves financial flexibility for European strategy

The deal in brief

Medicover today announced that it has agreed to divest its Indian business Medicover Hospitals India (MHI) to KKR for an enterprise value of EUR 1.2bn. There have been discussions of a potential sale since 17 June, and Medicover was planning an IPO of the Indian business for some time prior, so the announced deal is not a surprise. Medicover owns 66.1% of MHI and will receive EUR 0.74bn in gross cash. This includes EUR 0.1bn related to loans. On an LTM basis (Q2 2026), Medicover Hospitals India generated revenues of EUR 221m with EBITDA margins of 11.8%, for an EBITDA of EUR 26.1m. The suggested LTM EV/EBITDA multiple from the communicated EUR 1.2bn EV paid is thus ~46x. The deal is expected by management to close in Q4'26, conditional on regulatory approval.

Pro-forma implications

MHI comprises 24 hospitals, ~4,800 beds, and ~11,400 employees, with revenue of EUR 220.5m (LTM Q2'26) and indicative margins well below the group average (11.8% EBITDA margin vs the group's 16.1% and 2.4% EBIT margin vs the group's 7.1%). Because MHI is lower-margin than the rest of the business, removing it lifts the remaining group's profitability on an illustrative pro forma basis. The EBITDA margin rises from 16.1% to 16.5%, and the EBIT margin rises from 7.1% to 7.6%. The divestment is thus margin-accretive for Medicover's continuing European operations. Compared to the reported 2.9x ND/EBITDA ex-IFRS 16 in Q2'26, we expect the pro-forma ND/EBITDA to drop to a level around 0x.

Strategy ahead

In February, Medicover hosted an Investor Update, in which it expanded on the near-term strategy. Comments by Medicover's management during today's deal presentation make us believe that this strategy remains intact, and the now-stronger balance sheet gives more operational flexibility. It is furthermore possible for Medicover to increase the cash distribution to shareholders - its leverage will be ~0x, and it is trading at a FCF yield of ~5.4% for '26e.

Commissioned research

Not rated

Healthcare

MCOV.B-SE/MCOVB SS

Share price (SEK)	5/8/2026	223.00
MCap (SEKm)		33,890
MCap (EURm)		3,096
No. of shares (m)		75.4
Free float (%)		89.8
Av. daily volume (k)		37

Next event Q3 report 4 November 2026

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EURm	2024	2025	2026e	2027e	2028e
Sales	2,092	2,378	2,593	2,887	3,189
Sales growth (%)	*19.8*	*13.7*	*9.0*	*11.3*	*10.4*
EBITDA	285	371	423	492	561
EBITDA margin (%)	*13.6*	*15.6*	*16.3*	*17.0*	*17.6*
EBIT adj.	70	156	193	236	278
EBIT adj. margin (%)	*3.4*	*6.5*	*7.5*	*8.2*	*8.7*
Pretax profit	20	98	126	174	220
EPS	0.11	0.51	0.62	0.84	1.06
EPS growth (%)	*-5.4*	*nm*	*20.3*	*36.3*	*26.2*
EPS adj.	0.28	0.58	0.68	0.99	1.21
DPS	0.15	0.20	0.23	0.28	0.33
EV/EBITDA (x)	14.9	12.0	10.5	8.9	7.7
EV/EBIT adj. (x)	60.3	28.5	23.1	18.6	15.5
P/E (x)	nm	39.7	33.0	24.2	19.2
P/E adj. (x)	73.9	35.2	29.8	20.6	16.9
EV/sales (x)	2.03	1.87	1.72	1.52	1.35
FCF yield (%)	4.1	0.5	5.7	7.0	8.4
Le. adj. FCF yld. (%)	1.6	-2.3	2.8	4.2	5.5
Dividend yield (%)	0.7	1.0	1.1	1.4	1.6
Net IB debt/EBITDA (x)	4.0	3.6	3.1	2.6	2.1
Le. adj. ND/EBITDA (x)	3.2	2.9	2.4	1.7	1.0

Source: ABG Sundal Collier, Company Data

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