

Rede D'Or

Are you in for the right reasons? Assuming coverage with a Buy rating

We are buyers of Rede D'Or: What is the market still missing?

Rede D'Or is consolidating the sector around an asset that gets harder to replicate as it grows. Scale buys surgical density, density buys clinical complexity, and complexity buys pricing power with payers. The SulAmerica platform internalizes part of that negotiation and carries, in its reserves, a buffer of earnings power more often mentioned than measured, while the joint venture with Bradesco converts one of the largest payers into a co-investor. Of what the market pays today, roughly R\$50bn is covered by a Rede D'Or that merely passes inflation through, and the -R\$30bn above that, the premium assigned to real growth, is enough to pay for the cyclical improvement in sight, yet too small for the structural shift underneath it. At ~13x 27E P/E, vs. our 27E fair multiple of ~16x, and with our 2027E estimates 7% above consensus, the current share price pays for the hospital operation while assigning little value to the ecosystem around it.

The margin pause is transitory; the clinical complexity moat is not

Revenue keeps growing, yet margin expansion has stalled. Growth is being driven by revenue per patient (it explains ~60% of top-line growth) rather than by patient volumes, as the case mix shifts toward clinically complex, high-acuity procedures (cardiac, neurological, oncological) that carry higher prices, higher margins, and fewer substitutes. We read the margin pause as the temporary cost of a record wave of newly opened hospitals still maturing, precisely while the operation climbs toward greater clinical complexity. Through that cycle, the margin on each patient-day after personnel, the largest cost line, held at ~73%, the top of its range. Notably, IHH Healthcare runs the same playbook in Asia with constructive results on margins, suggesting the mechanism can travel. We see hospital EBITDA margin reaching 28% in the long run (vs. 24.5% in LTM).

A -R\$4.8bn buffer inside Incurred But Not Reported (IBNR) reserves

Since the 2022 acquisition, SulAmerica's IBNR coverage has climbed to 98 days of claims, vs. 30-40 days for the industry and its own pre-deal average of ~30 days. That conservatism has built a buffer, with the reserve stock above historical coverage representing ~R\$4.8bn of capital (~R\$2.9bn after-tax). Normalizing the provisioning pace in LTM to the company's own history would lift LTM consolidated adj. EBITDA by ~5% (~R\$650mn). None of this is in our base case, as we treat it as unpriced optionality, with the improving loss-ratio cycle as the trigger to watch.

Valuation: Buy rating at a price target of R\$48.0/sh (FCFE DCF)

We apply a target 14.2x 28E P/E, supported by our DCF at a 15.5% COE and "g" of 5%.

Highlights (R\$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	46,946	51,325	56,479	59,874	65,476	73,150	80,515	86,452
EBIT (UBS)	5,431	7,499	9,756	11,482	12,689	14,288	15,712	17,164
Net earnings (UBS)	2,323	4,059	4,883	5,068	6,387	7,382	8,120	9,227
EPS (UBS, diluted) (R\$)	1.03	1.81	2.21	2.31	2.93	3.39	3.72	4.23
DPS (net) (R\$)	0.40	0.68	2.17	0.99	1.43	1.80	2.10	2.41
Net (debt) / cash	(8,803)	(10,761)	(13,457)	(12,957)	(9,356)	(7,057)	(2,524)	3,100
Profitability/valuation	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
EBIT (UBS) margin %	11.6	14.6	17.3	19.2	19.4	19.5	19.5	19.9
ROIC (EBIT) %	10.8	13.4	16.8	19.8	20.9	22.5	23.8	25.6
EV/EBITDA (UBS core) x	11.9	8.7	8.4	7.6	7.2	6.4	5.8	5.2
P/E (UBS, diluted) x	26.7	15.5	16.1	16.1	12.7	11.0	10.0	8.8
Equity FCF (UBS) yield %	0.2	6.9	(0.9)	5.2	6.7	6.9	10.4	12.4
Dividend yield (net) %	1.5	2.4	6.1	2.7	3.9	4.9	5.7	6.5

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of R\$ 37.13 on 17-Sep-2026

Equities

Brazil

Healthcare Providers

12-month rating **Buy**

12m price target **R\$48.00**

Prior : R\$45.00

Price (17 Sep 2026) **R\$37.13**

RIC: RDOR3.SA BBG: RDOR3 BZ

Trading data and key metrics

52-wk range	R\$47.44-32.49
Market cap.	R\$81.0b/US\$15.8b
Shares o/s	2,180m (COM)
Free float	48%
Avg. daily volume ('000)	6,565
Avg. daily value (m)	R\$228.4
Common s/h equity (12/26E)	R\$21.6b
P/BV (12/26E)	3.8x
Net debt to EBITDA (12/26E)	0.9x

EPS (UBS, diluted) (BRL)

	From	To	% ch	Cons.
12/26E	2.27	2.31	2	2.18
12/27E	2.85	2.93	3	2.66
12/28E	3.47	3.39	-2	3.23

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UBS Research THESIS MAP a guide to our thinking and what's where in this report**PIVOTAL QUESTIONS****Q: Is the margin trend a transitory cost of climbing the complexity curve, rather than the payer capturing the spread?**

Yes. The margin pause partially reflects the record 2024-25 delivery wave still maturing, not payers absorbing the spread. As those vintages season and the case mix shifts toward higher-acuity procedures, we project hospital EBITDA margin expanding toward 28% in the long run (vs. 24.5% in LTM), with the climb up the complexity curve reinforcing, rather than eroding, Rede D'Or's pricing power with payers. In our view, the share price reflects the ongoing cyclical recovery but attributes limited value to the hospital's structural margin improvement.

Q: How much of Rede D'Or's earnings power is inside SulAmerica's claims reserves?

We calculate around R\$4.8bn, or -R\$2.9bn post-tax. Since Rede D'Or finalized its acquisition of SulAmerica in 2022, the insurer's IBNR (Incurred But Not Reported) reserves have risen at a pace not seen in its prior operating history and remain significantly above peers operating under the same framework. In addition, normalizing SulAmerica's LTM marginal provisioning run rate to its pre-transaction historical level suggests Rede D'Or's LTM consolidated adjusted EBITDA could be -R\$650mn higher (or -5%).

UBSVIEW

Rede D'Or is consolidating Brazilian private healthcare around clinical complexity. Scale buys surgical density, density buys complexity, and complexity buys pricing power with payers, a mechanism we expect to lift hospital EBITDA margin from -24.5% in LTM toward 28% in the long run. SulAmerica extends the strategy to the payer side, with ~35% of its claims already served inside the group's network and reserves holding -R\$4.8bn of capital above historical coverage, an earnings buffer we carry as unpriced optionality. We rate as a Buy with a R\$48 price target.

EVIDENCE

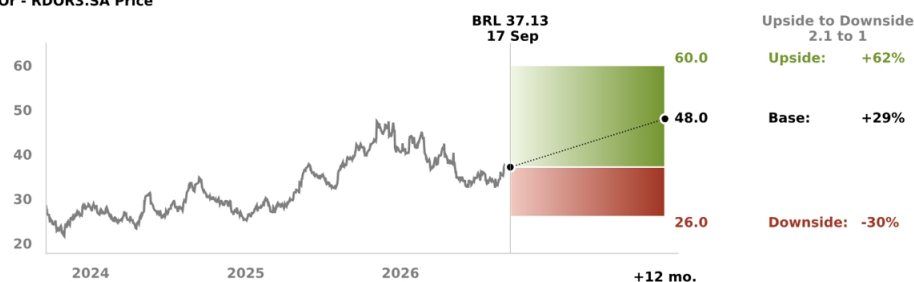
Since its late-2020 IPO, Rede D'Or has grown from 51 to 73 hospitals and from 6.9k to 10.6k operating beds. Hospitals net revenue increased to R\$33.3bn in LTM, compared with R\$14bn in 2020, while following the business combination with SulAmerica, the company reached R\$58.6bn in LTM. The group accounts for ~5% of Brazil's private hospital beds, with strong positions across key metropolitan markets. Its oncology business already produces more than R\$1bn in quarterly revenue, supported by over 75k infusions. On the payer side, SulAmerica serves 6.1m health and dental members, with 35% of its claims already handled within the group's owned network.

WHAT'S PRICED IN?

About R\$50bn of the -R\$80bn market cap reflects inflation pass-through alone (an 8.4x P/E support level); the -R\$30bn premium above it underprices the structural shift vs. our -R\$55bn. Our fair value of R\$48 implies 14.2x 28E P/E vs. 11.0x at current prices.

UPSIDE/DOWNSIDE SPECTRUM

Rede D'Or - RDOR3.SA Price



Value drivers	Net revenue growth (27E)	Adj. EBITDA growth (27E)	Adj. EBITDA margin (27E)	Recurring earnings growth (27E)	COE
R\$60.0upside	12%	15%	23.5%	39%	15.0%
R\$48.0base	9%	8%	22.7%	26%	15.5%
R\$26.0downside	7%	-7%	20.0%	-5%	16.5%

Source: UBS

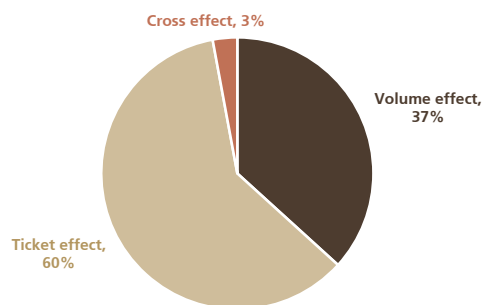
COMPANY DESCRIPTION

Rede D'Or is Brazil's largest independent hospital network, operating more than 70 hospitals and a leading oncology platform in major metropolitan areas. Its 2022 SulAmerica acquisition added one of Brazil's largest health insurers, integrating provider-payer capabilities.

OUR THESIS IN PICTURES

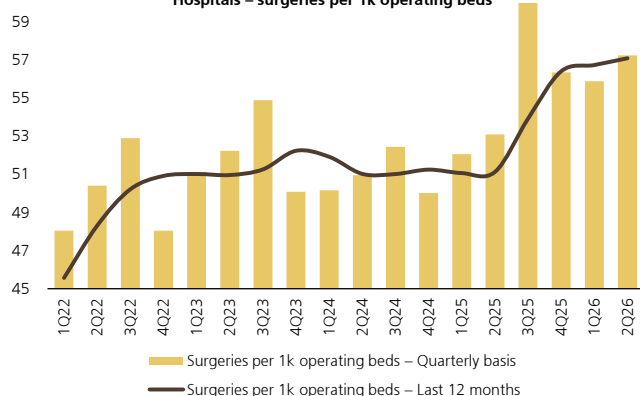
Hospitals – gross revenue growth decomposition, 2Q26 LTM

Note: excluding oncology.



Ticket, rather than volume, accounts for ~60% of hospital revenue growth, with a real component above inflation that aligns with a higher-acuity case mix.

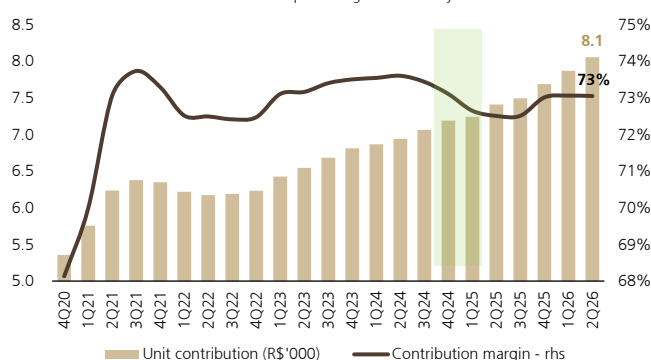
Hospitals – surgeries per 1k operating beds



Surgical density increased from the high-40s in 2022 to ~57 in 2Q26, despite a record wave of greenfield additions expanding the bed base. New capacity is being utilized more intensively, rather than diluting existing density.

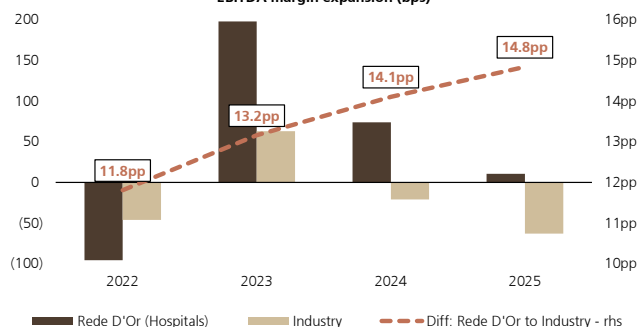
Hospitals – unit economics per patient-day, LTM

Note: based on gross hospitals revenue (excl. oncology) and personnel costs (only). Shaded area indicates a period of greenfield-heavy deliveries.



Using personnel as the clearest cost proxy for complexity, contribution margin remained at ~73%, the high end of its range, during the heaviest delivery period on record. Moving up the complexity curve has been accretive rather than dilutive.

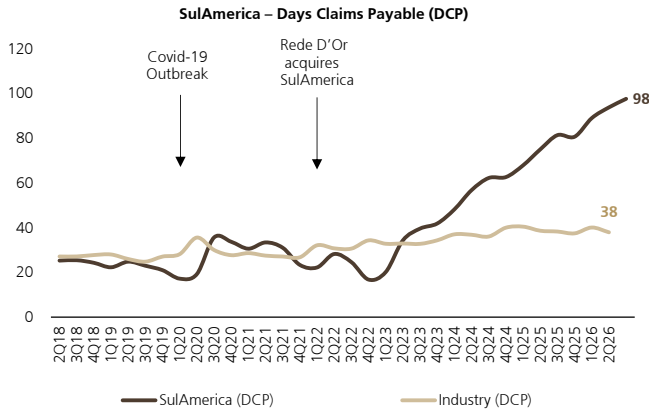
EBITDA margin expansion (bps)



Rede D'Or's hospital margin continues to expand its lead over the industry benchmark. Procurement scale benefits and fixed-cost dilution remain consistent with the data.

Sources for exhibits above: Company data, UBS Research

OUR THESIS IN PICTURES

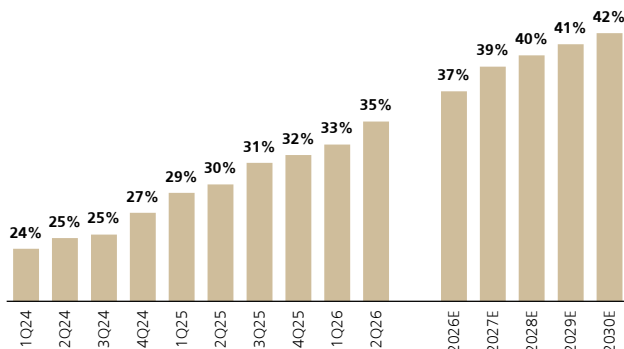


SulAmerica maintains IBNR reserves equivalent to 98 days of claims, more than twice the industry's 30-40 days and well above its own pre-deal average of ~30 days.

LTM, R\$m	2Q26
EBITDA	2,707
Adj. EBITDA	4,471
(+) Excess IBNR	765
(-) Lower financial result	(113)
Adj. EBITDA to excess	5,124
Diff to registered number	15%
Consolidated Adj. EBITDA	13,294
Cons. Adj. EBITDA to excess	13,947
Diff to registered number	5%

Aligning the pace of provisioning with the company's own pre-deal historical levels would increase LTM consolidated adj. EBITDA by 5% (~R\$650mn). We view it as upside optionality.

SulAmerica – claims internalization rate
Percentage of SulAmerica's outflow retained by Rede D'Or



Around 35% of SulAmerica's claims are already handled within Rede D'Or's network, and we expect this share to increase to the low-40% range.

	Implied share price (R\$)	Net revenue growth (5-year CAGR)	Adj. EBITDA margin (long term)
Scenario A	37.1	6.5%	23%
Scenario B	37.1	9.2%	19%
UBSe	48.0	9.2%	23%

Reverse-engineering the current share price using our cost of equity indicates that the market is pricing in net revenue growth and a long-term Adj. EBITDA margin below our forecast trajectory.

Sources for exhibits above: Company data, UBS Research

EXECUTIVE SUMMARY

Assuming at Buy rating; PT of R\$48

We are assuming coverage of Rede D'Or with a Buy rating and a price target of R\$48, implying ~30% upside potential. In our view, Rede D'Or is becoming the endgame consolidator of Brazil's private healthcare market, with the network positioned to concentrate the sector's high-complexity care and, over time, the ecosystem around it. We believe scale buys surgical density; density buys complexity; complexity buys pricing power with payers. In addition, the SulAmerica platform internalizes a portion of those negotiations, while the joint venture with Bradesco extends the same logic to the other side of the market, converting one of the largest payers from counterparty into co-investor and syndicating the capital behind the network's expansion. Finally, SulAmerica carries a sizeable reserve buffer, an upside optionality to our thesis as and when today's above-average levels normalize.

Notably, we believe current market prices assign only a modest premium for the elements described above. Using our 8.4x no-real-growth P/E anchor, a Rede D'Or that simply passed through inflation would be worth ~R\$50bn today (which we view as a support level for valuation). Thus, at the current market cap of ~R\$80bn, the premium paid for those elements is slightly above R\$30bn, a threshold we believe Rede D'Or can comfortably exceed.

In this sense, we raise two Pivotal Questions that underpin our investment thesis on Rede D'Or. First, does the current hospital margin performance reflect payers capturing the spread, or does it reflect the transitory cost of climbing the complexity curve? We argue it is the latter. Second, how much of Rede D'Or's earnings power is inside SulAmerica's claims reserves? We quantify this.

What is the market pricing in?

For Rede D'Or, the gap between EBITDA and earnings attributable to shareholders should widen progressively, and that gap is informative in itself, as it shows where the group's value is also being created. This is explained by three key factors: (i) SulAmerica's financial result benefits from compounding in a higher-for-longer rate environment; (ii) the Atlantica D'Or JV scales via equity income and minority interests; and (iii) the SulAmerica PPA amortization is phased out. Lastly, courtesy of IFRS 16, lease expenses also bypass EBITDA, landing in the financial result.

As none of these items is reflected in EBITDA, and with earnings converting into cash at ratios approaching 100% as the delivery cycle is concluded, we base our valuation view on P/E and evaluate what the current share price implies through two different approaches:

- **First, a no-real-growth valuation.** Using a Gordon framework with a 15.5% cost of equity, Rede D'Or would be valued at 8.4x P/E if it only passed through inflation, with no market share gains, margin expansion, complexity mix uplift, additional M&A, or Atlantica D'Or ramp-up. At the current share price and consensus estimate for 2027 recurring net income, the market is valuing the company at ~13.5x 27E P/E, representing a premium of ~60% to that support multiple. In simple terms, for every R\$100 investors pay for Rede D'Or today, approximately R\$60 is supported by the company's ability to pass through inflation, while the remaining ~R\$40 reflects the premium assigned to real earnings growth. With ~40% of current value resting on real growth, we view this as a moderate threshold for the franchise.
- **Second, we convert that premium into operating metrics by reverse-engineering our model.** Keeping our cost of equity unchanged, we derive the assumptions implied by the current share price, assessing one variable at a time while holding the other at our base case. For growth, the valuation implies net revenue growth of ~6.5% (5-year CAGR); for profitability, it assumes a long-term EBITDA margin of ~19%. Our forecasts are ~9% and ~23%, respectively. The gap between these assumptions represents the opportunity embedded in our price target.

Figure 1: Rede D'Or - implied no-growth multiple

$$P = \frac{D}{(COE - g)} \Rightarrow P/E = \frac{\overset{= 100\%}{\text{payout}}}{\underset{= \text{long-term inflation}}{(COE - g)}} \Rightarrow 8.4x$$

Source: UBS. Note: In perpetuity, growth reflects only inflation pass-through, with no real gains. With no real growth, no reinvestment is required, allowing for full distribution with a 100% payout ratio. UBSe: COE = 15.5%; Inflation = 3.5%.

Figure 2: Rede D'Or - reverse DCF (revenue and margin)

	Implied share price (R\$)	Net revenue growth (5-year CAGR)	Adj. EBITDA margin (long term)
Scenario A	37.1	6.5%	23%
Scenario B	37.1	9.2%	19%
UBSe	48.0	9.2%	23%

Source: UBS. Note: Prices as of 09/17/2026.

The two Pivotal Questions behind our thesis

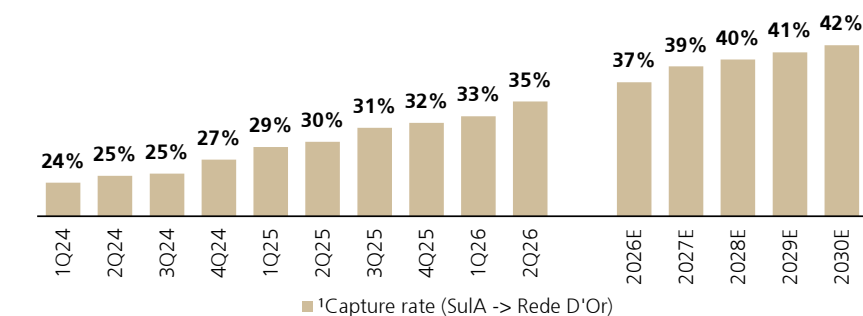
We framed our analysis around two questions, each of which can be assessed against quarterly results, with evidence that may either support or challenge the investment thesis.

1. **The first question relates to hospital operations.** Revenue continues to expand at a healthy rate, although margin performance has raised concerns about future trajectory. When breaking down hospital revenue growth, ticket, rather than volume, drives the bridge, accounting for ~60% of the LTM top-line growth. In addition, that ticket includes a real, above-inflation component, consistent with a more complex case mix. Notably, surgeries per 1k operating beds increased from the high-40s in 2022 to approximately 60 by 1H26, even as a record greenfield expansion increased the bed base during 2024-2025. In our view, the key differentiating factor is the gross margin evolution, but using only personnel costs as the anchor, given that it is the largest COGS line and the least affected by oncology contamination. As such, that contribution margin has been holding at ~72-73%, close to the upper end of its range, throughout the most intensive delivery period. See details in "[Is the margin trend a transitory cost of climbing the complexity curve, rather than the payer capturing the spread?](#)".
2. **The second addresses the extent to which Rede D'Or's earnings power is embedded in SulAmerica's claims reserves.** Since the 2022 acquisition, SulAmerica has increased its IBNR provision at a pace without precedent in its own history. Based on reserve coverage, the Days Claims Payable (or DCP, defined as the IBNR balance divided by claims per day), the insurer holds 98 days of claims in reserve, versus a pre-transaction average of roughly 25 days, for a business line where the notification tail is closer to one month. That level of reserve conservatism is not merely a neutral accounting detail. Provisions are reflected in the claims line, meaning a larger build weighs on the reported margin in the current period, while any release would improve it. If provisioning had followed the company's own pre-deal marginal run rate, LTM consolidated adjusted EBITDA would have been 5% higher (or R\$650mn above the reported print, net of the offsetting lower financial-income impact). Conversely, the reserve balance held above the historical coverage level currently represents around R\$4.8bn of capital (around R\$2.9bn after-tax). We do not include any of these exercises in our base case; rather, we view potential reserve normalization as optionality, not as a forecast assumption. The key indicator to track is a turning point in DCP, particularly as the loss-ratio cycle is already improving.

Verticalization: keeping the economics inside the ecosystem

Beyond the two Pivotal Questions, the extent of vertical integration between SulAmerica and Rede D'Or's hospitals warrants a focused review. Notably, the claims internalization rate, or capture rate, represents the proportion of SulAmerica's claims handled within Rede D'Or's own network, measured through intercompany eliminations. This rate has increased consistently each quarter since the combination, reaching ~35% in the LTM period.

Figure 3: SulAmerica - claims internalization rate (¹capture rate)



Source: Company reports, UBS. ¹Percentage of SulAmerica's outflow retained by Rede D'Or (i.e. economics maintained within the Group)

Notably, the economics that would otherwise leave the group remain inside the ecosystem, while internalized claims shorten the notification lag, marginally lowering the need for reserve accumulation (although the latter still does not affect the IBNR dynamics, as we assess ahead).

Still, we see the insurer's penetration into Rede D'Or's hospitals as structurally limited. In our view, SulAmerica's value proposition is not to enclose its members within the group's network, but to offer broad access through an ample referenced network, co-payment options, and reimbursement. In our view, this product structure limits the extent to which verticalization can reasonably advance, explaining why we project that, in the long term, it will achieve the low-40s. Overall, each internalized claim substitutes an external cost with revenue from the company's own network, meaning effective verticalization should support a similarly robust increase in consolidated EBITDA.

What is in our numbers?

Our earnings model assumes recurring net income of R\$5bn this year, representing growth of just 4%, while we expect a sharp 26% reacceleration in 2027 to R\$6.4bn, primarily supported by six key assumptions.

- **Top-line expansion remains driven by ticket growth rather than volume**, with an increasing complexity mix that we expect to support recurring hospital EBITDA margin rising toward ~28% over the long term (vs. LTM of 24.5%). Note that our Hospitals recurring EBITDA is defined as reported EBITDA adjusted only for the "Other non-recurring and/or non-operating" line item. Unlike the company's adjusted EBITDA, our metric treats stock-based compensation and business combination costs as recurring, consistent with a serial consolidator, and includes the contribution from recently opened hospitals.
- **Oncology continues to deliver robust growth** as the industry's competitive structure reshapes.
- **We do not factor in additional improvement in SulAmerica's MLR**; rather, we forecast an increase in 2027, followed by a gradual moderation toward ~80% by 2032E, where it stabilizes.
- **Our base case does not include any normalization of SulAmerica's reserve coverage**, with the sizing of our second Pivotal Question reflected in the model only as optionality.
- **Our capex assumptions factor in only the guided ~2,690-bed pipeline for 2026-28**, at approximately R\$1.4mn per bed as disclosed in the company's reference form, plus maintenance, with the bed base moving toward ~95% operational utilization over the long term. Any expansion beyond guidance would represent upside to our estimates. As a direct consequence, our FCF yield roughly doubles by 2029, as the guided delivery cycle concludes.
- **We model the effective tax rate endogenously**, anchored on the company's IOC capacity and the DTA dynamics linked to SulAmerica's technical reserves, rather than applying a fixed discount to the statutory rate. We assume an effective tax rate of 24% in the long term.

Taken together, these assumptions keep our earnings broadly aligned with market consensus for the current year, while indicating potential upside of ~7% in 2027/28.

Earnings Model

Figure 4: Rede D'Or - earnings outlook

Income Statement (R\$ million)	2026E	2027E	2028E	Growth		
	New	New	New	'26	'27	'28
Net Revenue	59,874	65,476	73,150	6%	9%	12%
COGS	(45,655)	(49,626)	(55,127)	4%	9%	11%
SG&A	(3,706)	(3,814)	(4,216)	15%	3%	11%
Changes in technical reserves	(626)	(700)	(766)	-10%	12%	9%
Other income / expenses	(277)	(571)	(645)	21%	106%	13%
EBITDA	11,867	12,956	14,705	14%	9%	13%
Adjusted EBITDA	13,739	14,880	16,597	15%	8%	12%
Financial results	(3,060)	(2,725)	(2,995)	36%	-11%	10%
Earnings before taxes	6,549	8,041	9,401	9%	23%	17%
Income taxes	(1,433)	(1,544)	(1,891)	21%	8%	22%
Minorities	(225)	(286)	(304)	45%	27%	6%
Reported net income	4,892	6,212	7,206	5%	27%	16%
Net extraordinary gains (losses)	176	176	176	-16%	0%	0%
Recurring net income	5,068	6,387	7,382	4%	26%	16%
Consensus	4,912	5,963	6,991	1%	21%	17%
UBS vs. Cons.	3%	7%	6%			
Gross margin	23.7%	24.2%	24.6%	180 bps	50 bps	40 bps
EBITDA margin	19.8%	19.8%	20.1%	130 bps	0 bps	30 bps
Adj. EBITDA margin	22.9%	22.7%	22.7%	180 bps	-20 bps	0 bps
Recurring net margin	8.5%	9.8%	10.1%	-20 bps	130 bps	30 bps
Hospital services						
Gross margin	24.1%	24.8%	25.8%	70 bps	70 bps	100 bps
¹ Recurring EBITDA margin	24.8%	25.2%	25.7%	30 bps	40 bps	50 bps
Insurance and pension						
Medical loss ratio (MLR)	77.1%	77.4%	78.0%	-190 bps	30 bps	50 bps
² Combined ratio	93.1%	93.4%	93.9%	-220 bps	30 bps	60 bps
² Expanded combined ratio	87.6%	88.2%	89.2%	-300 bps	60 bps	100 bps

Source: Company reports, Reuters, UBS. Note: Consensus as of 9 September 2026.

Figure 5: Brazil - macroeconomic forecast

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Real GDP growth, %	(3.3)	1.3	1.8	1.2	(3.3)	4.8	3.0	3.2	3.4	2.3	1.8	1.8	2.2
Private consumption, % y/y	(3.8)	2.0	2.4	2.6	(4.6)	3.0	4.1	3.2	5.1	1.3	1.7	1.7	-
Government consumption, % y/y	0.2	(0.7)	0.8	(0.5)	(3.7)	4.2	2.1	3.8	2.0	2.1	2.1	1.5	-
Gross Fixed Capital formation, % y/y	(12.1)	(2.6)	5.2	4.0	(1.7)	12.9	1.1	(3.0)	6.9	2.9	0.5	1.0	-
Unemployment rate, %	12.9	12.6	12.3	11.7	14.9	11.7	8.3	7.8	6.5	5.3	5.8	6.5	-
CPI inflation, % y/y (year-end)	6.3	2.9	3.7	4.3	4.5	10.1	5.8	4.6	4.8	4.3	4.6	3.9	3.5
¹ Policy rate, % (year-end)	13.8	7.0	6.5	4.5	2.0	9.3	13.8	11.8	12.3	15.0	12.8	12.0	10.5

Source: Brazilian Central Bank, UBS macroeconomic team. Projections for 2027 and 2028 are based on the Central Bank Focus Survey.

Valuation Summary

We value Rede D'Or at a fair 14.2x 2028E P/E multiple, which is supported by our DCF framework. This is based on 10-year free cash flow to equity (FCFE), discounting 2027-36 cash flows at a 15.5% cost of equity and applying a 5.0% terminal growth assumption (which aligns with long-term inflation plus a remaining real growth component, consistent with the endgame consolidator profile outlined in this report). This results in a fair value of R\$48 per share, implying ~30% upside. The terminal value represents roughly 40% of the total. Below, we summarize the key aspects we considered in our long-term assumptions:

- **Beta of 0.9.** From an operating perspective, we considered in our beta Rede D'Or's essential-service demand, a 20-year history of disciplined, incremental capital allocation, national scale, and revenue diversified across hospitals, oncology, and SulAmerica's insurance and pension portfolios, reducing reliance on any single payer. For comparison purposes, we use a beta of 0.8 for Bradsaude, a pure health insurance business in Brazil.
- **Distribution policy.** Our DCF incorporates a normalized distribution policy, in which surplus capital is returned to shareholders rather than retained at returns below the cost of equity. The payout increases from the company's 40-50% practice in the near term toward ~85% in the terminal year, the level at which average equity expands in line with "g".

Figure 6: Rede D'Or - valuation summary

FCFE assumptions		Multiples @ Current Price	
Risk-free rate	11%	P/E 27E	12.7x
Beta	0.90	P/E 28E	11.0x
Equity Risk Premium	5.5%	EV/EBITDA 27E	7.2x
Cost of equity (BRL)	15.5%	EV/EBITDA 28E	6.5x
Terminal growth rate	5.0%		
12M Price Target (R\$ million)		Multiples @ Price Target	
NPV in the foreseeable future	59,877	P/E 27E	16.4x
NPV of terminal value	45,437	P/E 28E	14.2x
Equity Value (R\$mn) – 12M fwd	105,315	EV/EBITDA 27E	8.8x
Price Target (R\$)	48.0	EV/EBITDA 28E	7.9x
		Dividend yield @ Current Price	
Upside	29%	2027E	3.9%
Dividend yield	3%	2028E	4.9%
		Dividend yield @ Price Target	
Total return	32%	2027E	3.0%
MRA	18.0%	2028E	3.8%
Clean Upside	14%		
Rating	Buy		

Source: Company reports, Reuters, UBS. Note: Prices as of 9 September 2026.

Valuation sensitivity analysis

Given the uncertainty related to global risk perception and the local fiscal situation, we conducted a sensitivity analysis to simulate our valuation using alternative assumptions for COE and terminal growth rate. Each percentage point change in COE moves our fair value by around 10%.

Figure 7: Valuation sensitivity (COE vs. terminal growth rate)

		Cost of equity				
		13.5%	14.5%	15.5%	16.5%	17.5%
Terminal growth rate	3.0%	54	49	45	41	38
	4.0%	57	51	46	42	39
	5.0%	60	54	48	44	40
	6.0%	65	57	51	46	42
	7.0%	70	61	54	48	43

Source: Company reports, UBS estimates

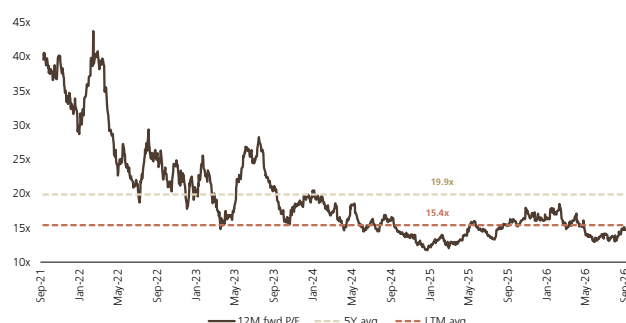
Historical Multiples

On a 12-month forward basis, the stock is trading at ~14x P/E (and ~13.5x 27E P/E), based on market numbers. Since its IPO, Rede D'Or has experienced a significant de-rating, with its forward earnings multiple declining from around 40x to current levels, despite earnings nearly doubling over the same period. In our view, this multiple compression reflects three aspects:

- First, the steepening of the Brazilian yield curve during this period required a higher return on shareholders' capital compared to the low level of interest rates seen in 2020;
- Second, the industry-wide claims-cost pressure in the 2022-24 cycle, which affected the broader listed healthcare sector; and
- Third, the maturation headwind from the record bed delivery cycle, which temporarily stalled hospital margins and which we view as transitory (addressed in our first [Pivotal Question](#)).

At current market P/E, vs. our fair multiple and the 8.4x for an inflation-only Rede D'Or, we believe the de-rating has exceeded what fundamentals warrant.

Figure 8: Rede D'Or - 12m forward P/E



Source: Reuters, UBS

Figure 9: Rede D'Or - 12m forward EV/EBITDA



Source: Reuters, UBS

Valuation comparison with Global peers

At this point, it is important to emphasize that we do not base our price target on comparable companies; instead, our valuation is based on our target P/E, which is backed by our FCFE model outlined above. Nevertheless, the table below is intended to provide context for how the stock trades relative to its peer groups.

Figure 10: Hospitals & Healthcare Services Providers - comparison table

	Rating	Price (local)	12M PT (local)	Upside (%)	Mkt Cap (US\$ mn)	P/E		EV/EBITDA		Dividend Yield (%)	
						2026E	2027E	2026E	2027E	2026E	2027E
Rede D'Or	Buy	37.1	48.0	29	15,657	16.1	12.7	7.6	7.2	2.7	3.9
Mater Dei	Not rated	5.0	-	-	325	9.6	7.0	5.9	5.3	1.5	3.8
Hapvida	Neutral (CBE)	6.3	7.8	24	577	57.2	9.8	3.4	3.0	0.0	0.0
Bradsaude	Buy	14.4	19.0	32	8,176	9.5	8.1	n.a.	n.a.	4.3	7.4
Fleury	Neutral	21.4	23.3	9	2,260	14.8	12.4	6.2	5.8	4.4	6.4
Dasa	Buy	2.8	3.9	39	683	n.a.	9.6	2.5	2.1	0.0	0.0
Viveo	Not rated	0.8	-	-	201	n.a.	n.a.	5.8	5.4	0.0	0.0
Qualicorp	Not rated	1.7	-	-	91	4.4	3.2	2.1	2.1	5.4	8.3
Blau	Neutral	10.4	11.5	10	470	9.1	7.4	5.3	4.7	3.0	2.8
Brazilian Healthcare				24.2		9.5	8.1	5.3	4.7	2.2	3.3
IHH Healthcare	Buy	7.6	10.8	41	16,444	29.2	25.2	11.8	10.5	1.7	2.0
Bangkok Dusit Medical Services	Buy	19.9	23.0	16	9,479	20.1	18.7	11.8	11.0	4.3	4.6
Apollo Hospitals	Buy	8,770.3	10,750.0	23	13,152	53.8	49.5	28.8	27.5	0.3	0.3
Max Healthcare	Buy	1,055.0	1,300.0	23	10,689	60.2	55.9	40.3	33.8	0.1	0.1
Ramsay	Neutral	55.4	55.6	0	9,110	30.3	28.1	17.5	16.8	2.5	2.2
APAC Hospital Operators				22.6		30.3	28.1	17.5	16.8	1.7	2.0
HCA	Buy	431.2	579.0	34	99,100	13.6	12.6	9.4	9.3	0.7	n.a.
Tenet	Buy	261.0	308.0	18	21,912	12.0	12.4	7.2	7.2	0.0	0.0
Universal	Buy	179.3	290.0	62	11,325	7.7	7.0	6.3	6.2	0.4	0.4
US Hospital Operators				34.3		12.0	12.4	7.2	7.2	0.4	0.2

Source: Reuters and UBS Global Research. Prices as of 9 September 2026. Median for sector figures. For those not rated, we relied on market consensus estimates.

That said, at ~13x 2027E earnings, Rede D'Or trades broadly in line with mature US hospital operators such as HCA and Tenet, while at less than half the ~28x median for Asia-Pacific hospital platforms, whose complexity-driven strategy most closely resembles its own, and at a premium to the Brazilian healthcare median, which we believe is justified by scale, lower debt ratios, and the SulAmerica platform. In short (and roughly speaking), we see the market valuing Rede D'Or more like a mature developed-market hospital operator, while the company compounds like an emerging-market platform.

Risks to our investment thesis

Our Buy rating is supported by complexity driving hospital margin growth, verticalization preserving economics within the group, and an earnings trajectory that surpasses what is reflected in the current share price. The risks discussed below are essentially the inverse of those pillars, and we assess each through the channel by which it could affect the P&L and our valuation.

Payers capturing the complexity spread

This represents the downside interpretation of our first Pivotal Question. Specifically, if surgical density continues to increase while contribution margin after personnel costs narrows (drops below the 70% threshold for a certain period of time), the value generated by higher-acuity care would be captured by payers rather than Rede D'Or. This outcome would challenge our expectation that hospital EBITDA margin can expand toward ~28% over the long term.

A renewed deterioration in SulAmerica's claims cycle

We already assume the MLR rises from 2027; the risk is that deterioration occurs more quickly or more severely, or that reserve coverage reaches new highs while the cash claims cycle weakens. This would weigh on the insurance margin (Combined ratio), delay any normalization of reserve conservatism, and keep the earnings buffer constrained for longer, undermining the second pillar of our thesis.

Slower maturation of the 2026-28 bed pipeline

Our forecasts incorporate the guided ~2,690-bed expansion ramping toward ~95% operational utilization, with no further additions assumed beyond that. If the new vintages mature more gradually, the mechanical component of margin recovery would be deferred, volume growth would receive less support, and the drag from recently opened units would persist beyond our assumptions.

Tax and regulatory changes

Our effective tax rate assumes full utilization of interest on own capital and DTA dynamics linked to SulAmerica's technical reserves. Thus, changes to IOC legislation or faster DTA reversal could move the effective rate above our projected path. Notably, sector regulation, such as ANS rules on reimbursement, price adjustments, networks, and technical reserves, remains a structural feature of the industry and can alter the economics of both provider and payer.

PIVOTAL QUESTIONS

Q: Is the margin trend a transitory cost of climbing the complexity curve, rather than the payer capturing the spread?

UBSVIEW

We believe it is transitory. The margin pause partially reflects the record 2024-25 delivery wave still maturing, not payers absorbing the spread. As those vintages season and the case mix shifts toward higher-acuity procedures, we project hospital EBITDA margin expanding toward 28% in the long run, with the climb up the complexity curve reinforcing, rather than eroding, Rede D'Or's pricing power with payers.

EVIDENCE

Ticket, not volume, explains ~60% of LTM hospital revenue growth and carries a real, above-inflation component consistent with a richer case mix. Surgeries per 1k operating beds rose from the high-40s in 2022 to ~57 in 2026, while the contribution margin after personnel, the largest and cleanest COGS line, held at ~73%, the top of its range, through the heaviest greenfield window on record. Rede D'Or's hospital margin runs at roughly twice the industry's, with the gap widening rather than converging.

WHAT'S PRICED IN?

Reverse-engineering the current share price using our cost of equity and perpetuity growth rate implies a long-term consolidated EBITDA margin of ~19%, below our forecast trajectory of 23%. In our view, the share price reflects the ongoing cyclical recovery but attributes limited value to the structural margin improvement.

Our key discoveries in a nutshell

Rede D'Or's hospital revenue growth has reaccelerated since the beginning of 2024, while expansion in its adjusted EBITDA margin has stalled as of last year. A common view is that the payer network is gradually absorbing the spread over time. Another possible explanation is that a physician-fee pass-through is inflating reported revenue, while negatively affecting the margin. In our view, the near-term hospital margin trend appears temporary, primarily still reflecting a wave of newly opened hospitals (stemming from a delivery cycle that peaked around 2024-25) that are still ramping up and pressuring margins. More importantly, beneath this dynamic (and underestimated by investors, in our view), the company's gradual move up the complexity curve appears to be reinforcing its competitive moat, creating a capability that should allow Rede D'Or to capture greater value over time as it protects pricing against payers (a parallel with IHH and its subsidiaries is valid).

We found that (i) revenue growth has been driven more by ticket than by volume since the transition period after the "M&A Era". We also note that (ii) the ticket includes a real, above-inflation component, consistent with a richer case mix, whose operational driver may be linked to (iii) a structural increase in surgical intensity per admission. In our view, the key question is whether this intensification is margin accretive or dilutive. To assess this, (iv) we analyzed the contribution margin, based on gross hospital revenue (ex-onco) and personnel costs, and found that despite a record wave of new beds, it remained at the upper end of its range rather than deteriorating. In addition, (v) when benchmarked against the broader industry, this dynamic shows Rede D'Or's hospital margin running at roughly twice the industry level, with the gap widening rather than narrowing.

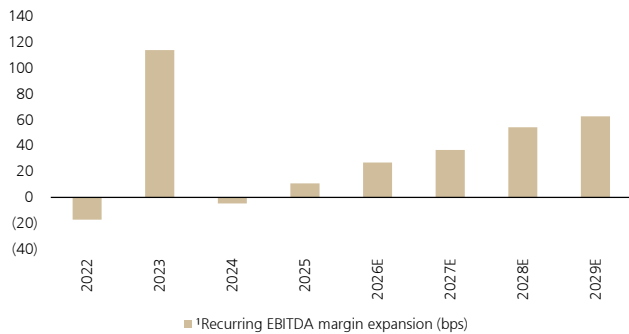
In our model, we reflect two distinct margin drivers going forward.

- **The first is mechanical and near-term:** the hospital delivery cycle peaked around 2024-25, and relatively recently opened units are still maturing, weighing on reported margins. This is a headwind that should gradually fade as

these assets ramp up.

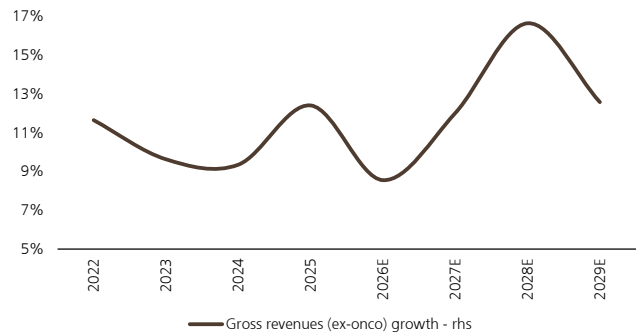
- **The second is structural and becomes increasingly visible from 2028 onward:** as high-acuity procedures concentrated at Rede D'Or attract referral flows and specialist talent into its network, the mix should shift toward higher-value cases, with revenue per case rising ahead of the associated personnel costs, converting mix into gross margin spread rather than ticket alone. That dynamic also strengthens the company's bargaining position with payers, helping sustain that ticket over the long run.

Figure 11: Hospitals - UBSe for EBITDA margin trajectory



Source: Company reports, UBS. Company reports, UBS. ¹Our Recurring EBITDA is defined as reported EBITDA adjusted only for the "Other non-recurring and/or non-operating" line item. Unlike the company's adjusted EBITDA, our metric treats stock-based compensation and business combination costs as recurring (consistent with a serial consolidator) and includes the contribution from recently opened hospitals.

Figure 12: Hospitals - UBSe for top-line growth trajectory



Source: Company reports, UBS

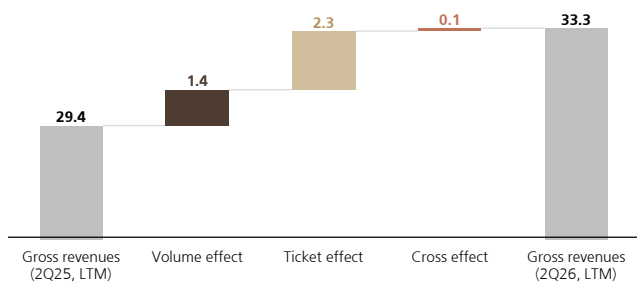
Notably, as one caveat within the revenue line, the physician-fee pass-through increases reported revenue at zero margin and mechanically dilutes the consolidated margin print. We have assessed this dynamic and view it as modest and diminishing, particularly through 2025, and consider it a quality-of-revenue consideration rather than a core thesis driver.

Lastly, we believe it is worth highlighting a brief comparison with IHH Healthcare, which is one of the largest private operators in Asia. In short, IHH's strategy implied revenue expansion per admission through a more complex case mix, reducing length of stay, and improving margins as it moves up the acuity curve. Additionally, the comparison remains favorable for Rede D'Or, as IHH lacks a vertical layer via SulAmerica that internalizes a portion of the payer relationship.

Axis 1 - Ticket leads the top line growth

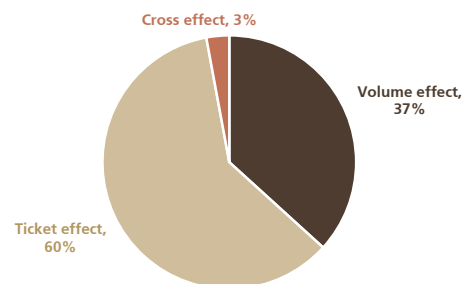
We begin by breaking down gross hospital revenue growth into volume, ticket, and cross components. In the latest LTM period, the average ticket remains the primary driver, accounting for around 60% of the bridge, compared with around 40% from volume and a residual cross effect.

Figure 13: Hospitals - gross revenue growth breakdown, 2Q26 LTM (R\$bn)



Source: Company reports, UBS. Note: excluding oncology.

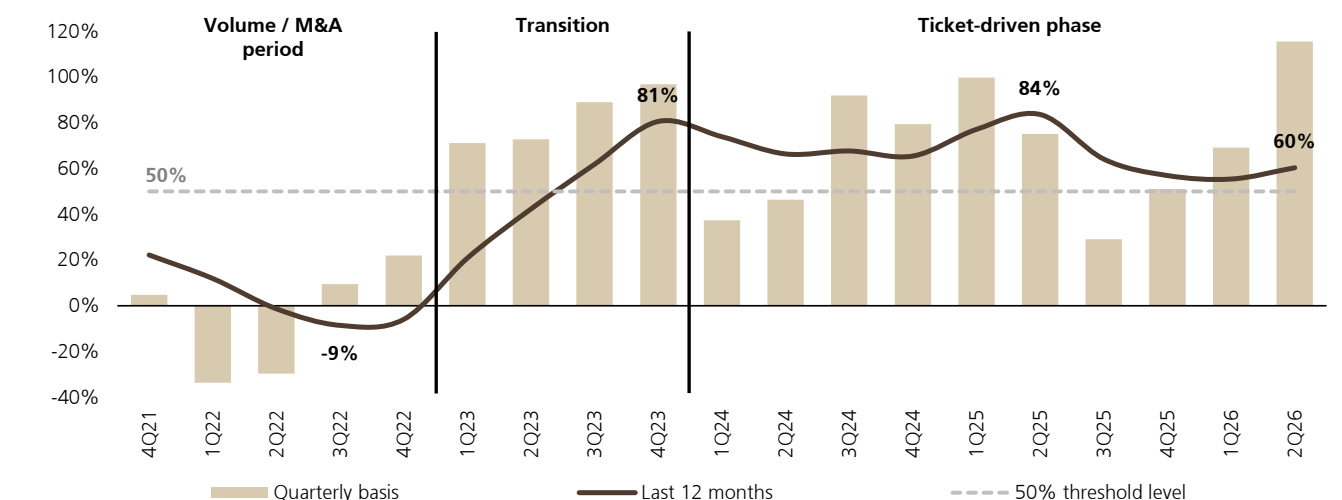
Figure 14: Hospitals - gross revenue growth decomposition, 2Q26 LTM



Source: Company reports, UBS. Note: excluding oncology.

This is not a static feature; it represents the current stage of an evolving sequence. Viewed over time, ticket's contribution to growth reflects three phases: first, a Volume / M&A period, during which ticket's contribution reached a low point; second, a Transition phase, when it increased to become the dominant factor in the bridge, peaking at approximately 80%; And the current Ticket-driven phase, in which it remains the primary contributor even as the LTM measure normalizes from the low-80s toward the mid-50s to 60s.

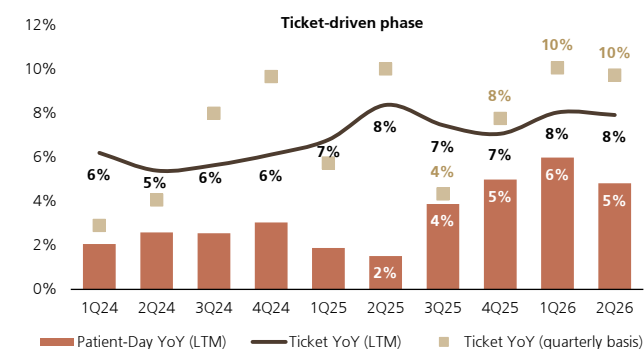
Figure 15: Hospitals - ticket effect (i.e. contribution to revenue growth) over time



Source: Company reports, UBS. Note: excluding oncology.

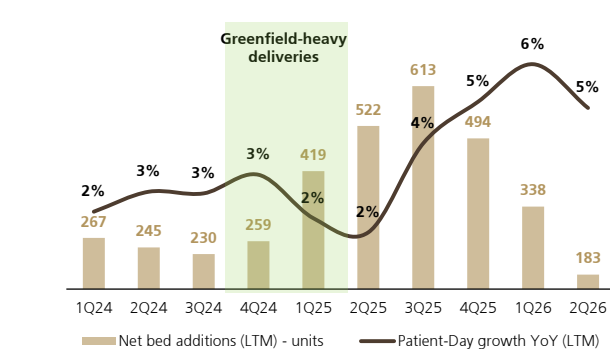
A reasonable counterargument for the slower ticket dynamic in 2025-2026 is that volume has been recovering, as patient-days growth resumed last year and is no longer stagnant as in 2024. We note that this renewed acceleration of patient-days follows the company's bed deliveries, with a lag, while ticket growth has remained steady at 7-8%. The returning volume appears to reflect capacity that Rede D'Or brought online, which again showed signs of (a natural) slowdown trend in 2Q26.

Figure 16: Hospitals - ticket vs. volume growth (ticket stable at 7-8%)



Source: Company reports, UBS. Note: excluding oncology.

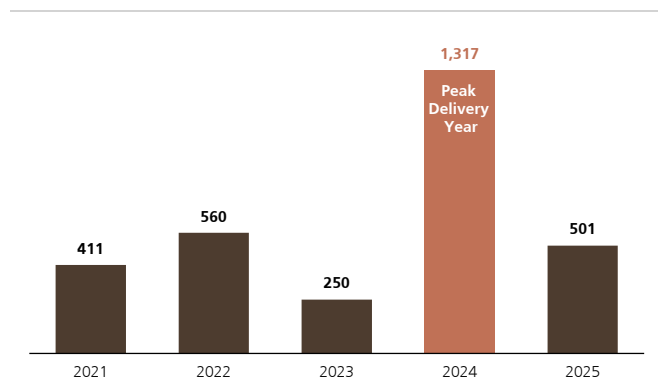
Figure 17: Hospitals - net operating bed additions vs. volume growth



Source: Company reports, UBS

As we illustrate in both Figures below, the delivery profile makes this point clearer. In 2024, it marked a peak year for deliveries, with more than 1,300 gross beds added, several times the run-rate of adjacent years, primarily concentrated in greenfield units, including several within the Atlantica D'Or JV. Growth in patient-days is following that expansion with the expected lag as new beds ramp up. In other words, the volume recovering stems from supply the company originated and funded, adding to the ticket engine rather than diluting it.

Figure 18: Hospitals - gross bed deliveries (units)



Source: Company reports, UBS

Figure 19: Rede D'Or - hospital deliveries during the ticket-driven phase

Period	Hospital	State	Type
1Q24	-	-	-
2Q24	Memorial Star	Recife	Greenfield
3Q24	Vila Nova Star	São Paulo	Brownfield
4Q24	São Luiz Alphaville	São Paulo	Greenfield
4Q24	São Luiz Guarulhos	São Paulo	Greenfield
4Q24	Macaé D'Or	Rio de Janeiro	Greenfield
4Q24	Aliança Star	Salvador	Greenfield
1Q25	Barra D'Or	Rio de Janeiro	Greenfield
2025 ¹	São Luiz São Bernardo	São Paulo	Brownfield

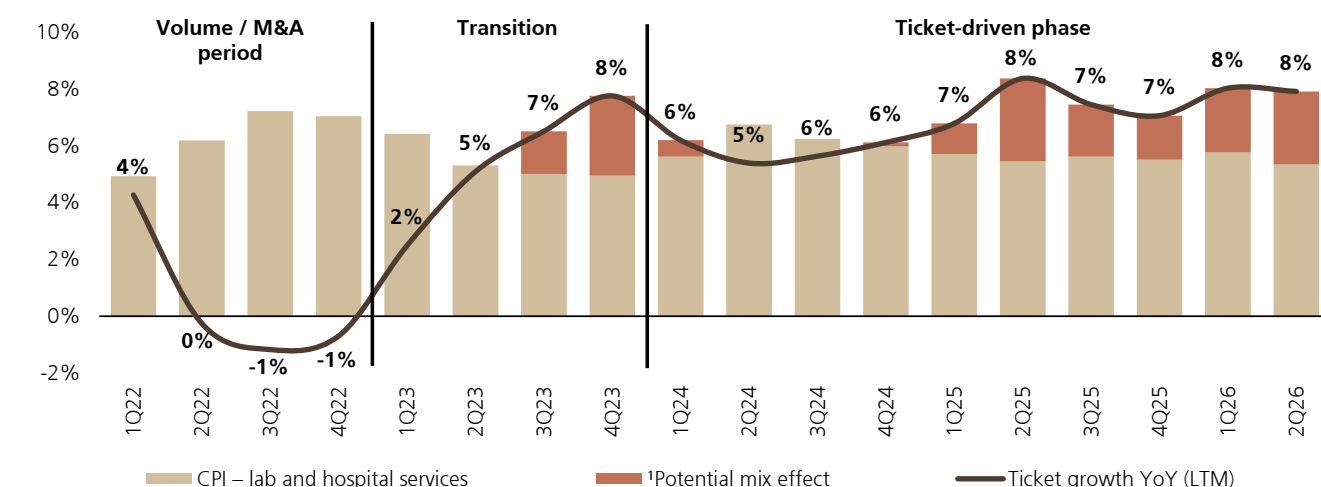
Source: Company reports, UBS. ¹The exact quarter is not specified. Note: shown in red as part of the Atlântica D'Or JV.

Axis 2 - The average ticket carries a real, above-inflation component

If ticket growth leads, the next question is whether it reflects only price pass-through from medical-cost inflation or includes a real component. We compare nominal ticket growth (LTM) with medical-services inflation; by design, the difference between the two represents a potential mix effect.

During the ticket-driven phase, the residual reappears and ticket growth reaccelerates to 7-8%, exceeding inflation in lab and hospital services.

Figure 20: Hospitals - ticket growth vs. medical-services inflation

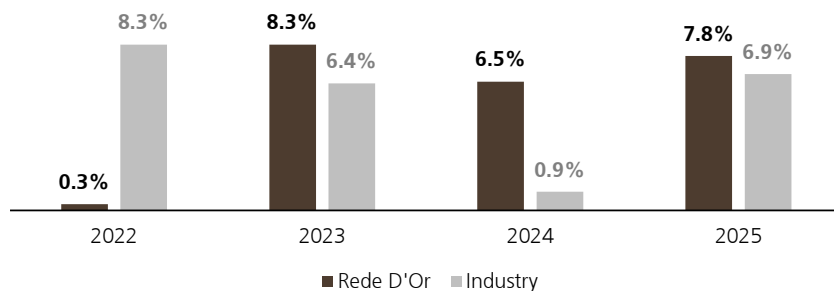


Source: Company reports, IBGE and UBS. ¹Gap/residual between nominal ticket growth and medical services inflation. Note: excluding oncology.

Notably, the residual is consistent with a higher-value case mix, such as a greater proportion of high-complexity surgeries, including cardiac, neuro, oncological, and complex orthopedic procedures. However, we acknowledge that it could also partly reflect underlying real price increases. We interpret this as directional evidence supporting a mix shift, rather than definitive proof.

Nevertheless, a comparison relative to the broader industry could provide some insight into this aspect. When including oncology for comparability, Rede D'Or's net revenue per patient-day has outpaced the industry. One nuance worth highlighting, which is evident in the chart, is that this outperformance is relatively recent. In 2022, during the integration-intensive period, Rede D'Or grew below the sector, but the relationship reversed from 2023 onward.

Figure 21: Net revenue per patient-day growth

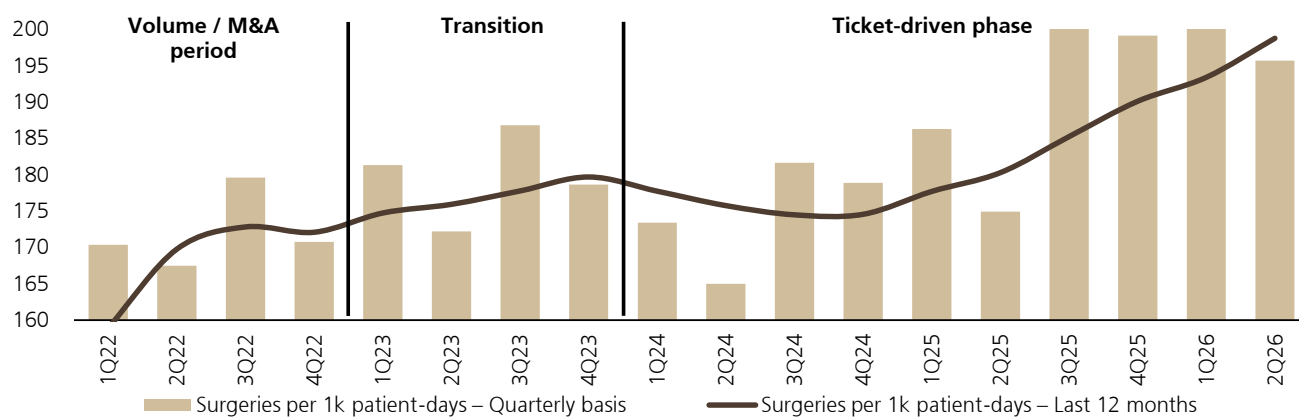


Source: Company reports, ANAHP and UBS. Note: calculations include oncology revenue for comparability with the industry. ANAHP's methodology includes revenue from medications.

Axis 3 - The operational cause: surgical densification

The factor physically increasing the ticket could be a structural rise in admission intensity. We assess this in two ways. Surgeries per 1k patient-days increased throughout the cycle, leveled off during the "Transition", and accelerated again in the "Ticket-driven phase".

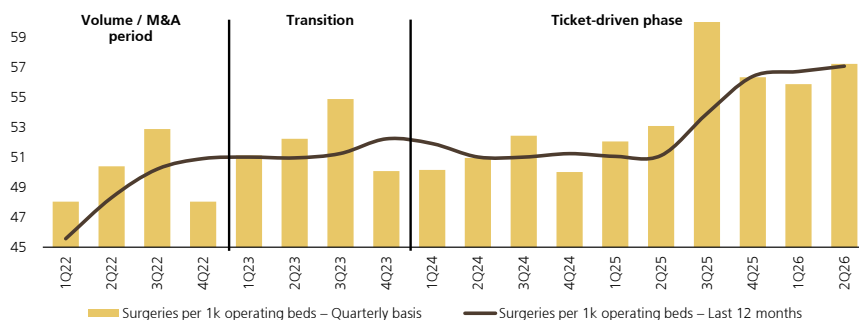
Figure 22: Hospitals - surgeries per 1k patient-days



Source: Company reports, UBS

The more rigorous measure is surgical density per unit of capacity. Although the 2024 greenfield expansion increased the operating-bed base, surgeries per 1k operating beds climbed from the high-40s, through a low-50s plateau, to approximately 60 by 2Q26. This trend does not simply reflect additional beds being activated; it indicates higher utilization per bed. Newly added capacity is being used more efficiently, rather than reducing the density of existing capacity.

Figure 23: Hospitals - surgeries per 1k operating beds



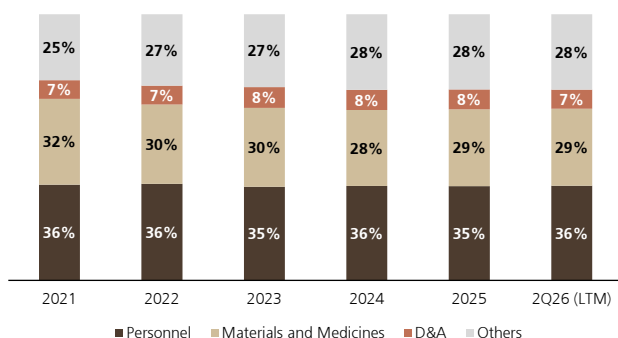
Source: Company reports, UBS. Note: based on the average number of operating beds during the period.

Axis 4 - Is the intensification accretive or dilutive?

The analysis so far indicates that (a) growth has been driven by ticket size, (b) the ticket includes a real underlying component, and (c) the likely driver is procedural intensification (namely greater complexity). However, this does not yet address the key question: as Rede D'Or moves up the complexity curve, do margins expand accordingly, or do payers capture the incremental spread generated by that complexity? To assess this, we examine the cost structure.

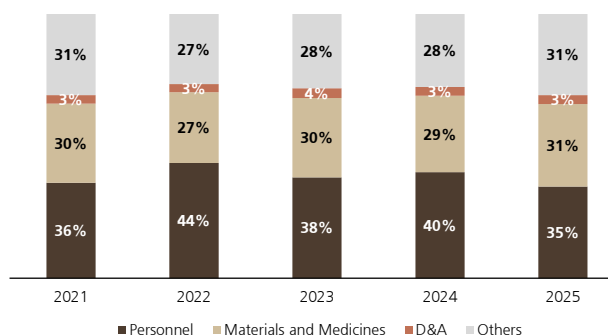
We view personnel-related costs as a useful anchor for two separate but mutually reinforcing reasons. First, personnel is the largest individual COGS item, representing approximately 35-36% of operating costs and remaining stable throughout the series. Second, it is the least affected by oncology-related distortion (oncology costs are primarily driven by drugs, which are recorded under materials & medicines rather than personnel). As a result, we believe personnel costs provide the best available proxy for evaluating hospital complexity.

Figure 24: Rede D'Or - COGS breakdown evolution



Source: Company reports, UBS. Note: Others as third-party services, utilities and rents.

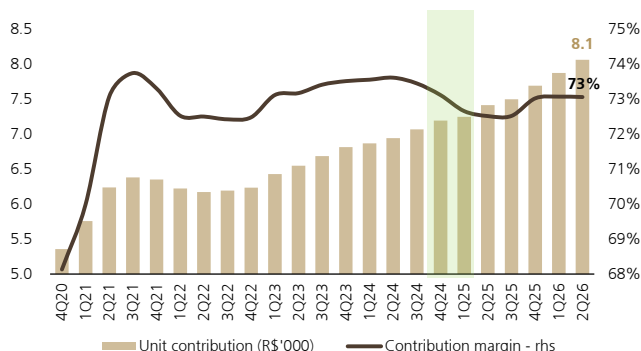
Figure 25: Industry - COGS breakdown evolution



Source: ANAHP, UBS. Note: Others as technical and operational contracts, support and logistics contracts, maintenance and technical assistance, utilities and other costs.

Anchored on personnel costs, the unit economics do not suggest that the company is sacrificing its margins. Contribution per patient-day after personnel costs has compounded meaningfully over time, achieving R\$8.1k (or ~US\$1.6k) in LTM, while the contribution margin has increased to ~73%, almost reaching the high end of its range. Notably, the greenfield-heavy phase is precisely when dilution would typically be expected; instead, the margin remained resilient above 70%.

Figure 26: Hospitals - unit economics per patient-day (1), LTM



Source: Company reports, UBS. Note: based on gross hospitals revenue (excl. oncology) and personnel costs (only). Shaded area indicates a period of greenfield-heavy deliveries.

Figure 27: Hospitals - unit economics breakdown per patient-day (1)

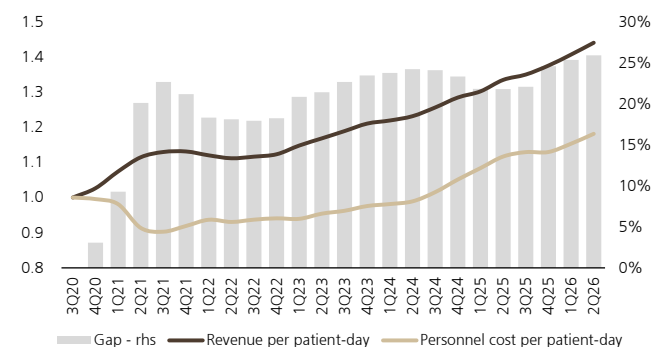
RS '000	LTM, 2Q26
Revenue per patient-day	11.0
Personnel cost per patient-day	(3.0)
Unit contribution	8.1
Contribution margin	73.1%

Source: Company reports, UBS. Note: based on gross hospitals revenue (excl. oncology) and personnel costs (only).

Indexed from end-2019, revenue per patient-day has grown faster than personnel per patient-day. However, we recognize this represents gross revenue, which includes the physician fee pass-through (quantified below).

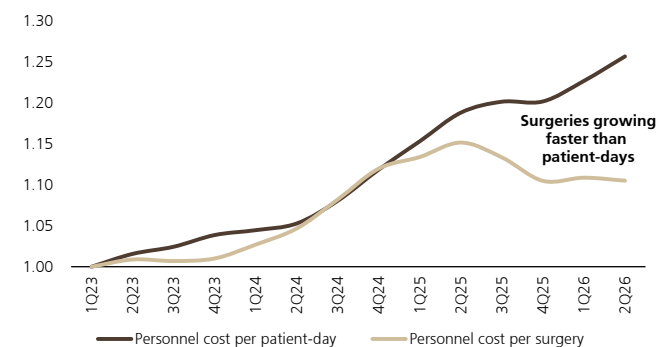
In addition, we note the relationship between personnel costs per patient-day and personnel costs per surgery. When indexed to a common base, the two metrics begin to diverge from 4Q25 onward: personnel per patient-day increases while personnel per surgery stabilizes. Put differently, this widening gap reflects the densification axis from a cost perspective as Rede D'Or is conducting more surgeries per bed-day without a proportional increase in staffing, generating operating leverage within the admission.

Figure 28: Hospitals - personnel cost per unit vs. revenue (indexed)



Source: Company reports, UBS. Note: quarterly basis and excluding revenues from oncology. Note: calculation based on LTM figures; 3Q20 = base 100

Figure 29: Hospitals - personnel costs per patient-day vs. personnel costs per surgery (indexed)

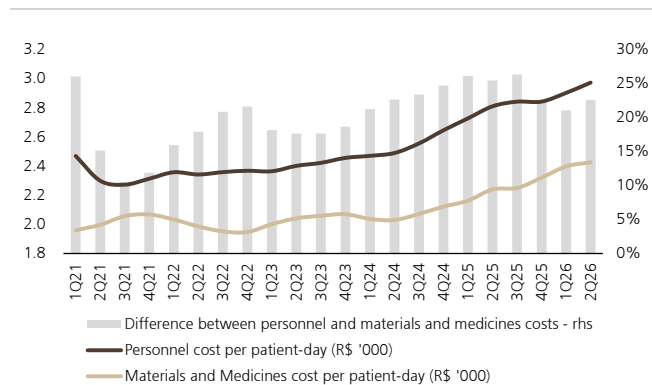


Source: Company reports, UBS. Note: LTM, 1Q23 = base 100.

As a robustness check, we include materials & medicines, the line item that captures oncology costs. Recall that our revenue base is gross hospital revenue excluding oncology; therefore, adding an oncology-heavy cost line incorporates the related cost without the corresponding revenue, which is a conservative methodology.

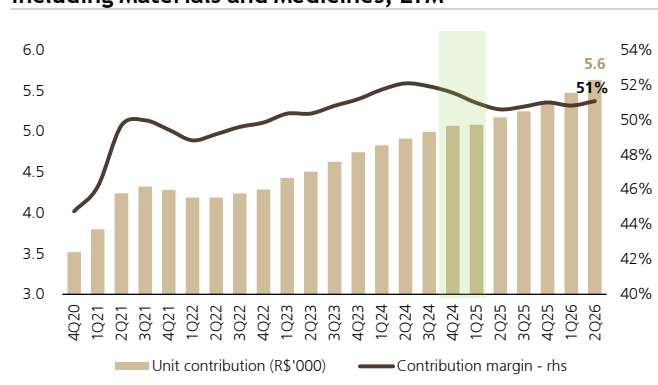
Nonetheless, the conclusion remains intact as the personnel-to-mat-med gap per patient-day remains roughly stable within the 20%-25% range, and the contribution margin after both line items remains close to the high end of its range (at 51%). Whether the oncology-heavy input is included or excluded does not alter the assessment.

Figure 30: Hospitals - costs inputs per patient-day (LTM)



Source: Company reports, UBS

Figure 31: Hospitals - unit economics per patient-day (2), including Materials and Medicines, LTM



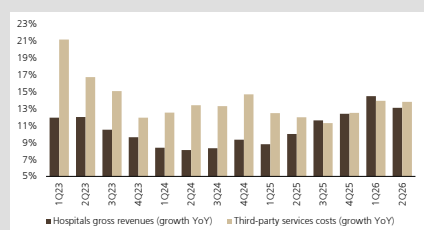
Source: Company reports, UBS. Note: based on gross hospitals revenue (excl. oncology), personnel and materials & medicines costs (only). Shaded area indicates a period of greenfield-heavy deliveries.

Appendix: The physician-fee pass-through

The physician-fee pass-through is a known source of volatility that elevates revenue, while at the same time mechanically reducing the reported margin. In other words, it is a portion of physician-fee that is recorded in both revenue and third-party COGS at a zero EBITDA margin (the hospital does not generate a spread on the physician component). Thus, the impact on reported metrics is higher top-line revenue and a mechanically lower margin percentage. This is an actual billing practice that we believe accounts for only a limited share of Rede D'Or's revenue.

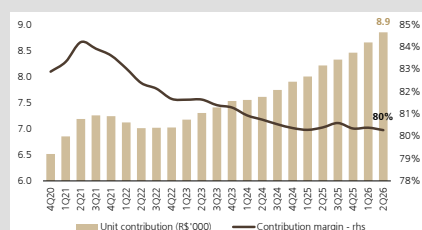
In this sense, we apply the full third-party services line as a proxy for our calculations (although it also includes legitimate outsourcing), and it indicates that third-party costs grew faster than gross revenue in 2023 and 2024 before normalizing through 2025. Additionally, when third-party costs are included in our contribution margin calculations, it narrows modestly from 85% in 2021 to 80% in 2025, remaining at this level since then. Thus, we believe the actual impact from the physician-fee pass-through is smaller than some may assume.

Figure 32: Hospitals - proxy for 1st physician fee pass-through, LTM



Source: Company reports, UBS. 1st Physician services billed and reimbursed separately from facility fees.

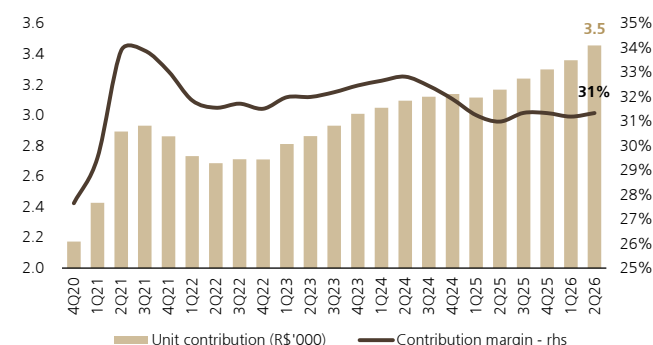
Figure 33: Hospitals - unit economics per patient-day (3), only with Third-party Services, LTM



Source: Company reports, UBS. Note: based on gross hospitals revenue (excl. oncology) with third-party services costs (only).

Combining all three major COGS lines, the contribution margin normalizes at around 31%, reflecting modest compression concentrated in 2024-1H25 before stabilizing.

Figure 34: Hospitals - unit economics per patient-day (4), including the three major COGS lines, LTM



Source: Company reports, UBS. Note: based on gross hospitals and others revenues with personnel, materials and medicines and third-party services costs.

Figure 35: Hospitals - unit economics breakdown per patient-day (4)

R\$ '000	LTM, 2Q26
Revenue per patient-day	11.0
Personnel cost per patient-day	(3.0)
Materials and Medicines per patient-day	(2.4)
Third-party services per patient-day	(2.2)
Unit contribution	3.5
Contribution margin	31.3%

Source: Company reports, UBS. Note: based on gross hospitals revenue (excl. oncology) and the three major COGS lines.

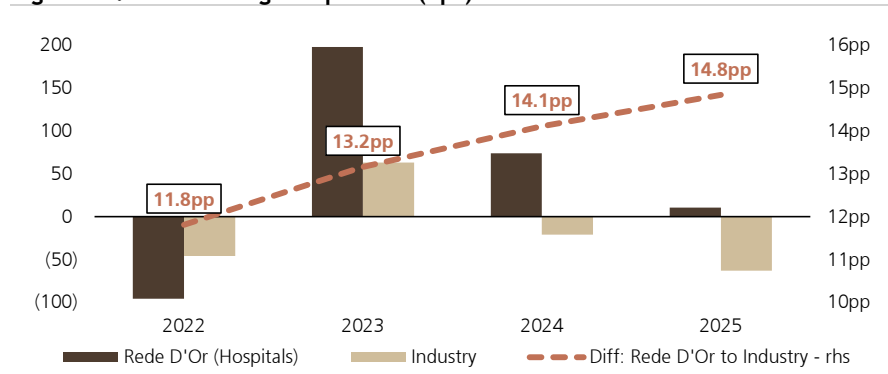
In summary, when this unit economics analysis is considered alongside the easing momentum in physician-fee pass-throughs (as third-party cost growth realigns with revenue expansion), we believe there is embedded margin potential that can be

unlocked as the 2024/2025 vintages season. In our view, this suggests margins should recover for structural reasons, with additional upside still constrained.

Axis 5 - The industry does not converge

Rede D'Or's hospital EBITDA margin is approximately double the industry average, and importantly, the differential is expanding rather than narrowing. Annual margin growth indicates the industry moved into contraction in 2024-25, while Rede D'Or remained positive. The margin spread, shown on the right axis, continues to widen each year, approaching the mid-teens in percentage points.

Figure 36: EBITDA margin expansion (bps)



Source: Company reports, UBS. Note: we apply Rede D'Or's reported EBITDA.

Notably, the level differential reflects methodological differences, so we interpret the gap in terms of approximate magnitude and direction rather than as an exact figure (but note we believe the less transparent component is the bps expansion). Furthermore, in recent years, the gap has widened more due to rapid industry weakening than to Rede D'Or's acceleration (Rede D'Or's reported EBITDA expansion has slowed to roughly flat).

We attribute this gap to scale, as Rede D'Or's purchasing power in materials & medicines and fixed-cost dilution are consistent with the data.

Axis 6 - IHH read-across (external validation)

When benchmarking against a global peer, we highlight IHH Healthcare, one of the largest private operators in Asia, with 89 hospitals across 10 countries. As a comparative framework, the figure below presents the five axes we identified to assess Rede D'Or's hospital margins, along with the KPIs and factors inherent to IHH's strategy in its market.

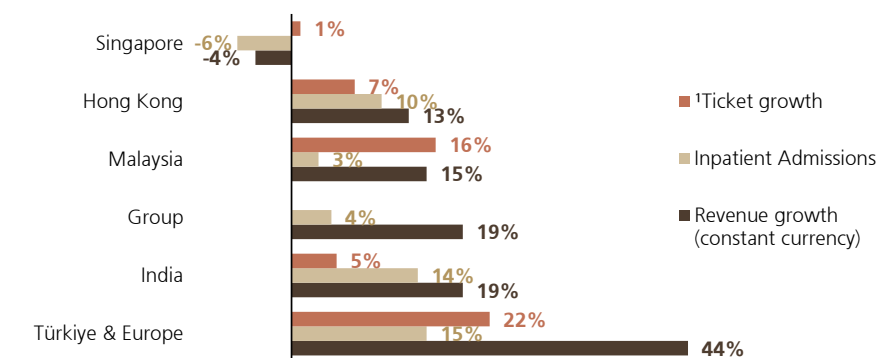
Figure 37: IHH read-across

Rede D'Or thesis pillars	How IHH frames similar dynamics?
1 – Ticket, not volume	Malaysia: revenue per admit +16% with inpatient admissions +3%. Türkiye & Europe: revenue per admit +22% with inpatient admissions +15%. Singapore: revenue per admit +1% with inpatient admissions -6%.
2 – Ticket has a real, above-inflation component	Malaysia (low-inflation economy, <2% CPI over the last 12 months): +16% revenue per admission driven by a richer case mix ("more complex cases"), reflecting real growth rather than pure pricing.
3 – Complexity is accretive, not dilutive	Margin expands while taking complex cases: Malaysia +300bp (1Q26 +200bp), Türkiye +200bp. Hong Kong +500bp ("Maintaining clinical leadership position for complex, high value cases")
4 – The industry does not converge; the gap widens	Group EBITDA margin steady 22-23% through the cycle. Mt. Elizabeth bills run above peer private hospitals; when Great Eastern pushed back (suspended pre-authorizations in mid-2025), IHH still grew aggregate ticket and margin. Scale/synergies underpin the double-digit ROE target.
5 – Densification (intense and fast)	Malaysia: expand daycare, optimize bed mix, hub & spoke; Singapore optimising network effects through ecosystem of primary care, allied health, partners, TPA. Hong-Kong double digit daycare growth; higher revenue per inpatient on shorter length of stay.

Source: Company reports, UBS

Among IHH's key subdivisions, Malaysia and Singapore serve as notable examples, where revenue growth has been supported by ticket, underpinned by increased surgical density and complexity.

Figure 38: IHH - top-line expansion per subsidiary (2Q26), YoY



Source: Company reports, UBS. ¹Inpatient revenue per admit. Note: Türkiye figures reflect hyperinflationary accounting; we read direction, not magnitude.

Notably, the payer pressure event involving a premium provider within IHH warrants attention. The key example is Mount Elizabeth: in mid-2025, Singapore's largest insurer suspended pre-authorizations at IHH's Mount Elizabeth hospitals, citing charges above peer levels ([link](#)); despite this, IHH increased aggregate ticket size and margin.

We note that Rede D'Or has already faced a comparable situation. In 2019, Amil removed a large group of Rede D'Or hospitals from its network amid a remuneration dispute, but reversed its decision within months after losing significant share in some key regions. A network with Rede D'Or's scale and case complexity proved difficult to bypass.

Nevertheless, the key asymmetry we would emphasize is that Rede D'Or has a defensive layer that IHH does not. Through SulAmerica, Rede D'Or internalizes part of the payer relationship, with more than one-third of the insurer's claims already directed to its own network. While IHH engages with the payer as an external counterparty, Rede D'Or owns one side of part of that relationship. In the context of payer-led margin pressure, this makes Rede D'Or structurally better positioned, not weaker, in our view.

What would trigger the call? What to watch

We recommend that investors focus on one key pairing: (i) surgical density and (ii) contribution margin after personnel, as shown in Figures 26 and 27. Both metrics are disclosed in every release, and the relevant signal comes from their movement in tandem. A simultaneous increase in density and margin would be constructive, indicating that higher complexity is translating into ticket growth without sacrificing spread. Conversely, rising density alongside margin compression would be negative, suggesting that complexity is increasing while the payer (probably) is capturing the economics.

Lastly, two quality checks:

- **The first is a clean-ticket read:** the indexed spread between revenue and personnel expense per patient-day (LTM) bottomed in 2Q25, and has since moved higher (achieving 73% in 2Q26). A renewed expansion would confirm that revenue is outpacing labor costs.
- **The second is the pass-through test:** a recurring concern is that top-line growth is being overstated by physician-fee pass-throughs, and we monitor the third-party-versus-revenue spread each quarter to assess this. A renewed widening would support the concern, while continued convergence would undermine it.

PIVOTAL QUESTIONS

Q: How much of Rede D'Or's earnings power is inside SulAmerica's claims reserves?

UBSVIEW

We calculate around R\$4.8bn, or -R\$2.9bn post-tax. Since Rede D'Or finalized its acquisition of SulAmerica in 2022, the insurer's IBNR (Incurred But Not Reported) reserves have risen at a pace not seen in its prior operating history and remain significantly above peers operating under the same framework. In addition, normalizing SulAmerica's LTM marginal provisioning run rate to its pre-transaction historical level suggests Rede D'Or's LTM consolidated adjusted EBITDA could be -R\$650mn higher, or approximately 5%.

EVIDENCE

SulAmerica's IBNR totaled R\$6.5bn in 2Q26. Based on ANS data and indexed to 100 as of 1Q18, SulAmerica's outstanding IBNR provisions rose by 660% vs. Bradesco Saude at 322%, the system at 263%, and Amil at 219%. The broader industry has historically operated with DCP (Days Claims Payable) of ~30-40 days, whereas SulAmerica's DCP has risen to 98 days, more than twice both its own historical coverage and the industry average.

WHAT'S PRICED IN?

The IBNR balance held above SulAmerica's historical coverage equates to ~4% of market cap under a theoretical full-normalization scenario and 1%-3% under more conservative realization scenarios (after taxes).

Our key discoveries in a nutshell

Since Rede D'Or completed its acquisition of SulAmerica in 2022, the insurer's IBNR (Incurred But Not Reported) provision has increased at a rate that is unprecedented in its own operating history and remains well above peers under the same regime. We do not view this as an immaterial accounting item. Specifically, an above-trend increase in IBNR reduces current EBITDA and locks up capital on the balance sheet.

We assess SulAmerica's IBNR through two separate "accounts" that should not be combined. In our view, these represent two perspectives on the same reserve surplus, in which one is seen through the income statement and the other through the balance sheet:

- **How much higher could the consolidated EBITDA be?** Normalizing SulAmerica's LTM marginal provisioning pace to its pre-transaction historical level implies that Rede D'Or's LTM consolidated adjusted EBITDA could be -R\$650mn higher, or around 5%.
- **How much capital remains tied up on the balance sheet?** The IBNR balance held above SulAmerica's historical coverage level represents -R\$4.8bn of capital, or -R\$2.9bn after tax. This equates to ~4% of market cap under a theoretical full-normalization scenario and 1%-3% under more conservative realization scenarios.

Note that our analysis is anchored in a central premise that SulAmerica's historical coverage level represents the appropriate normalized benchmark. We rigorously stress-test this assumption, including the challenging observation that three years of increasing verticalization have not yet resulted in lower IBNR.

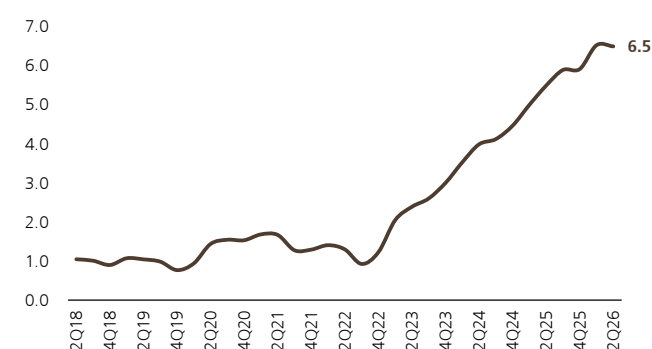
Notably, our analysis is grounded in the company's own historical performance and a like-for-like same-regime comparison with Bradesco Saude.

Comparing SulAmerica's IBNR with peers and historical levels

In our view, the most effective way to compare SulAmerica is with a peer operating under the same regime. Bradesco Saude (Bradsaude's main subsidiary) is one of the largest insurers comparable to SulAmérica, along with Amil, making it a more appropriate benchmark.

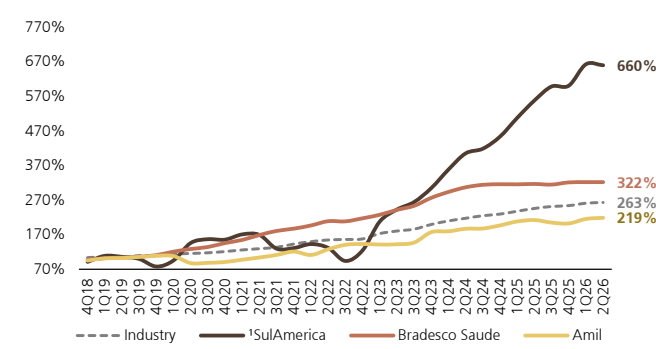
Based on ANS data and indexed to 100 as of 1Q18, SulAmerica's IBNR outstanding provisions increased by 660%, well above Bradesco Saude at 322%, the system at 263%, and Amil at 219%. This comparison leads us to think this divergence appears specific to SulAmerica's approach to managing provisions rather than a characteristic of the insurance regime or the broader system. In absolute terms, SulAmerica's IBNR reached R\$6.5bn in 2Q26.

Figure 39: SulAmerica - IBNR outstanding provisions (R\$bn)



Source: ANS, UBS. Note: this excludes the R\$2.7bn of provisions recognized in 1Q26. These provisions were reported by the ANS under "Other Technical Provisions".

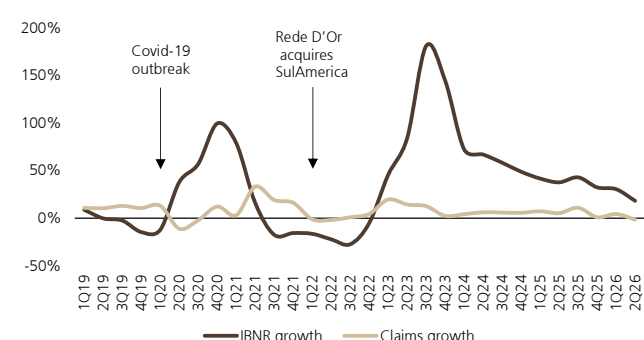
Figure 40: IBNR outstanding provisions growth



Source: ANS, UBS. Note: 1Q18 as base = 100. ¹This excludes the R\$2.7bn of provisions recognized in 1Q26. These provisions were reported by the ANS under "Other Technical Provisions".

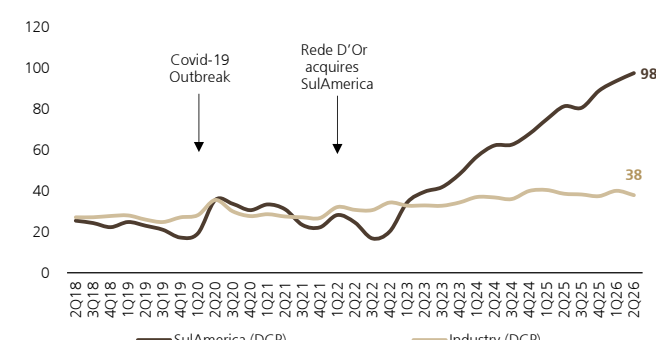
A reasonable counterargument at this stage is that SulAmerica increased provisions simply because it was paying more claims (i.e. the IBNR build is merely the mechanical counterpart of an expanding claims base). However, as illustrated in the chart below, when the insurer's growth is broken down into its two YoY components, IBNR has consistently and materially exceeded claims growth. Moreover, this trend has been evident through most of the post-deal period. If the reserve build were only mirroring incurred claims, the two series would move together.

Figure 41: SulAmerica - IBNR and Claims growth (YoY)



Source: ANS, UBS

Figure 42: Days Claims Payable (DCP)



Source: ANS, UBS. Note: DCP as reserve coverage of IBNR in days of claims (i.e. IBNR provisions over claims per day). The difference in claims methodology between ANS and reported figures has remained at ~2%, on average.

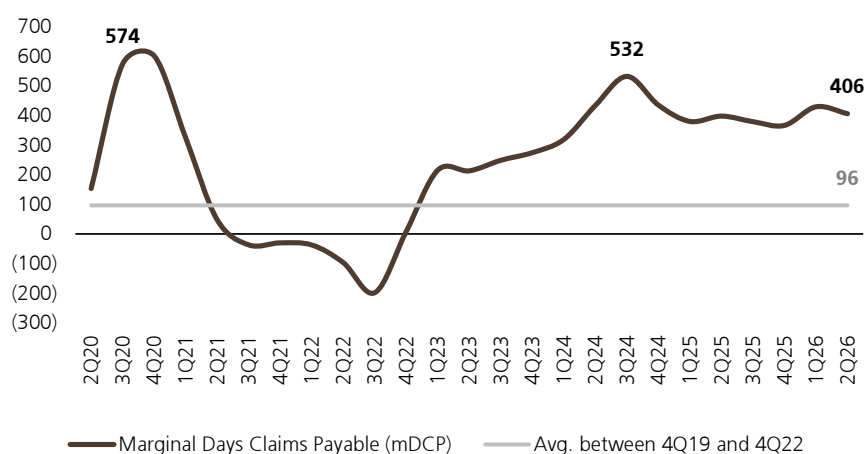
To establish the basis of our rationale, we assess the level of reserves the company is holding relative to the claims it pays. To quantify this, we apply the natural insurers' framework of Days Claims Payable (DCP) as IBNR stock divided by claims per day (i.e., $IBNR / (claims/365)$), representing reserve coverage expressed in days of claims.

Health insurance is a relatively short-tail business line, with most notifications typically lagging by about one month. As shown in Figure 42, the broader industry operates with DCP of around 30-40 days historically, while SulAmerica's DCP has increased to 98 days, more than double both its own historical coverage and the industry average. At present, the company holds more than three months of claims in reserve for a business line with a substantially shorter risk-tail.

How much higher could the consolidated EBITDA be?

In 2025, SulAmerica's incremental IBNR achieved an mDCP (marginal Days Claims Payable) of ~360 days, meaning the reserve added during the year covers ~360 days of the year's incremental claims. In 2Q26, such mDCP increased to almost 410 days. Compared with the company's historical marginal pace of approximately 96 days (the average of quarterly LTM readings from 4Q19 to 4Q22, excluding the one-off, post-COVID distortion in 1Q21), the LTM provisioning is tracking at more than 4x the historical rate. We could say the current mDCP series partially reflects the trend observed during the COVID period.

Figure 43: SulAmerica - Marginal Days Claims Payable (mDCP)



Source: ANS, UBS. Note: mDCP as the YoY change in IBNR provisions over YoY change in claims per day. 1Q21 is excluded from the average due to one-off post-COVID effects. The difference in claims methodology between ANS and reported figures has remained at ~2%.

Had SulAmerica established its LTM incremental reserve at the historical marginal pace of around 96 days rather than 406 days, the IBNR addition in the period would have amounted to R\$239mn instead of the reported R\$1,004mn. This implies an excess IBNR build of R\$765mn, which flowed through the claims line in the P&L and weighed on EBITDA.

Figure 44: SulAmerica - how much higher could the LTM 2Q26 Adj. EBITDA have been given IBNR conservatism?

LTM, R\$mnn	2Q26	12Q26 adj.	LTM, R\$mnn	2Q26
IBNR outstanding provision	6,505	5,739	EBITDA	2,707
Δ IBNR vs. 2Q25 = (a)	1,004	239	Adj. EBITDA	4,471
Claims (ANS method.)	25,185	25,185	(+) Excess IBNR	765
Δ Claims vs. 2Q25 = (b)	902	902	(-) Lower financial result	(113)
mDCP = (a / b * 365) days	406	96	Adj. EBITDA to excess	5,124
Financial result (c)	1,765	1,652	Diff to registered number	15%
Adj. vs. registered number (difference)			Consolidated Adj. EBITDA	13,294
Δ IBNR ²	-	(765)	Cons. Adj. EBITDA to excess	13,947
Δ Financial result ³	-	(113)	Diff to registered number	5%

Source: Company reports, ANS and UBS. ¹Adjusted mDCP to the historical yearly average between 4Q19 and 4Q22 (excluding 1Q21 due to one-off post-COVID effects). ²At 96 days of mDCP, the IBNR increase would have been this much lower. ³We maintained the same ratio to avg. IBNR as reported in 2Q26.

Against this backdrop, and acknowledging that a lower reserve base would have produced proportionally lower financial income, we net out the offsetting financial-result impact of -R\$113mn, using the same financial-result-to-IBNR ratio observed in 2Q26.

In sum, our calculations shows the net impact increases SulAmerica's LTM adjusted EBITDA from R\$4,471mn to approximately R\$5,124mn, around 15% above the registered figure. In addition, applying the same rationale to Rede D'Or's LTM consolidated adjusted EBITDA would have raised it by 5% to R\$13.9bn. In short, this analysis illustrates that Rede D'Or's operating margin has the potential to run slightly above current levels for a significant period of time.

How much capital remains tied up on the balance sheet?

SulAmerica's IBNR balance was R\$6,505mn in 2Q26, corresponding to a DCP of 94 days (this, based on LTM claims). Assuming its historical coverage level of 25 days (which reflects the pre-merger quarterly average DCP from 1Q18 to 4Q22), the implied "normalized" IBNR balance in this hypothetical scenario would be close to R\$1.7bn. The difference of roughly R\$4.8bn could be considered excess provision, or conservatism above historical levels, representing capital that may be tied up beyond the historical coverage threshold. Put differently, of the current 94 days, approximately 69 days are in "excess".

Figure 45: SulAmerica - what is the capital locked in above-historical IBNR?

R\$m	2Q26
IBNR outstanding provision	6,505
Claims LTM (ANS method.)	25,185
DCP (current)	94
IBNR adj. to historical DCP	1,733
Claims LTM (ANS method.)	25,185
DCP (1Q18-4Q22 avg.)	25
IBNR excess provision	4,772

Source: ANS, UBS

In fact, this surplus would not be "released" as a one-time cash benefit; rather, the normal reserve would be used to settle claims over time. Considering the provision balance, which we believe has been built conservatively, how much capital would no longer remain encumbered if the DCP were to move back toward its pre-2023 historical average?

Figure 46: SulAmerica - how much capital unlocks as DCP converges to historical levels?

Scenarios	A	B	C	D	E
Assumed % DCP reduction	0%	30%	50%	70%	100%
Potential capital upside (R\$m)	-	1,432	2,386	3,340	4,772
Implied DCP	94	74	60	46	25
After tax @ 40% (R\$m)	-	859	1,432	2,004	2,863
As % of market cap	-	1.1%	1.8%	2.5%	3.5%

Source: ANS, UBS

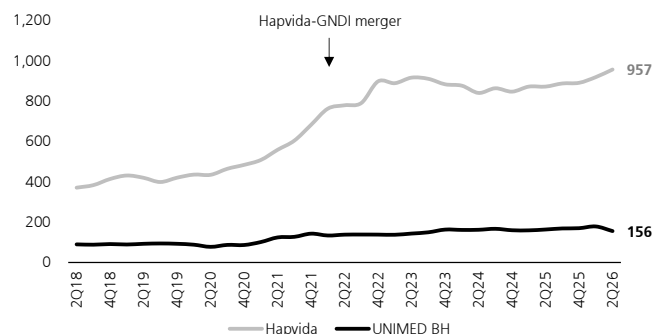
We view this as a measure of DCP normalization, independent of the specific mechanism or timing (noting that IBNR is an actuarial best estimate, though it sits within a regulatory framework established by the ANS). The range extends from 0% (DCP remains at the current 94 days, with no capital released) to 100% (hypothetical full reversion to the historical level of 25 days, implying that the entire -R\$4.8bn is no longer tied up). Intermediate scenarios estimate the capital released at each partial stage of movement back toward the historical average.

Is there further upside? Verticalization optionality

As the SulAmerica-Rede D'Or hospital communication and billing integration advance, the notification delay on internalized claims tends to decrease; thus, the DCP declines, and the requirement to establish IBNR is reduced. In 2025, around one-third of SulAmerica's claims were already internalized within the Rede D'Or network (based on intercompany eliminations). This figure increased during 1H26.

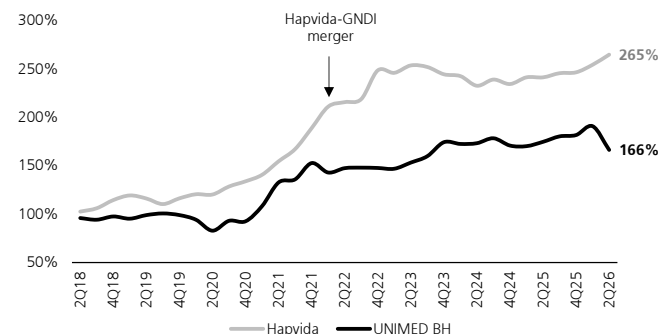
Notably, this economic trajectory points toward (at least) a short comparison with vertically integrated operators. According to ANS data, Hapvida and Unimed BH, for example, hold IBNR balances of around R\$1bn and R\$160mn, respectively, which are only a fraction of SulAmerica's level.

Figure 47: Vertically integrated operators - IBNR outstanding provisions (R\$mn)



Source: ANS, UBS. Note: for Hapvida, we considered the Holding's three main subsidiaries.

Figure 48: Vertically integrated operators - IBNR outstanding provisions growth

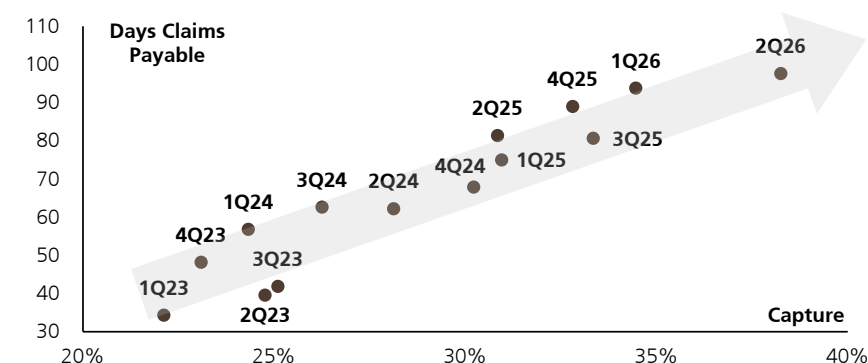


Source: ANS, UBS. Note: 1Q18 as base = 100.

We acknowledge this is not a like-for-like comparison. Although SulAmerica, Hapvida and UNIMED BH are regulated by the ANS, they operate under distinct models (one is a specialized health insurer providing open provider choice vs. operators channeling health care into owned networks), with different ticket sizes and company-specific actuarial methodologies.

So far, however, our analysis shows that the effect of this verticalization process in SulAmerica-Rede D'Or hospitals has not been reflected in the reported figures. As shown below, SulAmerica's "capture rate" (i.e. the proportion of claims internalized into Rede D'Or, based on intercompany eliminations) plotted against its DCP by quarter from 1Q23 through 1Q26, has moved in tandem. Internalization increased from ~22% to ~38% (quarterly basis), while DCP more than doubled. Note we understand that three years into the integration, the relationship implied by the verticalization thesis (more internally managed care) has emerged, but alongside higher, rather than lower, reserve coverage.

Figure 49: SulAmerica - has verticalization resulted in lower IBNR yet? No



Source: Company reports, ANS and UBS. ¹Percentage of SulAmerica outflows retained by Rede D'Or (intercompany eliminations / claims).

Considering all we have discussed, we view the implied potential within the insurer's reserves as conditional, and unpriced optionality. This keeps us from incorporating the underlying earnings potential into our model.

However, we consider this a significant upside risk to our investment thesis, while we acknowledge that the establishment of such reserves is subject to strict regulatory rules; thus, a reduction would likely require a sustained and comfortable sequence of favorable claims trends across several quarters.

What would trigger the call? What to watch?

The core driver of the thesis is the DCP. In our view, SulAmerica's conservative reserving approach is likely to unwind over time. Put simply, either management proactively normalizes reserve levels at some point, or the company is forgoing value by maintaining reserve coverage (in days) at more than double the industry level indefinitely.

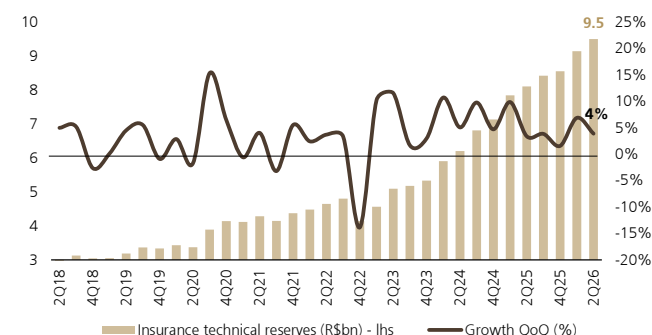
Supporting evidence is a loss-ratio cycle that has already begun to improve; if reserve coverage starts to moderate as the cycle normalizes, the thesis is progressing as expected.

What to watch on quarterly releases?

Despite the timing mismatch between the delayed availability of ANS data and each company's press releases, we believe the thesis can be assessed quarterly by monitoring the balance of SulAmerica's insurance-specific technical reserves.

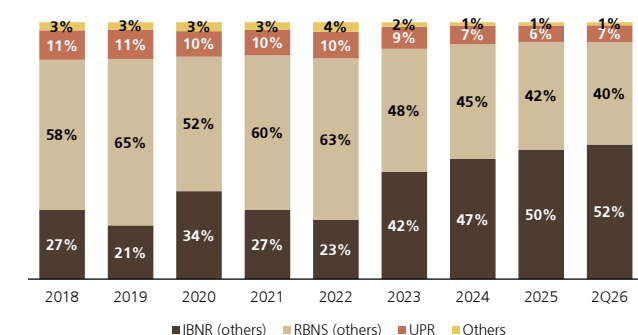
The focus should be on QoQ performance. After compounding rapidly post-transaction, a shift into consistently negative territory would indicate that over-provisioning is finally beginning to unwind.

Figure 50: SulAmerica - insurance technical provisions growth



Source: Company reports, UBS. Note:

Figure 51: SulAmerica - insurance technical provisions breakdown



Source: ANS, UBS. Note: others include RBNS (SUS), IBNR (SUS), Remission reserves and PDR. We did not include the R\$2.7bn of provisions recognized in 1Q26.

This balance serves as a reasonable proxy, as the ANS breakdown indicates that IBNR is both the largest component of SulAmerica's insurance reserves and an increasing share, rising from ~27% of the total in 2018 to more than 50% in 2Q26. Notably, the reported balance stands at ~70-75% of the ANS figure post-deal, compared with ~89-91% pre-deal, reflecting a methodological difference that should not be reconciled on a line-by-line basis.

Appendix

To clarify certain concepts closely tied to provision dynamics, we note that Brazilian health insurers maintain several different categories of technical reserves. These reserves are not interchangeable, as each addresses a distinct issue.

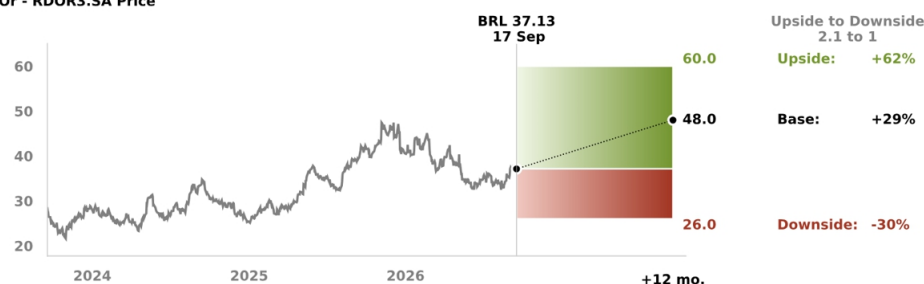
- **IBNR ("PEONA" in Portuguese): Incurred But Not Reported.** Provision for claims that have already occurred but have not yet been reported to the

insurer. This reserve reflects the cost of the notification lag. The longer the lag, the higher the IBNR. In a directed or owned network, the lag is structurally reduced, although never eliminated (vertically integrated operators still maintain IBNR, but at a materially lower level).

- **RBNS ("PESL" in Portuguese): Reported But Not Settled.** Provision for claims already reported but not yet paid. It represents the "known but unpaid" portion of claims provisioning and serves as the natural counterpart to IBNR.
- **UPR ("PPCNG" in Portuguese): Unearned Premium Reserve.** The portion of premiums already received but not yet earned, covering future months of coverage already paid for. A revenue-recognition timing reserve, primarily reflected in the "change in technical provisions" line of the P&L rather than through claims.
- **PDR ("PIC" in Portuguese): Premium Deficiency Reserve.** Established only when a liability-adequacy test shows that future premiums will be insufficient to cover expected costs for a block of contracts. It emerges during periods of pricing pressure and returns to zero once pricing normalizes; its presence is effectively the accounting signature of a claims-cost crisis. Note that SulAmerica carried it in its balance sheet only in 2021 and 2022.
- **Remission reserve.** A small and specific reserve for the contractual benefit under which dependents remain covered for a defined period, typically following the policyholder's death. It is a future-obligation reserve, unrelated to claims-lag dynamics.
- **Other technical provisions.** Voluntary provisions are established at the operator's discretion rather than in response to a specific regulatory requirement. Typically a residual line item. This category became significant when SulAmerica recorded a R\$2.7bn voluntary provision within it. Its presence underscores that reserve levels reflect management judgment in addition to actuarial requirements.

UPSIDE/DOWNSIDE SPECTRUM

Rede D'Or - RDOR3.SA Price



Value drivers	Net revenue growth (27E)	Adj. EBITDA growth (27E)	Adj. EBITDA margin (27E)	Recurring earnings growth (27E)	COE
R\$60.0upside	12%	15%	23.5%	39.0%	15.0%
R\$48.0base	9%	8%	22.7%	26.0%	15.5%
R\$26.0downside	7%	-7%	20.0%	-5.0%	16.5%

Source: UBS

UPSIDE (R\$60.0): In our upside scenario, we assume net revenue growth of 12.0% and adjusted EBITDA growth of 15%, translating into an adjusted EBITDA margin of 23.5%. Overall, this results in recurring earnings growth of 39.0% in 2027E. Finally, for our long-term assumptions, we apply a cost of equity of 15.0%, supporting our upside valuation of R\$60.0.

BASE (R\$48.0): In our base-case scenario, we assume net revenue growth of 9.0% and adjusted EBITDA growth of 8%, translating into an adjusted EBITDA margin of 22.7%. Overall, this results in recurring earnings growth of 26.0% in 2027E. Finally, for our long-term assumptions, we apply a cost of equity of 15.5%, supporting our Price Target of R\$48.0.

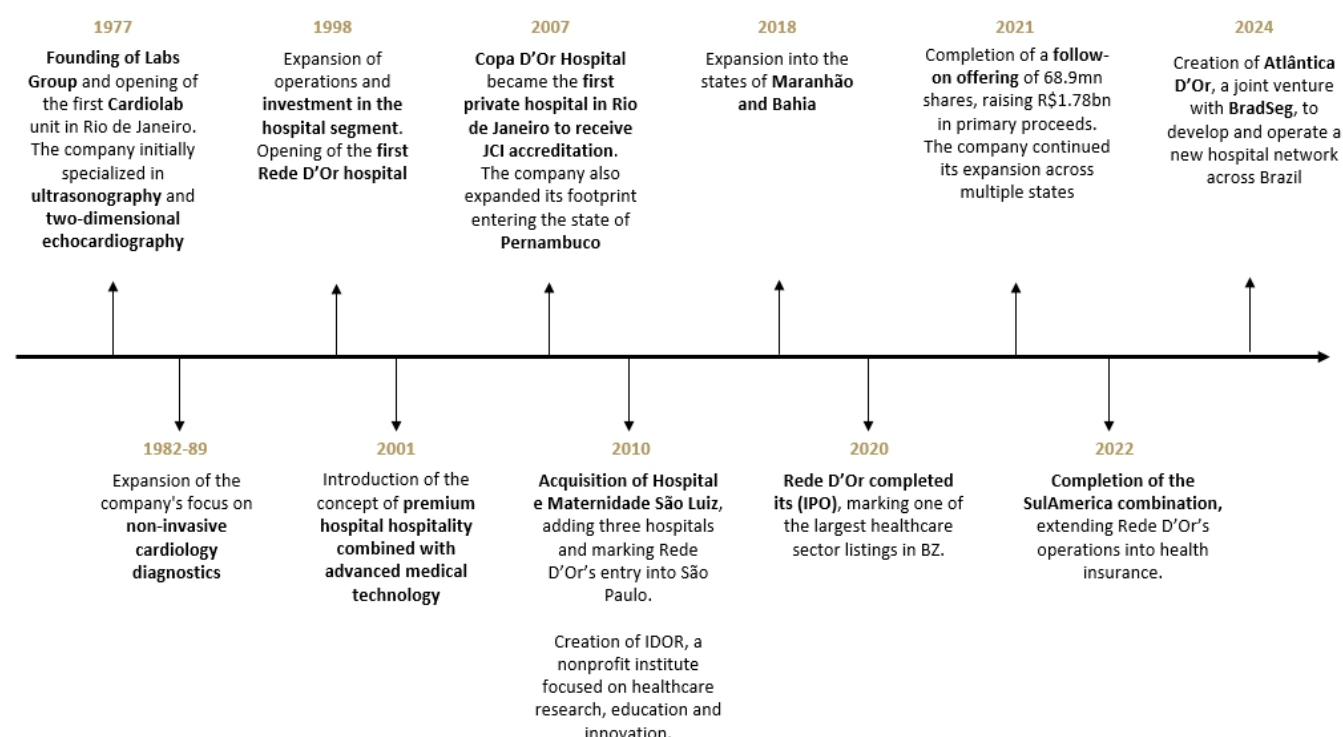
DOWNSIDE (R\$26.0): In our downside scenario, we assume net revenue growth of 7.0% and adjusted EBITDA decrease of 7%, translating into an adjusted EBITDA margin of 20.0%. Overall, this results in recurring earnings of -5.0% in 2027E. Finally, for our long-term assumptions, we apply a cost of equity of 16.5%, supporting our downside valuation of R\$26.0.

Company Description

Rede D'Or was established in 1977 as Labs Group, a cardiovascular diagnostics clinic in Rio de Janeiro. Throughout the 1980s and 1990s, the company expanded its diagnostic imaging activities. In 1998, Rede D'Or opened its first hospital, Barra D'Or, marking its entry into hospital services. In subsequent years, the company grew its network by developing new hospitals and investing in medical technology and high-complexity care capabilities. Between 2008 and 2025, the group opened, acquired and expanded hospitals and other healthcare facilities across 13 Brazilian states and the Federal District. A key milestone occurred in 2010 with the acquisition of São Luiz, one of São Paulo's main hospital groups. Also in 2010, the company founded the D'Or Institute for Research and Education (IDOR), focused on scientific research, medical innovation and professional training.

In 2020, Rede D'Or completed its IPO, raising R\$8.4bn in primary proceeds to fund new hospital developments, acquisitions and the continued expansion of its healthcare platform. In 2021, the company completed a follow-on offering, raising R\$1.8bn in primary proceeds. In 2022, the company concluded the combination with SulAmerica, one of Brazil's largest health insurance player. The transaction extended Rede D'Or's operations into the health insurance segment and diversified its service offering. In 2024, Rede D'Or entered into a partnership with Atlântica Hospitais e Participações, an indirectly controlled company of Bradseg Participações, to invest in, develop and operate general hospitals through the Atlântica D'Or network.

Figure 52: Rede D'Or - historical timeline

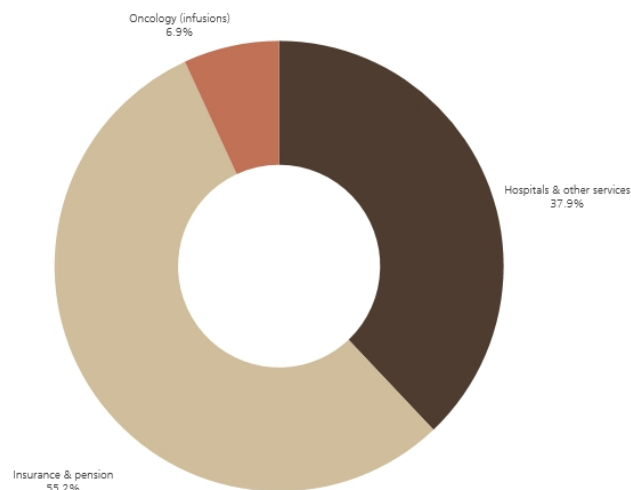


Source: Company reports, UBS

Revenue breakdown

Rede D'Or's top line is split into three lines: hospitals & other services, oncology and insurance & pension. In 2Q26 (LTM), consolidated gross revenue reached R\$62.7bn, of which insurance & pension accounted for ~55%, hospitals & other services for ~38% and oncology for ~7%.

Figure 53: Rede D'Or - gross revenue breakdown (LTM, 2Q26)



Source: Company reports, UBS

Ownership structure

The Moll Family is the company’s controlling shareholder, holding around 50% of total shares. Free float accounts for ~45%, while the Larragoiti Family holds 1.3%, management owns 1.1%, and treasury shares represent 2.7% of the total.

Figure 54: Rede D'Or - ownership structure, 2Q26

Shareholders capital	Shares (mn)	%
Moll Family	1,124	50.2%
Larragoiti Family	28	1.3%
Management	25	1.1%
Treasury	60	2.7%
Free-Float	1,003	44.8%
Total	2,240	100.0%

Source: Company reports, UBS

Corporate structure

Rede D’Or’s corporate structure includes its main hospital brands, namely Hospitais D’Or, São Luiz and Esperança, all fully owned by the company. Additionally, Atlântica D’Or is controlled through a 50.01% stake, while SulAmérica is also 100%-owned.

Figure 55: Rede D'Or - corporate structure, 2Q26



Source: Company reports, UBS

Rede D'Or (RDOR3.SA)

	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Income Statement (R\$m)										
Revenues	46,946	51,325	56,479	59,874	6.0	65,476	9.4	73,150	80,515	86,452
Gross profit	8,182	10,361	12,401	14,218	14.7	15,850	11.5	18,023	20,147	21,922
EBITDA (UBS)	6,819	9,468	11,940	13,739	15.1	14,880	8.3	16,597	18,192	19,731
Depreciation & amortisation	(1,388)	(1,969)	(2,184)	(2,258)	-3.4	(2,191)	3.0	(2,308)	(2,480)	(2,567)
EBIT (UBS)	5,431	7,499	9,756	11,482	17.7	12,689	10.5	14,288	15,712	17,164
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(2,757)	(2,630)	(3,740)	(4,933)	-31.9	(4,648)	5.8	(4,887)	(5,223)	(5,094)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	140	140
Pre-tax profit	2,674	4,869	6,016	6,549	8.9	8,041	22.8	9,401	10,629	12,209
Tax	(506)	(933)	(1,189)	(1,433)	-20.5	(1,544)	-7.8	(1,891)	(2,153)	(2,573)
Profit after tax	2,168	3,936	4,828	5,117	6.0	6,497	27.0	7,510	8,476	9,636
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(73)	(87)	(155)	(225)	-44.8	(286)	-27.0	(304)	(356)	(408)
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	2,095	3,849	4,673	4,892	4.7	6,212	27.0	7,206	8,120	9,227
Net earnings (UBS)	2,323	4,059	4,883	5,068	3.8	6,387	26.0	7,382	8,120	9,227
Tax rate (%)	18.9	19.2	19.8	21.9	10.7	19.2	-12.2	20.1	20.3	21.1
Per Share (R\$)										
EPS (UBS, diluted)	1.03	1.81	2.21	2.31	4.7	2.93	26.8	3.39	3.72	4.23
EPS (local GAAP, diluted)	0.93	1.72	2.11	2.23	5.6	2.85	27.7	3.31	3.72	4.23
EPS (UBS, basic)	1.03	1.81	2.21	2.31	4.7	2.93	26.8	3.39	3.72	4.23
DPS (net) (R\$)	0.40	0.68	2.17	0.99	-54.4	1.43	44.6	1.80	2.10	2.41
Cash EPS (UBS, diluted) ¹	1.65	2.69	3.19	3.34	4.6	3.93	17.8	4.44	4.86	5.41
Book value per share	10.19	10.78	8.47	9.84	16.1	11.32	15.0	12.82	14.38	16.14
Average shares (diluted)	2,254	2,237	2,213	2,193	-0.9	2,180	-0.6	2,180	2,180	2,180
Balance Sheet (R\$m)										
Cash and equivalents	33,434	40,490	42,336	47,583	12.4	48,826	2.6	52,010	59,882	68,309
Other current assets	24,677	28,359	29,408	30,895	5.1	32,679	5.8	35,628	38,586	40,983
Total current assets	58,110	68,849	71,743	78,477	9.4	81,505	3.9	87,638	98,468	109,292
Net tangible fixed assets	15,590	18,031	19,892	21,546	8.3	22,851	6.1	24,294	24,001	23,698
Net intangible fixed assets	18,313	17,610	16,727	16,076	-3.9	15,517	-3.5	14,973	14,315	13,511
Investments / other assets	2,564	2,484	2,438	2,464	1.1	2,464	0.0	2,464	2,464	2,464
Total assets	94,577	106,974	110,801	118,563	7.0	122,336	3.2	129,368	139,248	148,964
Trade payables & other ST liabilities	6,859	6,928	10,577	8,484	-19.8	9,077	7.0	9,477	9,997	10,310
Short term debt	0	0	0	0	-	0	-	0	0	0
Total current liabilities	6,859	6,928	10,577	8,484	-19.8	9,077	7.0	9,477	9,997	10,310
Long term debt	38,969	44,680	52,087	57,525	10.4	55,168	-4.1	56,052	59,390	62,194
Other long term liabilities	24,474	29,066	26,765	28,665	7.1	30,825	7.5	32,997	35,264	37,620
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	70,303	80,674	89,429	94,674	5.9	95,070	0.4	98,526	104,651	110,123
Common s/h equity	22,979	24,300	19,102	21,582	13.0	24,673	14.3	27,946	31,344	35,180
Minority interests	1,296	1,999	2,269	2,308	1.7	2,593	12.4	2,897	3,252	3,661
Total liabilities & equity	94,577	106,974	110,801	118,563	7.0	122,336	3.2	129,368	139,248	148,964
Cash Flow (R\$m)										
Net income (before pref divs)	2,095	3,849	4,673	4,892	4.7	6,212	27.0	7,206	8,120	9,227
Depreciation & amortisation	1,388	1,969	2,184	2,258	3.4	2,191	-3.0	2,308	2,480	2,567
Net change in working capital	0	2,767	(3,370)	685	-	438	-36.0	(208)	(53)	454
Other operating	(228)	(210)	(210)	(176)	16.5	(176)	0.0	(176)	(140)	(140)
Operating cash flow	3,254	8,375	3,276	7,659	133.8	8,665	13.1	9,132	10,407	12,108
Tangible capital expenditure	(2,887)	(3,697)	(3,672)	(3,244)	11.7	(2,975)	8.3	(3,321)	(1,741)	(1,803)
Intangible capital expenditure	(251)	(262)	(296)	(229)	22.7	(237)	-3.7	(246)	(254)	(263)
Net (acquisitions) & disposals	0	0	0	0	-	0	-	0	0	0
Other investing	0	332	851	187	-78.0	276	47.7	359	466	606
Investing cash flow	(3,139)	(3,627)	(3,117)	(3,286)	-5.4	(2,936)	10.7	(3,208)	(1,529)	(1,460)
Equity dividends paid	-	(4,818)	(2,052)	(6,776)	-230.3	(5,967)	11.9	(7,328)	(7,919)	(9,118)
Share issues / (buybacks)	-	2,964	(4,558)	2,255	-	3,377	49.8	3,576	3,754	4,244
Other financing	-	(3,752)	(4,711)	690	-	0	-	0	0	0
Change in debt & pref shares	-	3,953	8,086	5,220	-35.4	(2,071)	-	836	3,159	2,652
Financing cash flow	0	(1,654)	(3,235)	1,389	-	(4,661)	-	(2,916)	(1,006)	(2,221)
Cash flow inc/(dec) in cash	116	3,093	(3,076)	5,762	-	1,068	-81.5	3,008	7,872	8,427
FX / non cash items	1,165	3,963	4,922	(515)	-	176	-	176	0	0
Balance sheet inc/(dec) in cash	1,281	7,056	1,846	5,247	184.2	1,244	-76.3	3,183	7,872	8,427

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. ¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Rede D'Or (RDOR3.SA)

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	29.6	16.4	16.8	16.6	13.0	11.2	10.0	8.8
P/E (UBS, diluted)	26.7	15.5	16.1	16.1	12.7	11.0	10.0	8.8
P/CEPS	16.7	10.5	11.1	11.1	9.4	8.4	7.6	6.9
Equity FCF (UBS) yield %	0.2	6.9	(0.9)	5.2	6.7	6.9	10.4	12.4
Dividend yield (net) %	1.5	2.4	6.1	2.7	3.9	4.9	5.7	6.5
P/BV	2.7	2.6	4.2	3.8	3.3	2.9	2.6	2.3
EV/revenues (core)	1.7	1.6	1.8	1.8	1.6	1.4	1.3	1.2
EV/EBITDA (UBS core)	11.9	8.7	8.4	7.6	7.2	6.4	5.8	5.2
EV/EBIT (core)	15.0	11.0	10.3	9.1	8.5	7.4	6.7	6.0
EV/OpFCF (core)	11.9	8.7	8.4	7.6	7.2	6.4	5.8	5.2
EV/op. invested capital	1.6	1.5	1.7	1.8	1.8	1.7	1.6	1.5
Enterprise value (R\$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	63,794	63,593	80,038	80,951	80,951	80,951	80,951	80,951
Net debt (cash)	16,377	16,855	17,807	21,722	23,815	22,177	21,515	18,418
Buy out of minorities	1,296	1,999	2,269	2,308	2,593	2,897	3,252	3,661
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	81,467	82,447	100,114	104,981	107,359	106,025	105,718	103,030
Non core assets	0	0	0	0	0	0	0	0
Core enterprise value	81,467	82,447	100,114	104,981	107,359	106,025	105,718	103,030
Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	104.2	9.3	10.0	6.0	9.4	11.7	10.1	7.4
EBITDA (UBS)	74.9	38.8	26.1	15.1	8.3	11.5	9.6	8.5
EBIT (UBS)	39.3	38.1	30.1	17.7	10.5	12.6	10.0	9.2
EPS (UBS, diluted)	82.2	76.0	21.6	4.7	26.8	15.6	10.0	13.6
Net DPS	-	70.6	NM	(54.4)	44.6	26.1	16.5	14.6
Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	17.4	20.2	22.0	23.7	24.2	24.6	25.0	25.4
EBITDA margin	14.5	18.4	21.1	22.9	22.7	22.7	22.6	22.8
EBIT (UBS) margin	11.6	14.6	17.3	19.2	19.4	19.5	19.5	19.9
Net earnings (UBS) margin	4.9	7.9	8.6	8.5	9.8	10.1	10.1	10.7
ROIC (EBIT)	10.8	13.4	16.8	19.8	20.9	22.5	23.8	25.6
ROIC post tax	9.7	11.4	14.0	16.0	17.3	18.4	19.3	20.4
ROE (UBS)	10.4	17.2	22.5	24.9	27.6	28.1	27.4	27.7
Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	1.3	1.1	1.1	0.9	0.6	0.4	0.1	(0.2)
Net debt / total equity %	36.3	40.9	63.0	54.2	34.3	22.9	7.3	(8.0)
Net debt / (net debt + total equity) %	26.6	29.0	38.6	35.2	25.5	18.6	6.8	(8.7)
Net debt/EV %	10.4	11.9	12.1	12.6	10.4	7.7	4.5	(0.3)
Capex / depreciation %	NM	187.7	168.1	143.7	135.8	143.9	70.2	70.2
Capex / revenue %	6.2	7.2	6.5	5.4	4.5	4.5	2.2	2.1
EBIT / net interest	2.0	2.9	2.6	2.3	2.7	2.9	3.0	3.4
Dividend cover (UBS)	2.6	2.7	1.0	2.3	2.0	1.9	1.8	1.8
Div. payout ratio (UBS) %	38.7	37.5	98.3	42.8	48.8	53.3	56.4	56.9
Revenues by division (R\$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	46,946	51,325	56,479	59,874	65,476	73,150	80,515	86,452
Total	46,946	51,325	56,479	59,874	65,476	73,150	80,515	86,452
EBIT (UBS) by division (R\$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	5,431	7,499	9,756	11,482	12,689	14,288	15,712	17,164
Total	5,431	7,499	9,756	11,482	12,689	14,288	15,712	17,164

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	29.3%
Forecast dividend yield	3.0%
Forecast stock return	32.3%
Market return assumption	18.0%
Forecast excess return	14.3%

Company Description

Rede D'Or is the largest independent hospital network in Brazil, operating more than 70 hospitals and a leading oncology platform in major metropolitan areas. Its 2022 SulAmerica acquisition added one of the largest health insurers in Brazil, integrating provider-payer capabilities.

Valuation Method and Risk Statement

Brazilian healthcare companies' performance is closely linked to local economic conditions, with an enhanced sensitivity to formal employment rates. The sector is particularly dependent on the regulatory framework, but has also been deeply affected by competition dynamics in the past.

We value Rede D'Or at target P/E, supported by DCF and FCFE assumptions.

Buy thesis risks include payers capturing higher-acuity complexity spread, limiting hospital EBITDA margin expansion toward ~28%; faster or deeper SulAmerica MLR deterioration, pressuring Combined ratio and reserves; slower maturation of the 2026-28 bed pipeline, deferring margin recovery; and tax or regulatory changes, including IOC, DTA, and ANS rules, affecting provider and payer economics.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at <https://neo.ubs.com/quantitative>, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Rede D'Or

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	2
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of: (1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Required Disclosures

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12-Month Rating	Definition	Coverage ¹	IB Services ²
Buy	FSR is > 6% above the MRA.	55%	24%
Neutral	FSR is between -6% and 6% of the MRA.	40%	21%
Sell	FSR is > 6% below the MRA.	6%	21%

Source: UBS. Rating allocations are as of 30 June 2026.

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

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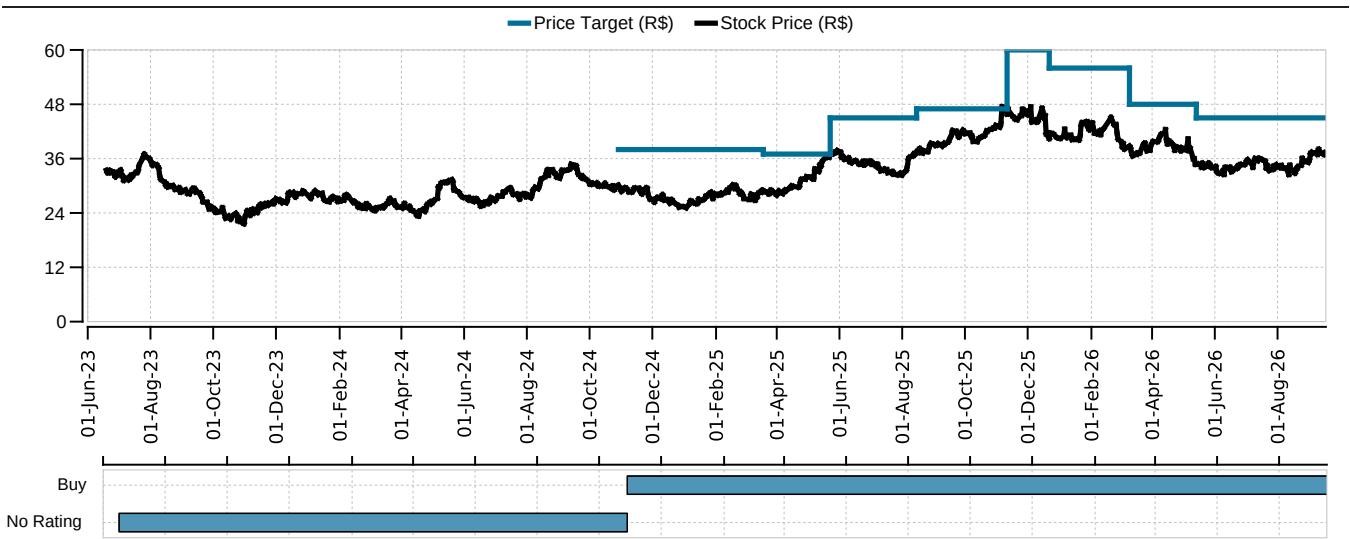
Company Name	Reuters	12-month rating	Price	Price date
Rede D'Or ^{2,4,6,7}	RDOR3.SA	Buy	R\$37.13	17 Sep 2026

Source: UBS Global Research; LSEG Eikon. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

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Rede D'Or (R\$)



Date	Stock Price (R\$)	Price Target (R\$)	Rating
2023-06-16	33.23	-	No Rating
2024-10-28	29.96	38.00	Buy
2025-03-18	28.65	37.00	Buy
2025-05-22	36.30	45.00	Buy
2025-08-14	37.07	47.00	Buy
2025-11-10	46.68	60.00	Buy
2025-12-21	41.44	56.00	Buy
2026-03-09	38.56	48.00	Buy
2026-05-13	34.78	45.00	Buy

Source: UBS Global Research; LSEG Eikon as of 17-Sep-2026. All prices as of local market close. Ratings as of date shown.

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