



Healthcare

Research Team

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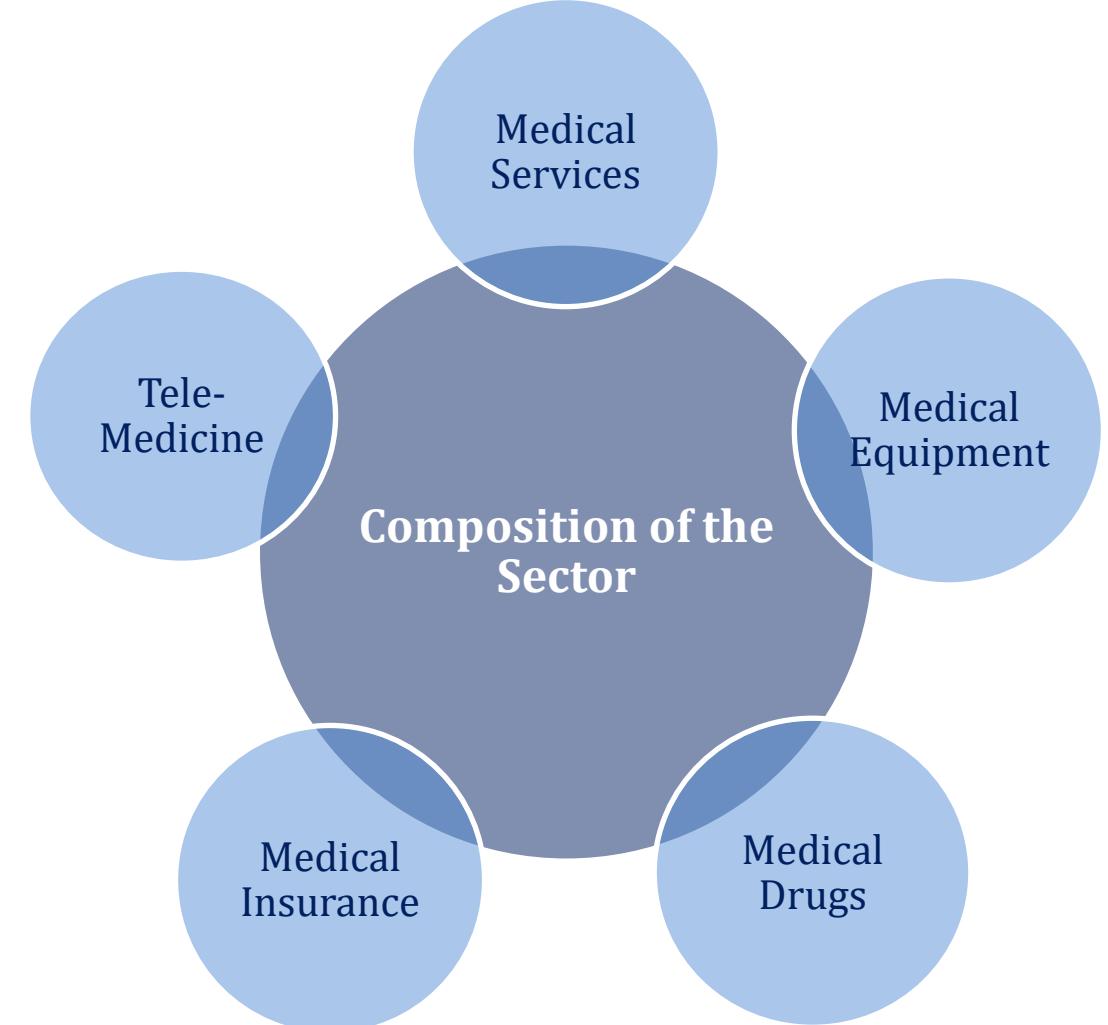
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Introduction

- **Healthcare** encompasses various medical services designed to support health, aid recovery, and enhance overall well-being. The healthcare industry provides services that promote health, prevent and manage illnesses, diagnose and treat medical conditions, and ultimately improve the quality of life.
- It can sometimes be restricted to the medical care provided by doctors/hospitals or it can also include care provided by nurses, therapists and other patient care providers. Overall, it refers to the diagnosis and treatment provided to patients.
- In terms of worldwide expenditure, healthcare sector's market size has grown significantly, reaching USD~8,778.7bln in CY24. This is projected to expand further to USD~9,255.7bln in CY25, at a compound annual growth rate (CAGR) of ~5.4%.
- The growth of the healthcare sector is being driven by rising awareness, aging populations in developed countries, advancement in healthcare facilities and better treatments for patients.. In the UK, healthcare spending increased by ~5.6% YoY in CY23, reaching USD~317.6bln. This trend highlights the crucial role of increased investment in expanding healthcare services.

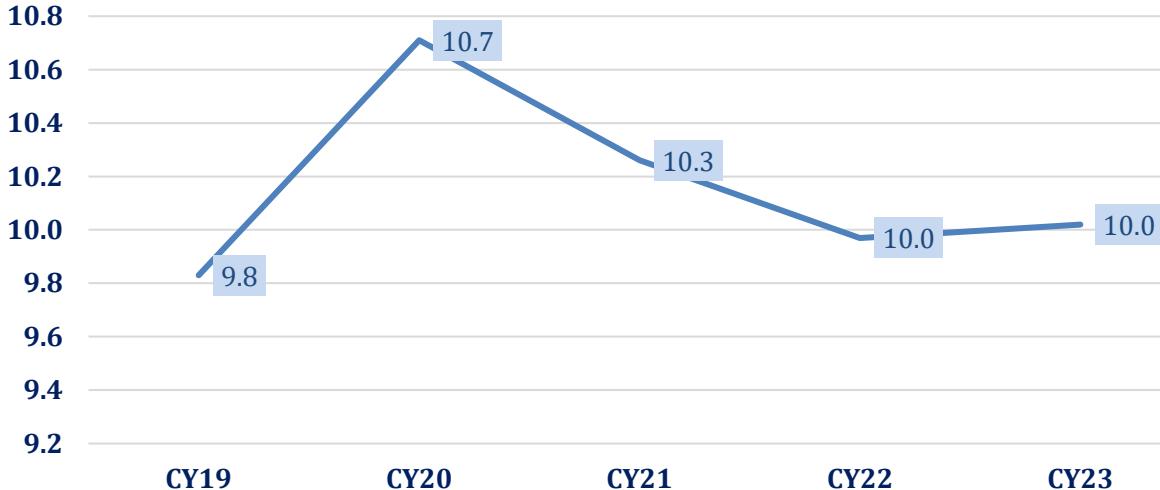
This study focuses on healthcare services and does not include the Manufacture/Sale of Drugs (covered separately in the Pharmaceutical sector report).



Global | Expenditure

- By CY23, global healthcare expenditures reached ~10.0% of world GDP, remaining below the pandemic period share but higher than ~9.8% in CY22. A recovery in average per capita healthcare spending across countries of all income groups was observed in CY23.
- Health expenditure was highest during CY20, as governments mobilized significant funds to respond to COVID-19. As the pandemic subsided in CY22, public spending declined.
- By CY23, growth in public health spending was only marginal, reflecting post-pandemic normalization and tighter government budgets. Meanwhile, private spending (including voluntary insurance and out-of-pocket payments), which had fallen in CY20 due to postponed treatments, stabilized in CY22 and CY23 with flat or slightly positive growth as healthcare utilization normalized.

Current health expenditure as % of world GDP

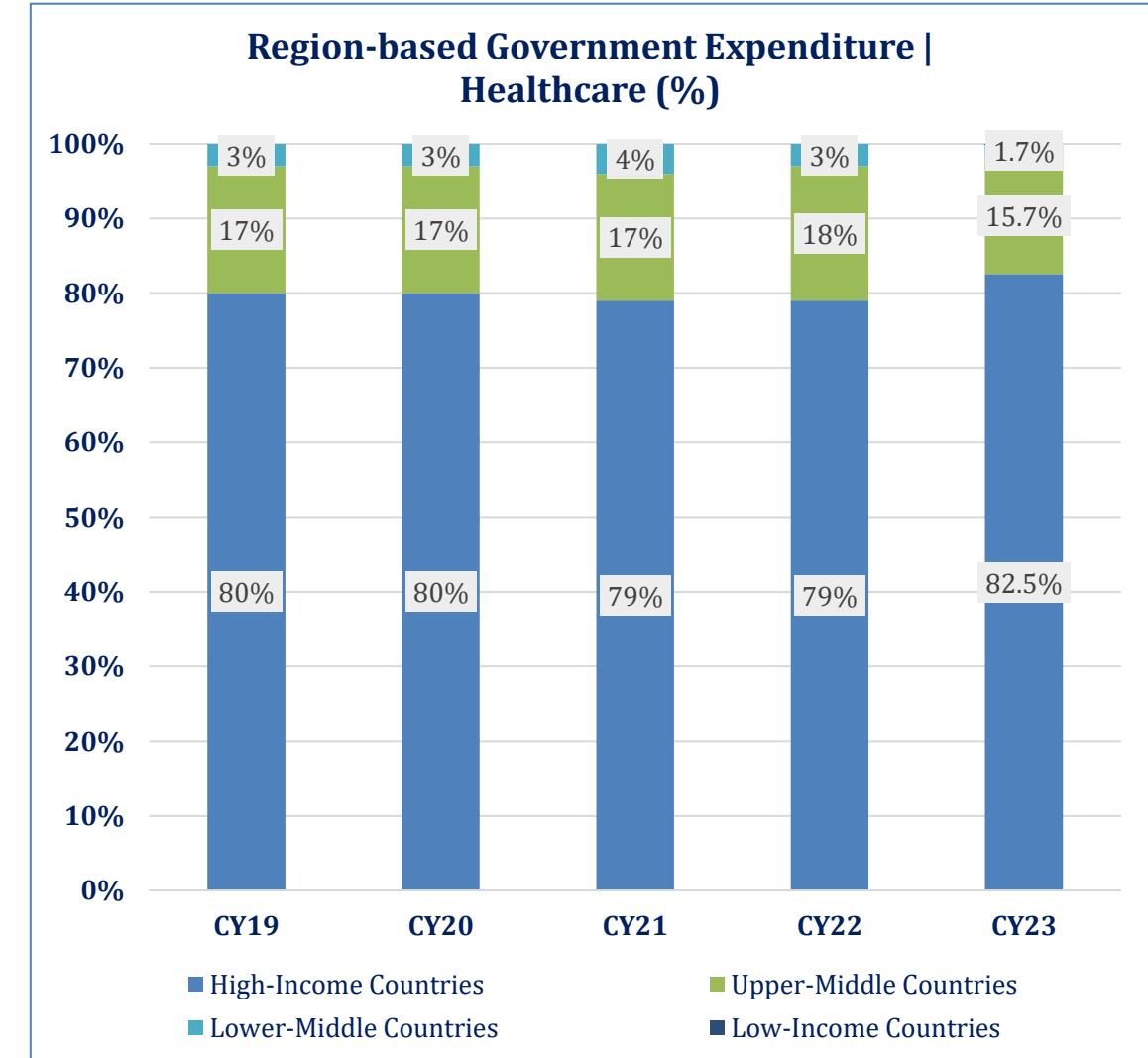


Current Health Expenditure per Capita (USD)

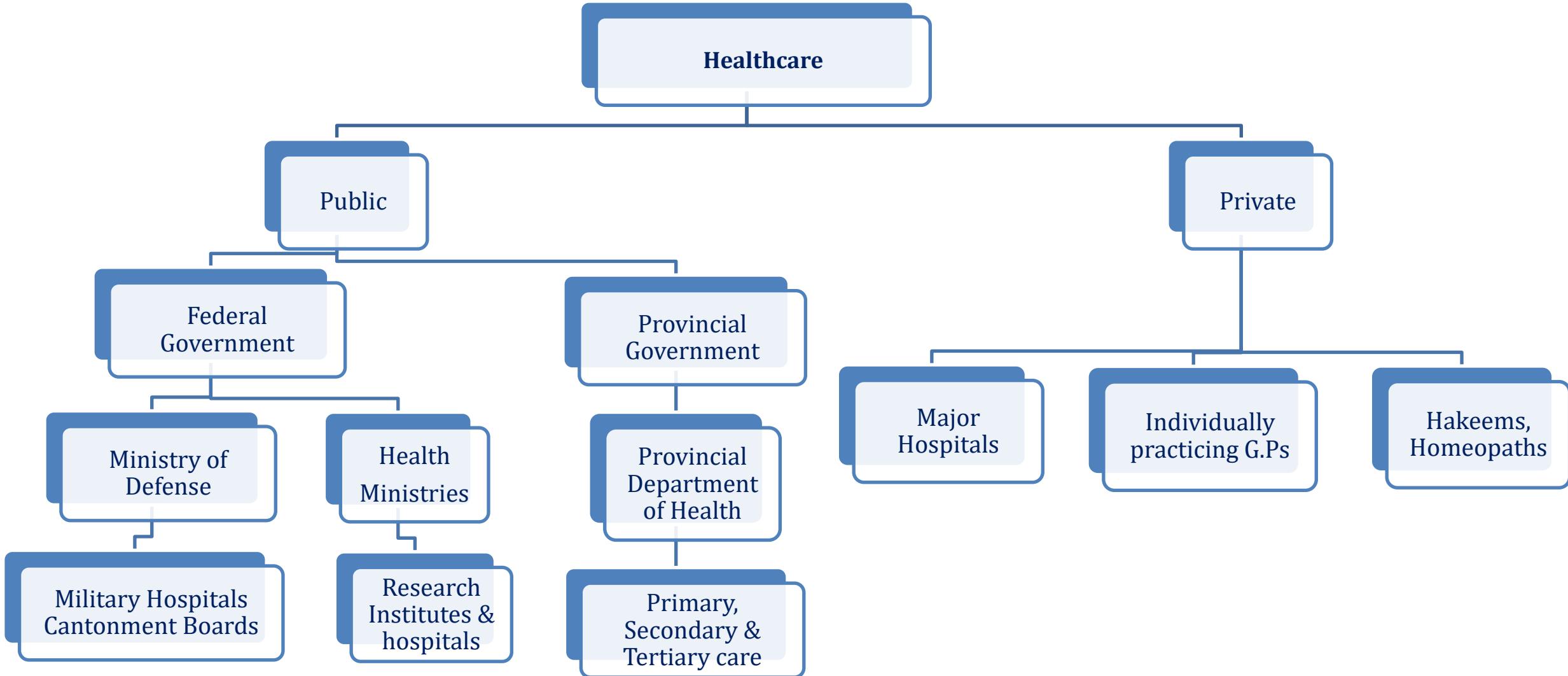


Global | Government Expenditure Distribution

- Global healthcare expenditure stood at USD~10.6trn in CY23, accounting for ~10.0% of global GDP. However, spending distribution varied significantly across income groups. High-income countries accounted for over 80% healthcare spending followed by Upper-middle-income countries ~15.7%, lower-middle-income countries ~1.7%, and low-income nations for just ~0.1% of the total global healthcare expenditure during the year.
- Meanwhile, high-income countries continued to dominate government health spending. USA alone accounted for ~47.0% of healthcare spending within high-income countries, driven by its large economy and substantial healthcare investment.
- In CY23, the average healthcare spending per capita in high-income nations was USD~3,806/capita, significantly higher than other income groups. It is ~7.0x higher than upper-middle-income countries (USD~542.0), ~29.0x than lower-middle-income countries (USD~130.0), and ~85.0x higher than spending in low-income countries (USD~45.0).
- Healthcare priority declined in CY23 among high- and upper-middle-income countries to ~14.4% and ~12.2% of total government spending, respectively. In contrast, lower-middle- and low-income countries saw an increase, reaching ~7.5% and ~5.5%, nearing pre-pandemic levels.

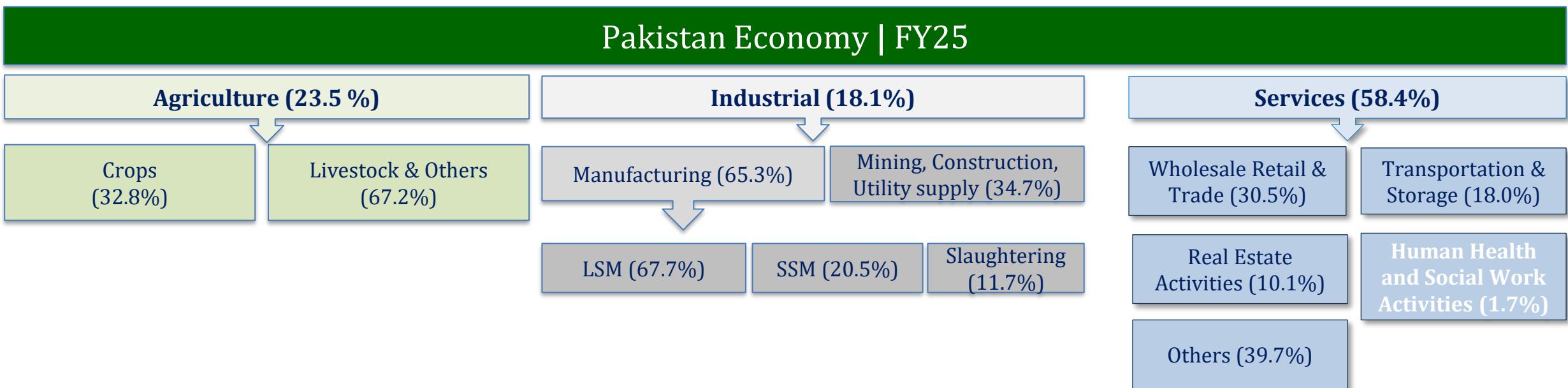


Local | Introduction



Local | Overview

- In FY25, Pakistan's GDP (nominal) stood at PKR~113.9Tn (FY24: PKR~105.4Tn), increasing, in real terms, by ~3.1% YoY (FY24: ~2.6% YoY) and is projected to grow by ~3.2% in FY26, according to the IMF. 1QFY26 data shows a ~3.7% YoY real growth rate as compared to ~1.6% YoY in 1QFY25, showing an improvement in economic activity as compared to the SPLY.
- The Services sector of the economy made up ~58.2% of the GDP in FY25 (FY24: ~58.3%), wherein the Human Health & Social Activities (HHSA) segment contributed ~1.7% to the Services sector during the year (SPLY: ~1.7%). In value terms, HHSA exhibited ~19.9% YoY (nominal) growth in FY25, recording at PKR~1,766.8bln (~3.6% YoY growth in real terms, recording at PKR~703.1bln).



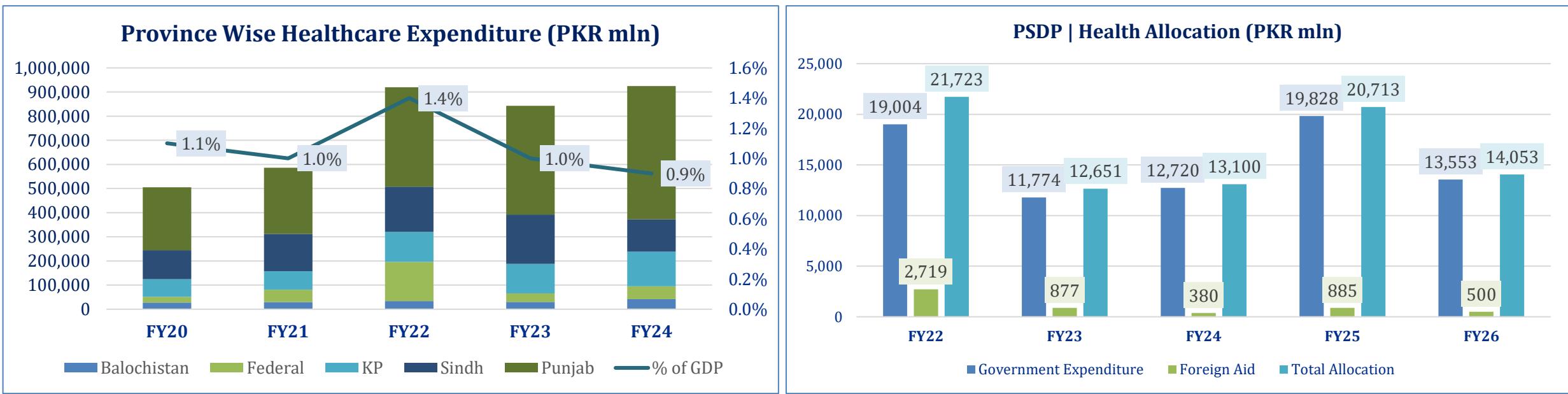
Local | Snapshot

- Pakistan's healthcare sector is divided between the public and private sectors. The provincial governments are mainly in charge of healthcare under the constitution, except for regions under federal administration.
- As of CY24, the country is classified in the 'low' human development category with a Human Development Index (HDI) value of 0.54 and global ranking of 164 out of 193 countries (CY23: 0.54 and 161, respectively). Meanwhile, the average life expectancy was recorded at ~66.4 years during the same period, against the South Asia average of ~71.6 years.
- As of CY22, ~70.5% of the country's population had access to and used basic sanitation facilities, whereas ~20.7% were undernourished as of CY24 (CY21: ~19.0%). In the CY24 Global Hunger Index, Pakistan ranks ~109th out of the 127 countries, with a score of 27.9, signaling serious levels of hunger.
- It is estimated that foodborne illnesses impact one in five people in Pakistan, ~2.0x the global average, resulting in USD~1.7bln annual productivity loss. Moreover, an average Pakistani household (assumed to have 5 members) must spend PKR~53,000/month for a healthy and nutritious diet (or ~63.0% of a household's total expenditure must comprise a healthy diet). Therefore, ~82.0% of these households are not able to afford a healthy diet.

Particulars	Units	CY22	CY23	CY24
Population	mln	237	241	245
Population 0-24 age group	%	58.8	59.1	62.7
Population 25-54 age group	%	32.8	32.6	29.5
Population 55+ age group	%	8.5	8.3	7.7
Population Growth Rate	%	1.7%	1.7%	1.7%
Expenditure on Healthcare	PKR mln	919,418	843,179	924,885
Expenditure on Healthcare	% of GDP	1.40%	1.00%	0.90%
Hospitals	No.	1,284	1,696	1,696
Doctors and Dentists	No.	315,539	335,145	358,660
Nurses	No.	127,855	134,708	138,391
Other Healthcare Workers	No.	70,132	72,809	75,964
Calories/ day	No.	2,620.7	2,742.0	2,719.0

Local | Expenditure

- In CY23, Pakistan's Current Healthcare Expenditure (CHE) per capita was recorded at USD~30.5 (SPLY: USD~38.8) whereas in CY22, this stood at USD~38.8. In comparison, India, Bangladesh and Sri Lanka recorded CHE per capita at USD~84.7, USD~53.5 and USD~134.2, respectively, in CY23. (CY22: USD~81.5, USD~56.6 and USD~130.1, respectively).
- The overall healthcare expenditure (including Current and Development) was recorded at PKR~924,885mln in FY24*, up ~9.7% YoY. Of this, Current Expenditure formed ~78.3% while Development Expenditure's share was ~21.7% (SPLY: ~79.1%, ~20.9%, respectively). Province-wise, Punjab comprised ~59.7% of the total expenditure in FY24 (SPLY: ~53.4%), while Balochistan formed a meagre ~4.6% (SPLY: ~3.5%). Moreover, healthcare expenditure formed ~0.9% of the GDP in FY24, while the South Asia average for the same was recorded at ~3.3%.
- PSDP allocation for the healthcare sector surged by ~55.9% YoY in FY25, reaching PKR~20,713mln, while actual expenditure for FY25 was PKR~20,100mln. This increase was in line with a broader expansion in the overall PSDP envelope, which rose by ~58% during the year. The higher allocation reflected the launch of several new healthcare initiatives. For FY26, PSDP allocation was PKR~14,053mln, out of which actual expenditure recorded at PKR~3,271mln during 7MFY26.



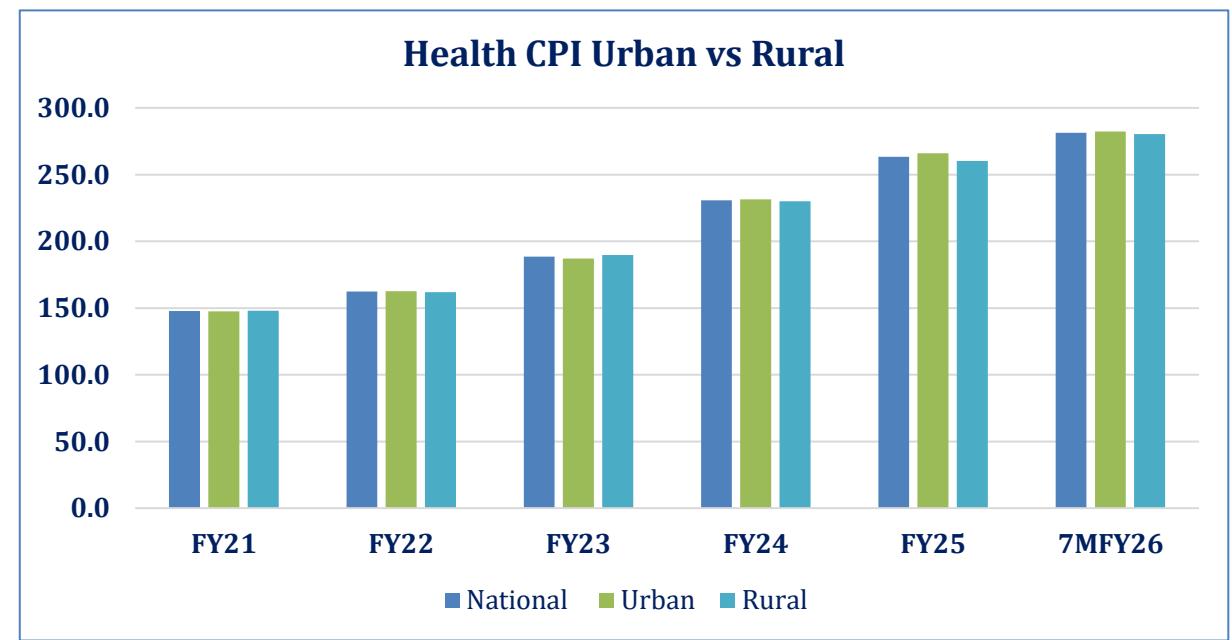
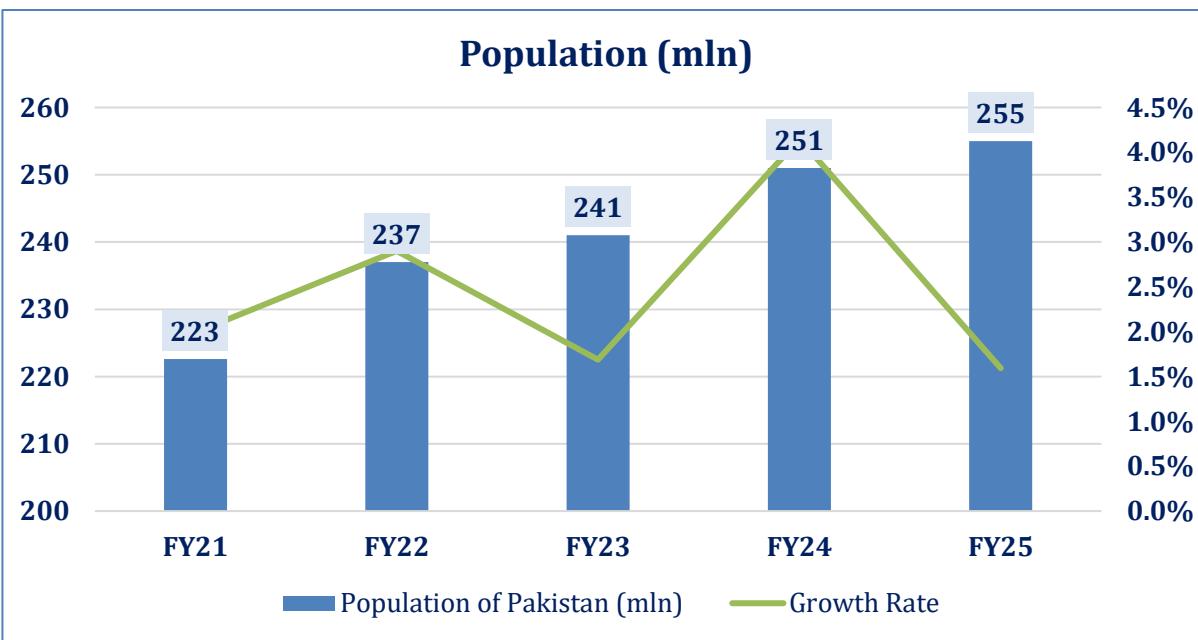
*Latest available data for healthcare expenditure (national and province wise) is till FY24.

PSDP allocation pertains to the National Health Services Regulation & Coordination.

Source: PES, MoF, WHO

Local | Demand

- Pakistan's population was recorded at ~245.0mln during FY24 (Feb'25: ~253.7mln) and is projected to reach ~400mln by CY50, being one of the eight countries likely to account for more than ~50.0% of the world population increases until CY50.
- With respect to disease prevalence, during the second week of Jan'26, the most frequently reported cases across the country included Acute Diarrhea (Non-Cholera) (~55,953) followed by ILI (Influenza-Like Illness) (~52,074), Malaria (~39,839) ALRI <5 years (Acute Lower Respiratory Tract Infections) (~19,382), TB (~10,583), dog bite (~4,923), B. Diarrhea (~4,005), VH (B, C & D) (~2,919), SARI (Severe Acute Respiratory Infections) (~2,021) and Typhoid (~1,682).
- Other factors like climate change have also increased the demand for the healthcare sector. As of CY24, it was estimated that ~5.9mln people are in need of healthcare assistance, including ~1.2mln children with diarrhea and pneumonia, ~370,000 children requiring immunization, ~790,000 pregnant and lactating women accessing healthcare and ~3.5mln people requiring primary healthcare services.



Supply | Overview

Healthcare Infrastructure	CY20	CY21	CY22	CY23	CY24*
Dispensaries	5,849	5,832	5,840	5,627	5,627
Basic Healthcare Units (BHUs)	5,561	5,559	5,520	5,434	5,434
Hospitals	1,289	1,276	1,284	1,696	1,696
M.C.H Centers	752	781	798	822	822
TB Clinics	410	416	417	482	482
Number of Institutions (Total)	13,861	13,864	13,864	14,061	14,061
Number of Beds (Total)	147,112	146,053	151,661	167,947	167,947
Healthcare Manpower					
Doctors	245,987	266,430	282,383	299,113	299,113
Nurses	116,659	121,245	127,855	127,855	127,855
Midwives	43,129	44,693	46,110	46,110	46,110
Dentists	27,360	30,501	33,156	36,032	36,032
Lady Health Workers	21,360	22,408	24,022	24,022	24,022
Total	454,495	485,277	513,526	533,132	533,132

*Figures for CY24 are provisional

Note: Latest available data

Source: PES, PBS

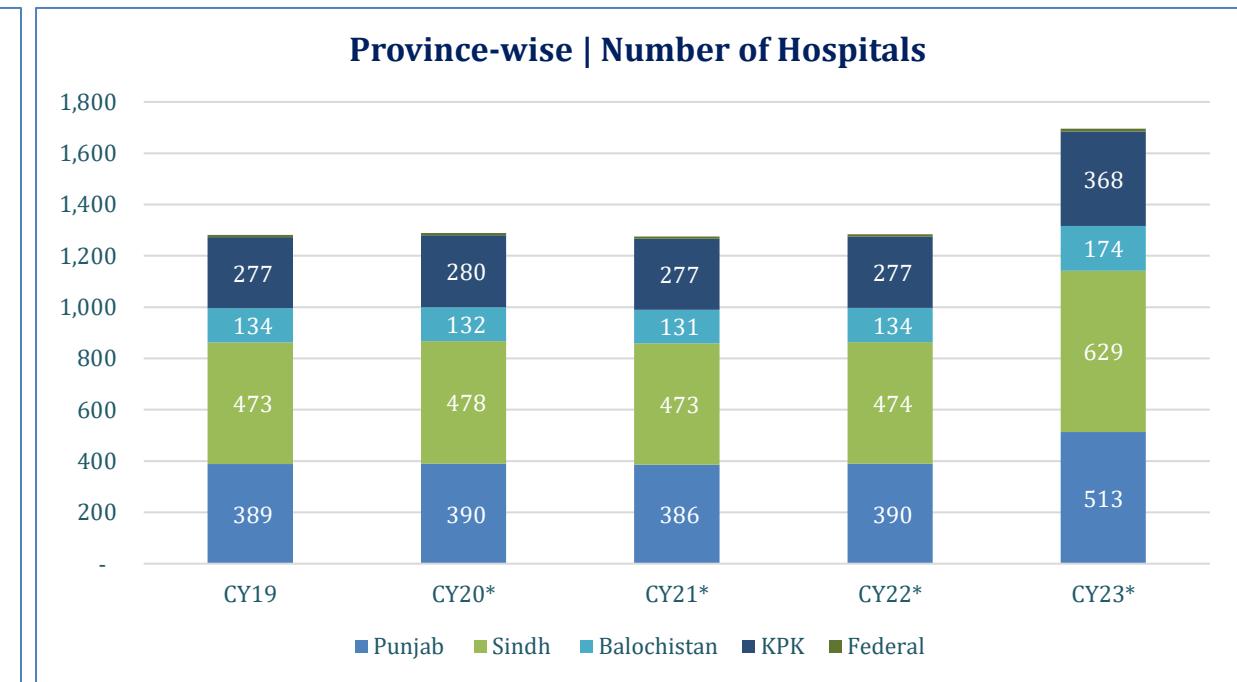
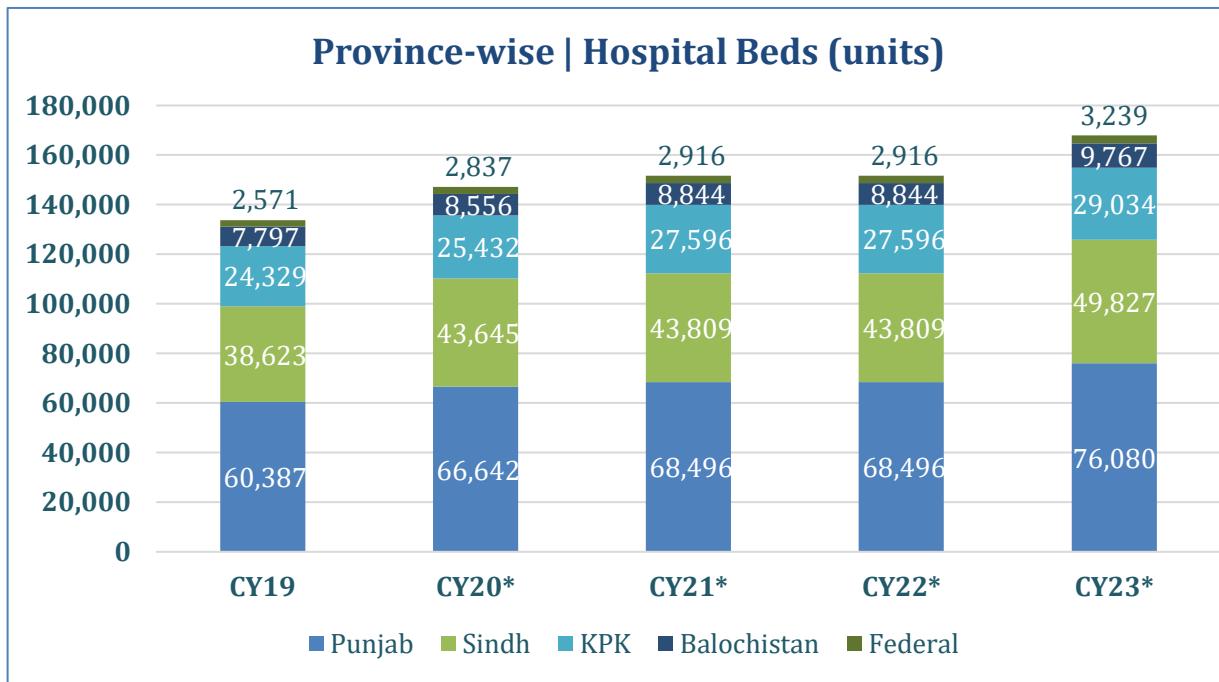
Local | Universal Health Care

- Pakistan is committed to the Sustainable Development Agenda CY30 and, in this regard, Universal Health Coverage (UHC) is the key outcome towards ensuring progress on the health-related Sustainable Development Goal 3. The UHC index is a single indicator based on 4 proxy areas and 14 indicators to closely monitor the coverage of essential health services across the country.
- The four areas considered in the calculation include, A. Reproductive, maternal, new-born and child health (RMNCH), B. Infectious/Communicable Diseases (CD), C. Non-Communicable Diseases (NCD) and, D. Services Access And Capacity (SAC). This methodology is in line with the CY17-Global UHC Monitoring Report by the World Bank and World Health Organization.
- In CY23, a province-based breakdown of the UHC indicated improvement across Islamabad (63.8), Punjab (55.4), AJK (51.2), Sindh (50.7), GB (50.4) and Balochistan (38.4) of ~8.8%, ~3.0%, ~3.7%, ~3.0%, ~3.8% and ~2.6% YoY, respectively. Meanwhile, KPK did not exhibit any change in the UHC Index over the year, recording at 51.0 points.
- In CY23*, Pakistan recorded UHC Index at 54.0 points, while in India this stood at 69.0 points, and at ~72.0 points in Sri Lanka.

UHC Indicators	CY21	CY22	CY23
1. Family Planning demand satisfied with modern methods (%)	48.6	48.6	54
2. Antenatal care - 4+ visits	51.4	51.4	51.4
3. Child immunization (Penta 3) (%)	83.5	83.5	84.4
4. Care-seeking behavior for child pneumonia (%)	84.2	84.2	84.2
RMNCH Aggregate Score	64.74	64.7	66.6
5. Tuberculosis effective treatment (%)	52.4	62.7	71.6
6. HIV treatment (%)	14	14	14.7
7. Insecticide-treated nets for malaria prevention (%)	N/A	N/A	N/A
8. At least basic sanitation (%)	83	83	83
CD Aggregate Score	37.68	41.7	44.3
9. Hypertension treatment – rescaled value	69	35	35
10. Mean fasting Plasma glucose – rescaled value	39	68	68
11. Tobacco non-smoking – rescaled value	59	71	71
NCDs Aggregate Score	54.15	55.2	55.2
12. Hospital beds density 10,000 population against threshold (%)	55.8	59.3	60
13. Health worker density (Physicians*Psychiatrist*Surgeon) density against threshold (%)	50.6	54.6	53.8
14. International Health Regulations index (15 core capacities- new tool)	53	42.7	42.7
SCA Aggregate Score	53.1	51.7	51.6
UHC Index (National)	52.02	52.7	53.9

Local | Province-wise Supply

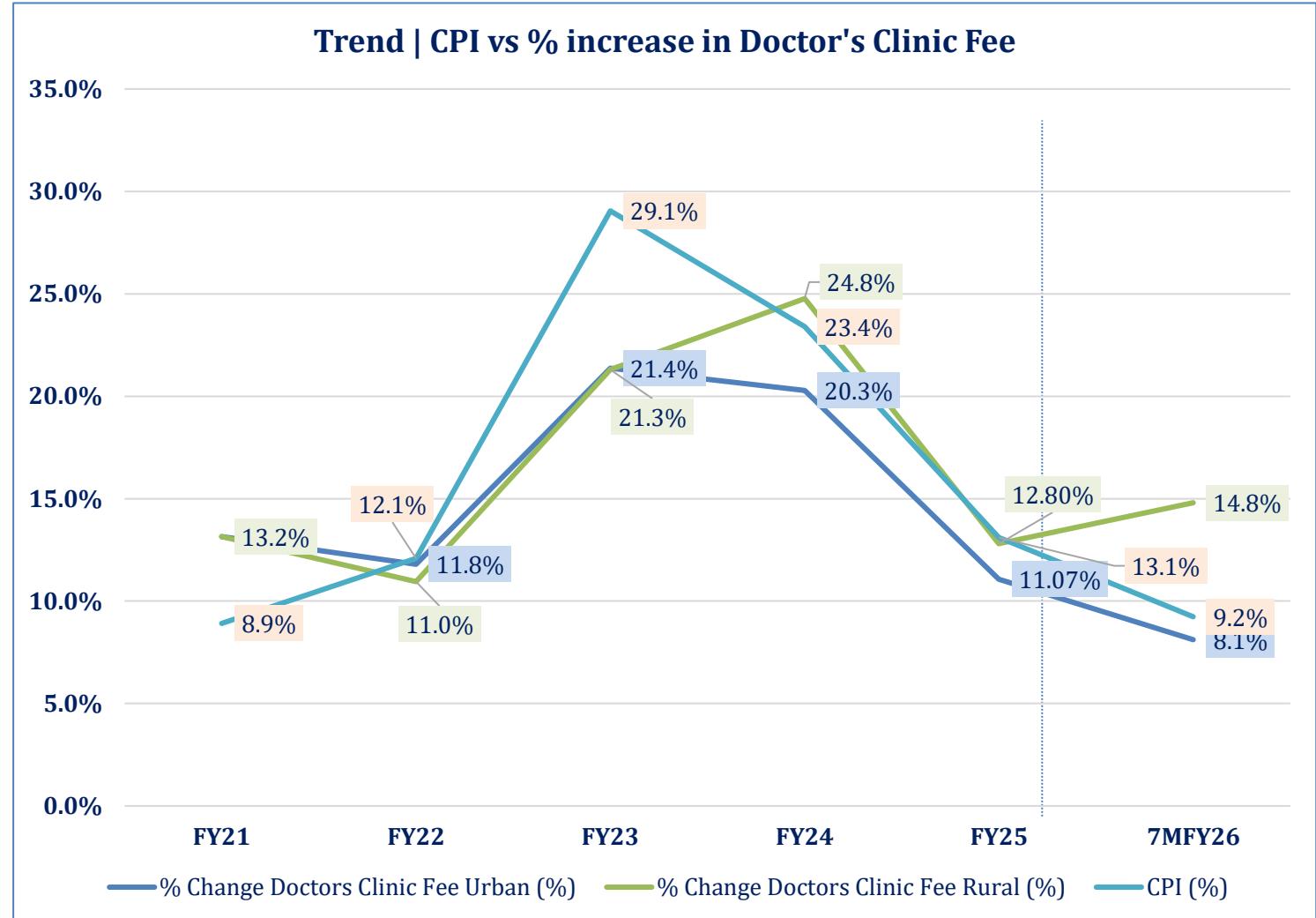
- As of CY24, the total number of healthcare infrastructure institutions in Pakistan was recorded at ~14,844, while number of people per hospital bed was ~1,353. A regional comparison in CY20* reveals that Pakistan has ~0.6 hospital beds per 1,000 people compared to India ~1.6 and Bangladesh ~1.0. With ~3.9 hospital beds per 1000 people, Sri Lanka has more beds than the other three nations combined.
- As of CY23, out of ~1,696 hospitals, the majority were located in the provinces of Sindh (~37.1%) and Punjab (~30.2%), while ~20% of the hospitals were located in KPK, followed by ~10% in Balochistan. There were only ~9 hospitals in the entire country that were under the Federal government. However, in terms of the number of beds per hospital, federal hospitals had the largest capacity, with an average of ~286 beds per hospital. This was followed by Punjab with an average of ~155 beds per hospital.



*CY20, CY21, CY22 and CY23 provincial breakdown calculated using previous averages.

Local | Pricing

- In FY25, the average doctors' Clinic fee increased ~11.1% YoY for urban and ~12.8% for rural populations (FY24: ~20.3% and ~24.8% YoY growth, respectively). Meanwhile, national CPI averaged ~13.1% during the year (FY23: ~23.4%).
- In 7MFY26, the Doctors' Clinic Fee increased by ~14.8% YoY in rural settlements and ~8.1% YoY in urban areas.
- The nationwide average Doctor's clinic fee stood at PKR~474.2 in FY24, increasing PKR~521.62 during 9MFY25.

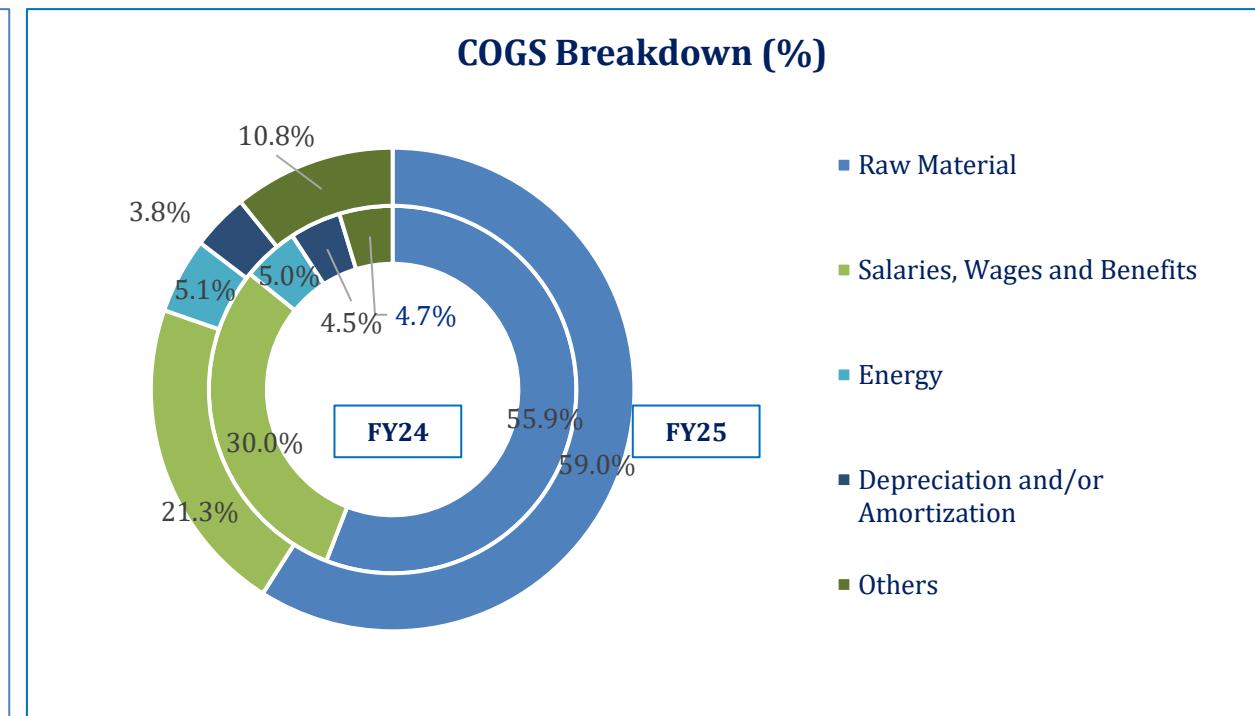
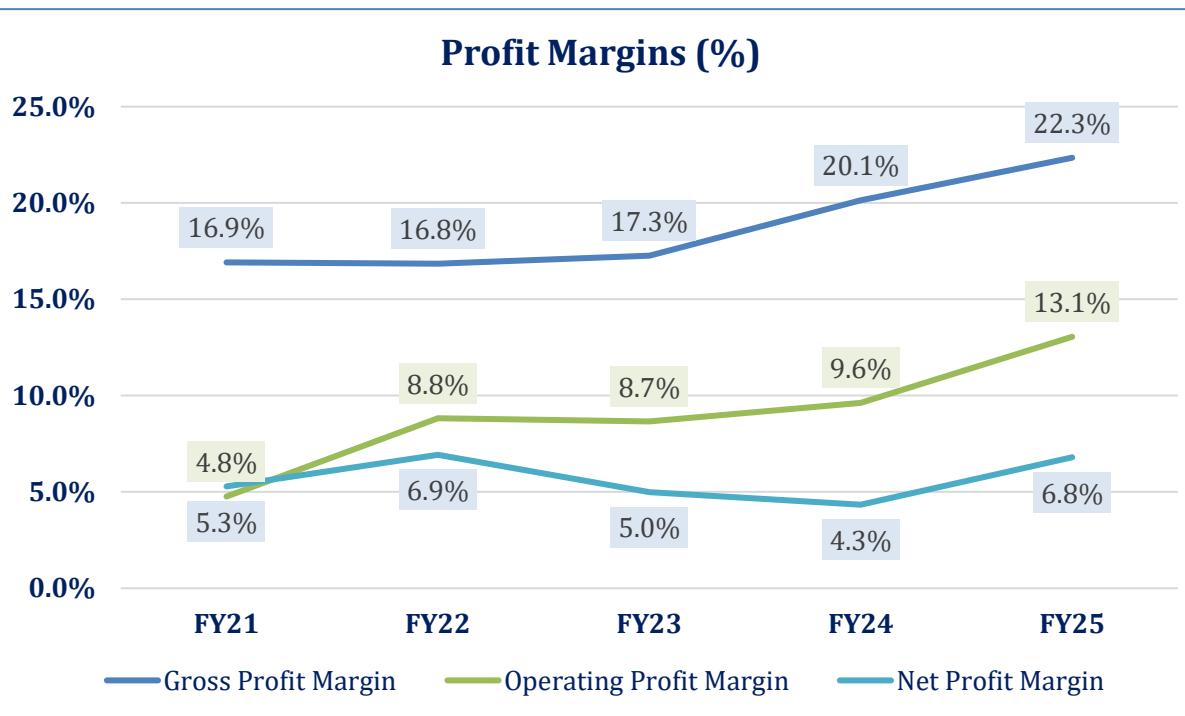


Local | Business Risk

Identified Risk Factors	Description
Poor Infrastructure	Healthcare infrastructure remains inadequate in terms of the population size. The ratio of beds per 1,000 people stood at ~0.7 during CY24. Rural hospitals frequently lack necessary facilities, which adds to the large healthcare gap between urban and rural populations
Shortage of Medicines/ Machinery	There are recurring shortages within the pharmaceutical sector of essential medications . Moreover, medical equipment is either outdated or non-existent.
Reliance on Imported Machinery	The healthcare sector is mostly dependent on imported machinery since there is a scarcity of local manufacturers.
Inadequate Policy Framework	Pakistan devotes a very small portion of its GDP (~0.9% in FY24) on healthcare which hinders the sector's development.
Poor Management	Hospitals can be unclean and unsanitary, have inadequate security, provide subpar patient care, frequently run out of medications and supplies, have fraudulent staff who demand bribes from patients, and sometimes even lack basic utilities like fuel, power and water.
Low Awareness	The general public frequently lacks knowledge about preventative Healthcare practices, which increases the burden of avoidable illnesses on the Healthcare system.
Work Overload for Healthcare Providers	Healthcare personnel frequently deal with excessive workloads as a result of staffing shortages, which can affect patient care and cause burnout and diminished efficiency. Statistically, there is ~1.3 doctors per 1,000 persons as of CY24.
Lack of Digitization	Inadequate digitalization of the healthcare sector leads to inefficiencies, makes it hard to keep patient information up to date and makes it impossible to implement new Healthcare technology that will improve patient care.
Recurrent Natural Shocks	Natural catastrophes like earthquakes and floods are a serious danger to the infrastructure supporting the healthcare sector, since they can cause service disruptions and aggravate pre-existing problems.

Business Risk | Margins

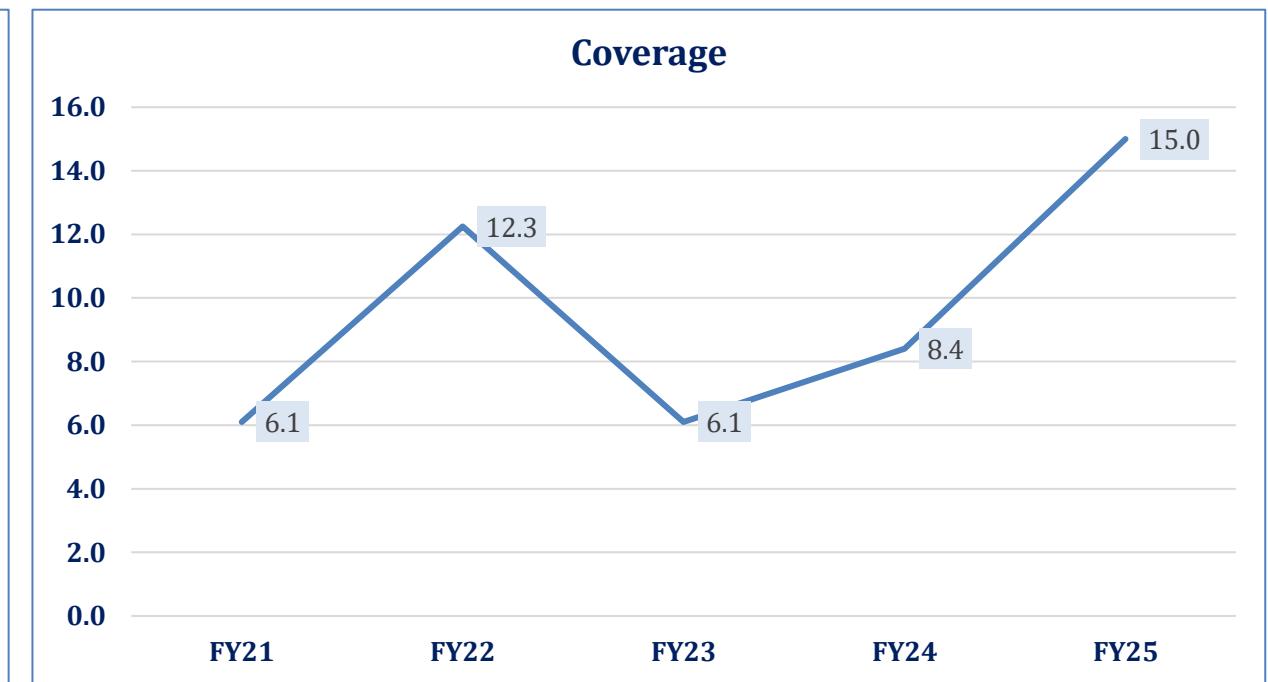
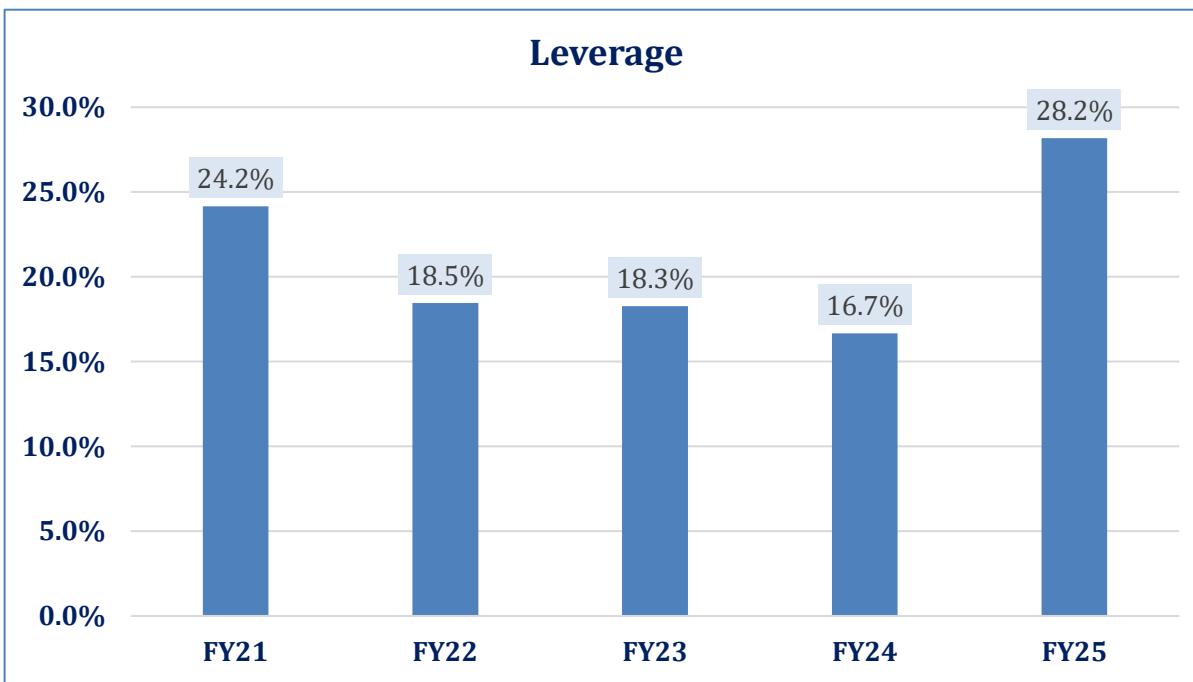
- The revenue for private sector hospitals was up ~29.2% YoY in FY25 while in FY24 it exhibited growth of ~24.9% YoY. The primary contributors to this growth were higher fees and number of patients particularly across immunoassay and chemistry segments, as well as increases demand from public sector healthcare institutions. In FY25, gross margins went up to ~22.3% from ~20.1% in FY24. Operating margins increased to ~13.1% from ~9.6% in FY24, while Net margins went up to ~6.8% (FY24: ~4.3%).
- The sector's COGS composition in FY25 remained heavily skewed toward raw materials, which accounted for ~59.0% of total costs. Raw materials primarily comprise medicines, surgical supplies, and other medical goods such as X-ray films. Salaries and wages represented the second-largest component at ~21.3%, followed by energy expenses at ~3.8%.



Note: Data is reflective of ~3 Sector player which pertain to the hospital and medical device industries..

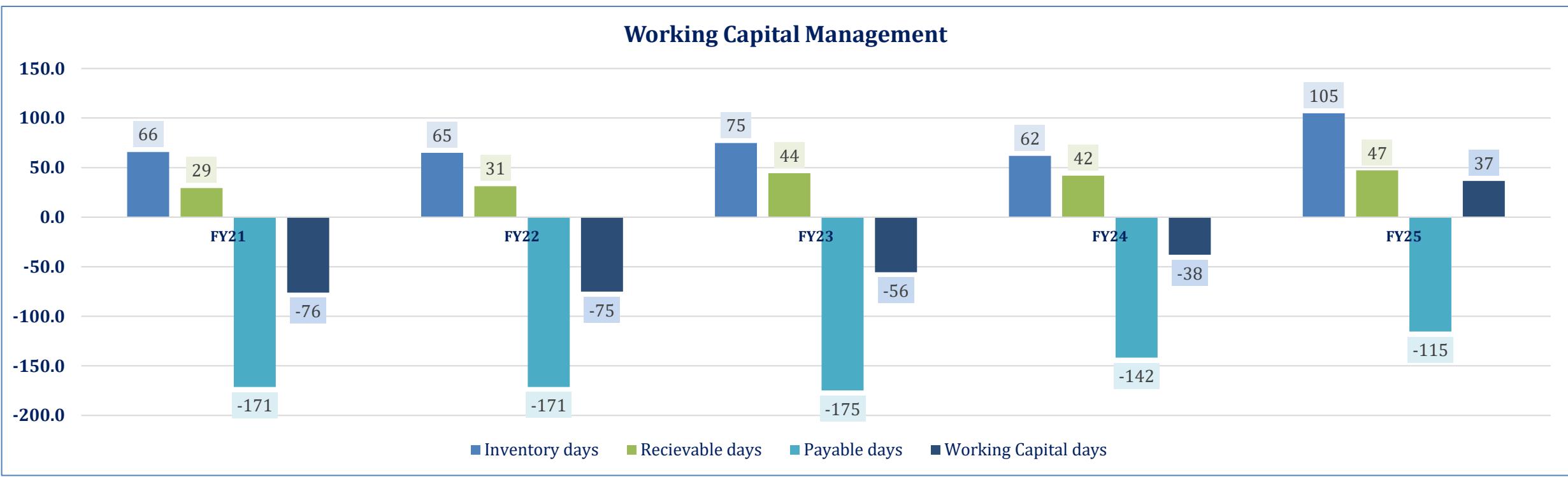
Financial Risk | Leverage and Interest Coverage

- The sector maintains a low-leverage capital structure, with leverage recording at ~28.2% in FY25 (SPLY: ~16.7%). Leverage increased in FY25 mainly due to a drastic increase of ~254.9% in the Sector's short-term borrowings, while long-term borrowings also registered an increase of ~12.6%. The increase in leverage was largely attributable to increased short-term financing undertaken to meet working capital needs amid rising sales and inventory build-up.
- In FY25, revenue growth outpaced the increase in operating expenses, resulting in improved operating cash flows. This improvement enhanced the sector's ability to service its debt obligations, as interest coverage recorded at ~15.0x (FY24:~8.4x).



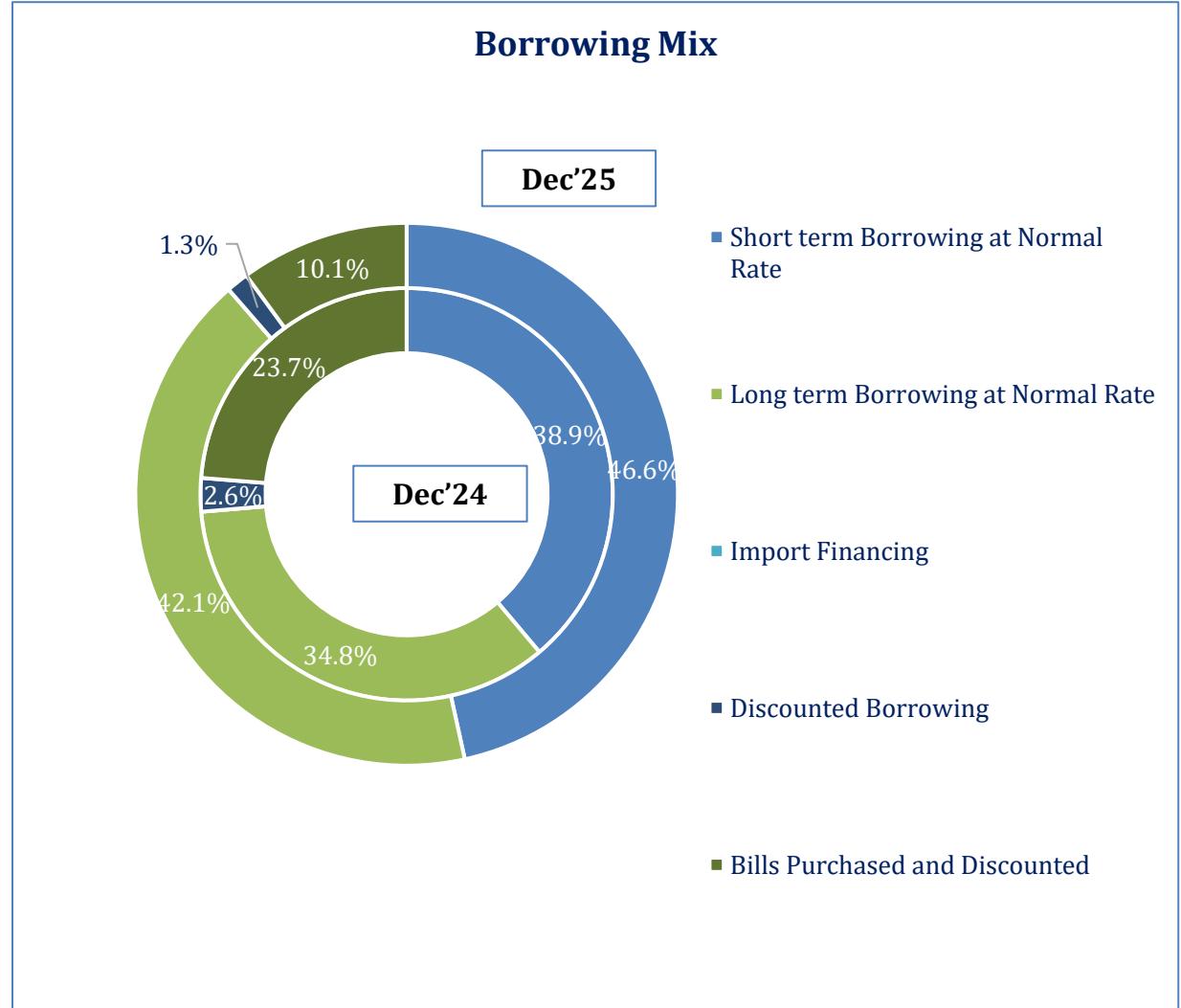
Financial Risk | Working Capital Management

- The sector efficiently manages working capital through short-term borrowings and internal cash flows. Its working capital dynamics are primarily driven by accounts payable and trade receivables.
- In FY25, the sector's inventory days stood at ~115 days, improving from ~142 days in FY24. Receivable days were recorded at ~47 days (FY24: ~42 days), where the sector's receivables primarily consist of debtors, including corporate clients and room rental charges.
- In FY25, net working capital increased to ~37 days (SPLY: negative~38 days), owing to an increase in inventory days from ~62 days in FY24 to ~105 days in FY25 and a decrease in payable days.



Financial Risk | Borrowing Mix

- The Sector's overall borrowings stood at PKR~12.5bln as of End-Dec'25, compared to PKR~10.6bln during SPLY, up ~18.4% YoY.
- The largest component within the Sector's borrowing mix was Short-term borrowings, which stood at PKR~5,815mln as of End-Dec'25, marking a YoY increase of ~41.8%.
- Bills purchased and discounted stood at PKR~1,257mln in Dec'25, compared to PKR~2,504 in Dec'24. The largest component of Bills Purchased and Discounted was Construction Financing, which stood at PKR~1,083mln as of Dec'25.
- Long-term borrowings also increased by ~43.1% to record at PKR~5,253mln (SPLY: PKR~3,671mln).



SWOT Analysis

- Large population and increasing awareness
- Demand is extremely in-elastic
- Inadequate Government healthcare infrastructure paving way for private sector
- High margins with limited to no check on prices
- Programs like the Sehat Sahulat Program leading to improved healthcare utilization

Strengths

Weaknesses

Threats

Opportunities

- Only 1.4% of the GDP invested in the healthcare sector, lower than the suggested 5% recommended by WHO.
- Lower allocated budget for healthcare
- High Cost of Healthcare services
- Weak Government healthcare facilities

- Increasing popularity of Tele-medicine putting out-patient revenue focused hospitals at risk
- Increasing trend of qualified Healthcare workers leaving the country
- Improving standards of living decreasing the chances of reliance towards public Healthcare.

- Large underserved population with low doctor and hospital penetration ratios.
- Import substitution and export potential in pharmaceuticals and medical devices
- Expansion of health insurance coverage improving affordability and utilization rates.

Outlook: Stable

- In FY25, Pakistan's GDP (nominal) stood at PKR~113.9Tn (FY24: PKR~105.4Tn), increasing, in real terms, by ~3.1% YoY (FY24: ~2.6% YoY) and is projected to grow by ~3.2% in FY26, according to the IMF. 1QFY26 data shows a ~3.7% YoY real growth rate as compared to ~1.6% YoY in 1QFY25, showing an improvement in economic activity as compared to the SPLY.
- The healthcare sector witnessed a significant rise in public sector support in FY25, with PSDP allocation increasing by ~55.9% YoY to PKR~20,713mln, largely driven by the launch of new healthcare initiatives and expansion in the overall development envelope. Actual spending remained strong at PKR~20,100mln, indicating effective utilization. However, FY26 allocation moderated to PKR~14,053mln, with actual expenditure at PKR~3,271mln during 7MFY26, suggesting a relatively slower pace of development spending.
- ~30 new healthcare projects were announced in FY25, some of which included Strengthening and upgradation of Diabetes and Endocrinology Department at FGPC Islamabad" (Polyclinic Hospital Islamabad), "Establishment of Centre for Biologics and Cancer Research/Treatment at PAQSJMS Gambit" and "Strengthening of the Drug Control Section of ICT Health Department" On January 15th 2026, 5 new healthcare projects were approved under the URAAN Pakistan Social Sector Drive, including the "Sehat Sahulat Program".
- The significant improvement in the pharmaceutical sector in FY25, driven by deregulation and structural reforms, improved medicine availability and restored production of previously unviable drugs, strengthening treatment continuity across hospitals and clinics. Higher profitability enabled capacity expansion, export growth, and compliance upgrades under the Drug Regulatory Authority of Pakistan, improving overall quality standards. For the Healthcare Sector, this can enhance supply chain stability, reduce drug shortages, and support private hospital and diagnostic growth. However, pricing flexibility may also increase cost pressures for patients if not carefully managed.
- Financial performance improved during FY25, with stronger revenues, margin expansion, and enhanced cash flow generation. Additionally, structural reforms in the pharmaceutical sector have improved supply chain stability and medicine availability, indirectly supporting hospital and diagnostic growth.

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- Pakistan Bureau of Statistics (PBS)
- Ministry of National Health Services Regulation & Coordination (NHSRC)
- National Institute of Health (NIH)
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