First Look Note | 3Q26

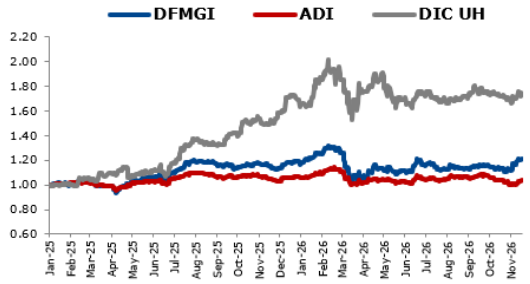
UAE Equity Research | Sector: Industrials | Market: DFM

Dubai Investments PJSC (DIC)

Lower fair value gains weighed on earnings despite growth in rental and manufacturing income

Current Price	Target Price	Upside/Downside (%)	Rating
AED 3.77	AED 4.00	+6.1%	HOLD

- Total income declined 7.5% YOY to AED 1.1 Bn in 3Q26, as lower fair value gains and property sales offset growth in rental and Manufacturing & Contracting revenue.
- Completed the acquisition of the remaining 80% stake in Clemenceau Medical Center Dubai, consolidated as a wholly owned subsidiary from 24 July 2026.
- Post 3Q26, DIC divested a 20% stake in DIP Holding through an IPO on DFM (with listing on 11th Nov 2026), raising gross proceeds of c. AED 1.9 Bn.
- DIC's financial position remained healthy, with total assets reaching AED 24.6 Bn as of September 2026 and cash and cash equivalents of AED 1.1 Bn.



Stock Information	
Market Cap (AED, Mn)	16,030.11
Paid Up Capital (Mn)	4,252.02
52 Week High	4.35
52 Week Low	3.23
3M Avg. daily value (AED)	6,129,439

3Q26 Result Review (AED, Mn)	
Total Assets	24,636
Total Liabilities	9,474
Total Equity	15,162
EBITDA	425
Net Profit	391

Financial Ratios	
Dividend Yield (12m)	6.63
Dividend Pay-out (%)	68.58
Price-Earnings Ratio(x)	9.51
Price-to-Book Ratio (x)	1.11
Book Value (AED)	3.41
Return-on Equity (%)	11.93

Stock Performance	
5 Days	0.00%
1 Months	1.34%
3 Months	3.29%
6 Months	4.43%
1 Year	14.59%
Month to Date (MTD%)	3.57%
Quarter to Date (QTD%)	0.53%
Year to Date (YTD%)	5.31%

3Q26 Net Profit higher than our estimate

Dubai Investment PJSC (DIC/ the Company) reported a 23.5% YOY decline in net profit attributable to equity shareholders to AED 391 Mn in 3Q26, higher than our estimate of AED 328 Mn. The decline in net profit was primarily driven by lower total income and other income coupled with higher direct costs and operating expenses, partially offset by lower finance expenses, impairments, and tax expenses, along with higher finance income.

P&L Highlights

DIC's total income declined 7.5% YOY to AED 1,096 Mn in 3Q26, owing to lower revenue from the Property and Investments segments, partially offset by higher revenue from the Manufacturing & Contracting segment. Revenue from the Property segment declined 14.0% YOY to AED 544 Mn in 3Q26, primarily due to lower gains from the fair valuation of investment properties, lower revenue recognized from the sale of properties and marginally lower sales of goods and services, partially offset by higher rental income and gains on the sale of investment properties. Revenue from the Manufacturing & Contracting segment rose 40.5% YOY to AED 514 Mn in 3Q26, driven by growth in the sale of goods and services and contract revenue, with the quarter also including the consolidation of Clemenceau Medical Center from 24 July 2026. Income from the Investments segment declined significantly from AED 187 Mn in 3Q25 to AED 39 Mn in 3Q26, mainly due to a fair valuation loss on investments against a gain in 3Q25, along with lower income from the sale of goods and services and lower gains on the sale of investments, partially offset by marginally higher other income. DIC's direct costs increased 11.4% YOY to AED 493 Mn in 3Q26, due to an increase in materials consumed, staff costs, share of Government of Dubai in the realised profits of a subsidiary and depreciation & amortisation, partially offset

by a decline in cost of properties sold. As a result, gross profit declined 18.8% YOY to AED 603 Mn in 3Q26, with gross margin contracting 764 bps YOY to 55.0%. Operating expenses increased 1.7% YOY to AED 124 Mn in 3Q26. DIC's calculated EBITDA increased 12.8% YOY to AED 425 Mn in 3Q26, with EBITDA margin expanding from 31.8% in 3Q25 to 38.8% in 3Q26. Operating profit declined 22.8% YOY to AED 479 Mn in 3Q26, with the operating margin contracting from 52.4% in 3Q25 to 43.7% in 3Q26. Furthermore, finance expenses declined 19.7% YOY to AED 84 Mn in 3Q26, while finance income increased 3.5% YOY to AED 25 Mn in 3Q26. Impairment charges declined from AED 14 Mn in 3Q25 to AED 5 Mn in 3Q26. Other income declined from AED 23 Mn in 3Q25 to AED 7 Mn in 3Q26, while tax expense declined 20.5% YOY to AED 36 Mn in 3Q26. Non-controlling interests recorded a loss of AED 4 Mn in 3Q26, compared to a loss of AED 6 Mn in 3Q25.

Balance Sheet Highlights

DIC's gross debt increased from AED 6.0 Bn in 2Q26 to AED 6.4 Bn in 3Q26. Cash and cash equivalents stood at AED 1.1 Bn in 3Q26. Net debt increased from AED 4.5 Bn in 2Q26 to AED 5.2 Bn in 3Q26. The Company's cash flow from operating activities declined from an inflow of AED 313 Mn in 3Q25 to an outflow of AED 84 Mn in 3Q26.

Target Price and Rating

We maintain our HOLD rating on Dubai Investments (DIC) with a target price of AED 4.00. DIC reported a 23.5% YOY decline in net profit attributable to owners to AED 391 Mn in 3Q26, primarily due to lower fair value gains on investment properties and investments compared with the elevated base in 3Q25. However, 9M26 net profit attributable to owners increased 2.0% YOY to AED 1,033 Mn, supported by a 2.0% YOY growth in total income to AED 3,135 Mn. The Property segment remained a key earnings contributor, with rental income increasing 15.1% YOY to AED 332 Mn in 3Q26, reflecting continued growth across the leasing portfolio. Meanwhile, the Manufacturing & Contracting segment delivered a strong performance, recording a 40.5% YOY revenue growth to AED 514 Mn in 3Q26. On the portfolio front, DIC completed the acquisition of the remaining 80% stake in Clemenceau Medical Center Dubai in July 2026, making the tertiary care hospital a wholly owned subsidiary and providing greater flexibility to support its expansion. The Company also increased its stake in White Aluminium Extrusion from 51% to 100%. Additionally, Globalpharma signed an MoU with Angola-based PrinceFarma to establish regulatory, commercial and distribution channels for its products in Angola, ahead of its planned manufacturing operations in DIP Angola. Subsequent to the quarter, DIC monetised a 20% stake in DIP Holding through an IPO on the DFM at AED 1.12 per share, raising gross proceeds of c. AED 1.9 Bn and valuing the entity at around AED 9.7 Bn, while retaining an 80% ownership. The shares commenced trading on 11 November 2026, marking the UAE's first IPO of 2026. DIC's financial position remained healthy, with total assets reaching AED 24.6 Bn as of September 2026 and cash and cash equivalents of AED 1.1 Bn. The DIP Holding IPO represents a key step in unlocking value from the Company's established investment platforms and provides additional financial flexibility. Going forward, the Company's focus on active portfolio management, disciplined capital allocation and expansion across its core businesses should support long-term value creation. Nevertheless, considering the decline in quarterly profitability and the relatively moderate growth in nine-month earnings, we maintain our HOLD rating on the stock.

DIC - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	25.81	9.94	14.14	13.26	10.31	12.22
PB	1.32	1.25	1.19	1.13	1.07	1.06
EV/EBITDA	25.02	10.30	19.16	18.32	16.62	15.27
BVPS	2.839	3.020	3.166	3.320	3.505	3.563
EPS	0.146	0.378	0.266	0.283	0.365	0.308
DPS	0.120	0.200	0.125	0.180	0.250	0.250
Dividend yield	3.2%	5.3%	3.3%	4.8%	6.6%	6.6%

FABS Estimates & Co Data

DIC – P&L

AED Mn	3Q25	2Q26	3Q26	3Q26F	VAR	YOY Ch	QOQ Ch	2025	2026F	Change
Total Income	1,185	1,273	1,096	970	13.0%	-7.5%	-13.9%	4,628	4,331	-6.4%
Direct Costs	-443	-552	-493	-427	15.6%	11.4%	-10.6%	-2,089	-2,079	-0.5%
Gross profit	**743**	**721**	**603**	**543**	**11.0%**	**-18.8%**	**-16.4%**	**2,539**	**2,252**	**-11.3%**
Operating Expenses	-122	-152	-124	-132	-6.5%	1.7%	-18.4%	-587	-603	2.8%
EBITDA[1]	**377**	**289**	**425**	**475**	**-10.4%**	**12.8%**	**47.3%**	**1,089**	**1,407**	**29.2%**
Operating profit	**621**	**569**	**479**	**411**	**16.7%**	**-22.8%**	**-15.8%**	**1,952**	**1,649**	**-15.5%**
Finance expenses	-104	-75	-84	-91	-7.7%	-19.7%	12.1%	-361	-335	-7.2%
Finance income	24	26	25	28	-9.7%	3.5%	-1.5%	78	113	NM
Impairments	-14	-14	-5	-10	-44.1%	NM	NM	-55	-43	-21.3%
Other income	23	11	7	18	NM	NM	-31.2%	88	43	-50.7%
Profit before NCI	**550**	**518**	**423**	**357**	**18.4%**	**-23.2%**	**-18.3%**	**1,702**	**1,427**	**-16.2%**
Tax expenses	-45	-45	-36	-32	12.2%	-20.5%	-20.7%	-154	-128	-16.8%
NCI	-6	1	-4	-3	13.6%	-34.8%	NM	-2	-10	NM
Net Profit attributable to shareholders	**511**	**471**	**391**	**328**	**19.0%**	**-23.5%**	**-17.1%**	**1,550**	**1,309**	**-15.6%**

FABS estimate & Co Data, [1]EBITDA is on the calculated basis.

DIC – Margins

	3Q25	2Q26	3Q26	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	62.6%	56.6%	55.0%	-764	-165	54.9%	52.0%	-286
EBITDA	31.8%	22.7%	38.8%	699	NM	23.5%	32.5%	895
Operating Profit	52.4%	44.7%	43.7%	-867	-102	42.2%	38.1%	-411
Net Profit	43.1%	37.0%	35.6%	-746	-139	33.5%	30.2%	-328

FABS estimate & Co Data

Key Developments:

- **21 January 2026:** Emirates signed an agreement with Dubai Investments Park to acquire land for a new Cabin Crew Village, representing a multi-billion-dirham investment with capacity for up to 12,000 cabin crew members. The development will comprise 20 residential buildings and is planned to begin construction in 2Q26, with the first phase expected to be completed in 2029.
- **28 January 2026:** Emirates Building Systems (EBS), a wholly owned subsidiary of Dubai Investments, was awarded a contract to deliver the 50,000 sqm structural steel package for the Sayyid Tarik Bin Taimur Cultural Complex in Oman, covering engineering, fabrication, erection, and fireproofing works.
- **06 April 2026:** Dubai Investments signed an MoU with Dubai Community Contributions Establishment (JOOD) to support verified community initiatives across healthcare, housing, education, sports, culture & arts, and environment, aligned with Dubai Social Agenda 33.
- **21 May 2026:** Globalpharma, a wholly owned subsidiary of Dubai Investments, signed seven strategic MoUs to strengthen R&D, manufacturing, financing, market access, and sustainability capabilities. The agreements include the deployment of a 612 kWp rooftop solar PV plant, expected to generate c. 25.3 GWh of clean energy and avoid 11,400 tonnes of CO_2 emissions.
- **17 June 2026:** Dubai Investments completed the final handover of all 189 villas at Danah Bay, including 171 landside and 18 breakwater villas. The 143-unit residential tower reached 38% overall construction progress, with superstructure works at 78%, while hospitality components exceeded 30% completion.
- **16 July 2026:** Dubai Investments Industries, a wholly owned subsidiary of Dubai Investments, agreed to acquire an 80% stake in Clemenceau Medical Center FZ-LLC, comprising 55% from Khansaheb Investment and 25% from Clemenceau Medical Center SAL, through a non-cash transaction subject to regulatory approvals.

- **28 July 2026:** Dubai Investments completed the acquisition of the remaining 80% stake in Clemenceau Medical Center Dubai, taking its ownership to 100%. The tertiary care hospital, located in Dubai Healthcare City and operating since 2020, offers over 100 inpatient beds.
- **16 September 2026:** Globalpharma signed an MoU with Angola-based PrinceFarma, which will distribute Globalpharma's portfolio in Angola, covering regulatory coordination, route-to-market arrangements and priority therapeutic areas ahead of planned manufacturing operations in DIP Angola.

Valuation:

We use Discounted Free Cash flow (DCF) and Relative Valuation (RV) to value Dubai Investments. We have assigned 70% weight to DCF and 30% to RV.

Valuation Method	Target	Weight	Weighted Value
DCF Method	4.57	70.0%	3.20
Relative Valuation (RV)	2.66	30.0%	0.80
Weighted Average Valuation (AED)			**4.00**
Current market price (AED)			3.77
Upside/Downside (%)			+6%

1) DCF Method:

Dubai Investments is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 8.1%. It arrived after using a cost of equity of 9.2% and after-tax cost of debt of 5.2% with a debt-to-equity ratio of 28.6%. Cost of equity is calculated by using a 10-year government bond yield of 5.4%, a beta of 0.98, and an equity risk premium of 3.9%. Government bond yield is calculated after adding Dubai's 10-year CDS spread over a 10-year US risk-free rate. The cost of debt of 5.7% is adjusted with a tax rate of 9.1%, resulting in after tax cost of debt of 5.2%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	5,576
Terminal value (AED, Mn)	16,331
Net debt as of 30 Sep 2026 (AED, Mn)	-5,523
Investments as of 30 Sep 2026 (AED, Mn)	3,044
FV to Common shareholders (AED, Mn)	**19,429**
No. of share (Mn)	4,252
Current Market Price (AED)	3.77
Fair Value per share (AED)	**4.57**

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
NOPAT	1,501	1,386	1,482	1,554	1,628	1,697
D&A	174	184	194	204	216	227
Change in working capital	-263	81	-141	-119	-117	-134
Capex	-288	-287	-307	-323	-341	-355
Free Cash Flow to Firm (FCFF)	**1,124**	**1,364**	**1,229**	**1,317**	**1,386**	**1,434**
Discounting Factor	0.99	0.92	0.85	0.79	0.73	0.67
Discounted FCFF	**278[1]**	**1,251**	**1,042**	**1,034**	**1,007**	**964**

Source: FAB Securities [1]Adjusted for Partial Year

2) Relative Valuation:

We have used local as well as international peers to value Dubai Investments, and it is valued using the EV/EBITDA multiple. It is valued at a 2027 EV/EBITDA multiple of 7.7x in line with the peer median multiple.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
Emaar Properties	29,984	2.2	2.0	6.1	5.5
Dar AlArkan Real Estate	5,487	15.7	12.9	21.1	14.3
Arabian Centres	1,781	14.9	10.7	7.1	5.6
Deyaar Development	908	1.5	1.2	5.4	4.8
TECOM Group	4,737	9.3	9.0	10.6	10.3
Aldar Properties	18,452	7.5	6.4	8.1	6.8
Average		**8.5x**	**7.0x**	**9.7x**	**7.9x**
Median		**8.4x**	**7.7x**	**7.6x**	**6.2x**
Max		**13.5x**	**10.3x**	**10.0x**	**9.5x**
Min		**3.5x**	**3.1x**	**6.4x**	**5.5x**

Source: FAB Securities

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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