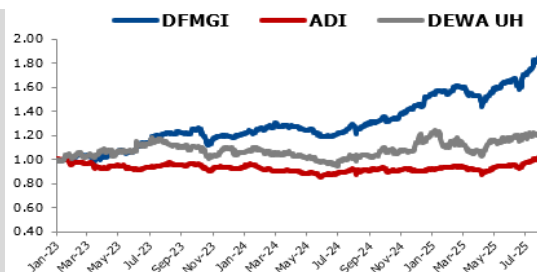


Dubai Electricity and Water Authority (DEWA)

Higher energy generation and demand boosted the topline

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.73	AED 3.10	+14%	ACCUMULATE

- As of 2Q25, DEWA served 1,292,487 customer accounts, reflecting a 4.8% increase compared to 2Q24.
- In 2Q25, DEWA commissioned two 132 kV substations and 483 11 kV substations, bringing its total installed power generation capacity to 17,979 MW in 1H25.
- The clean energy capacity stood at 3,860 MW, representing 21.5% of the total energy mix during 1H25.
- The Company anticipates higher revenue and profit contributions in the 2H25.
- In line with its dividend policy, the Company's Board approved a dividend of AED 3.1 Bn for 1H25, to be paid in October 2025.



Stock Information

Market Cap (AED, Mn)	136,500.00
Paid Up Capital (Mn)	500.00
52 Week High	2.89
52 Week Low	2.20
3M Avg. daily value(AED)	64,268,840

2Q25 Result Review (AED, Mn)

Total Assets	188,467
Total Liabilities	92,667
Total Equity	95,401
EBITDA	4,519
Net Profit	2,258

Financial Ratios

Dividend Yield (12m)	4.54
Dividend Pay-out (%)	88.41
Price-Earnings Ratio(x)	18.81
Price-to-Book Ratio (x)	1.54
Book Value (AED)	1.77
Return-on Equity (%)	8.17

Stock Performance

5 Days	0.37%
1 Months	-3.19%
3 Months	1.87%
6 Months	1.11%
1 Year	14.71%
Month to Date (MTD%)	-1.44%
Quarter to Date (QTD%)	-3.19%
Year to Date (YTD%)	-3.87%

2Q25 Net Profit higher than our estimate

Dubai Electricity and Water Authority PJSC (DEWA/the Company) net profit grew 21.4% YOY to AED 2,258 Mn in 2Q25, higher than our estimate of AED 1,830 Mn. The increase was primarily driven by higher revenue and other income, along with lower finance costs, partially offset by higher direct costs and administrative expenses, lower finance income, and increased credit impairment losses.

P&L Highlights

DEWA recorded a 9.8% YOY increase in revenue to AED 8,638 Mn in 2Q25. This increase was mainly attributable to continued demand for electricity and water, and expansion in the district cooling services. Revenue from the sale of electricity rose 10.6% YOY to AED 5,538 Mn in 2Q25. The Company's electricity generation increased significantly by 10.9% YOY to 16.9 TWh, with clean power generation of 3.3 TWh, contributing 19.5% to overall power generation during 2Q25. Revenue from the sale of water increased 10.8% YOY to AED 1,570 Mn, supported by 9.6% YOY growth in desalinated water production to 40.78 Bn imperial gallons during 2Q25. The District Cooling segment also grew strongly 11.8% YOY to AED 907 Mn in 2Q25. Revenue from other services declined 1.2% YOY to AED 623 Mn in 2Q25. On the other hand, the Company's direct cost rose 3.4% YOY to AED 5,124 Mn in 2Q25, driven by higher transmission and distribution expenses and purchase of power, partially offset by a marginal decline in generation and desalination expenses. As a result, DEWA's gross profit grew 20.8% YOY to AED 3,514 Mn in 2Q25. Gross profit margin also rose from 37.0% in 2Q24 to 40.7% in 2Q25. Administrative expenses rose from AED 642 Mn in 2Q24 to AED 682 Mn in 2Q25, due to higher employee benefit expenses, amortization and insurance expenses partially offset by lower repairs and maintenance costs, and

depreciation charges. The Company reported a credit impairment loss of AED 29 Mn in 2Q25, as compared to credit impairment reversals of AED 13 Mn in 2Q24. Other income grew significantly from AED 36 Mn in 2Q24 to AED 89 Mn in 2Q25. Thus, operating profit grew 24.8% YOY to AED 2,892 Mn in 2Q25, with an operating profit margin of 33.5% in 2Q25, compared to 29.5% in 2Q24. DEWA's EBITDA grew 11.9% YOY to AED 4,519 Mn in 2Q25, driven by effective cost control measures and operational efficiency. EBITDA margin also grew 99 bps YOY to 52.3% in 2Q25. Finance costs declined 15.0% YOY to AED 428 Mn, and finance income also declined 11.4% YOY to AED 194 Mn in 2Q25. Additionally, the deferral account credit balance stood at AED 20 Mn in 2Q25. DEWA incurred a tax expense of AED 240 Mn in 2Q25 as compared to AED 186 Mn in 2Q24. The share to NCI also grew from AED 46 Mn in 2Q24 to AED 141 Mn in 2Q25.

Balance Sheet Highlights

The company's cash and cash equivalents, including short-term deposits, stood at AED 10.3 Bn in 2Q25, compared to AED 11.7 Bn in 1Q25. Net debt grew from AED 23.8 Bn in 1Q25 to AED 26.0 Bn in 2Q25. Net cash inflow from operations stood at AED 5.3 Bn in 2Q25, compared to AED 2.2 Bn in 2Q24, owing to an increase in profitability and lower working capital activities.

Target Price and Rating

We maintain our ACCUMULATE rating on DEWA with a revised target price of AED 3.10. The Company's stock price grew 3.0% since our last rating (May 2025). DEWA recorded strong profitability growth driven by increased demand for electricity and water, coupled with expansion in the district cooling business. As of 2Q25, DEWA served 1,292,487 customer accounts, reflecting a 4.8% increase compared to 2Q24, reflecting Dubai's ongoing economic and population growth. In 2Q25, DEWA commissioned two 132 kV substations and 483 11 kV substations, bringing its total installed power generation capacity to 17,979 MW in 1H25. The clean energy capacity stood at 3,860 MW, representing 21.5% of the total energy mix during the same period. DEWA targets increasing its power generation capacity to 22 GW by 2030, with clean energy contributing 7.5 GW, or 34% of the total mix. DEWA also aims to strengthen water security by boosting desalinated water capacity to 735 MIGD by 2030, an addition of 308 MIGD primarily through seawater reverse osmosis (RO) technology. The Company invested AED 2.34 Bn in infrastructure, primarily aligned with its energy transition strategy, which aims to increase the share of clean energy in its generation mix. The Company also anticipates higher revenue and profit contributions in the 2H25, supported by the seasonal nature of its business. Moreover, DEWA is also expected to benefit from Dubai's population and real estate expansion, driving long-term electricity, water, and cooling demand. In line with its dividend policy, the Company's Board approved a dividend of AED 3.1 Bn for 1H25, to be paid in October 2025. Thus, based on the abovementioned factors, we maintain our ACCUMULATE rating for the stock.

DEWA - Relative valuation¹

(at CMP)	2022	2023	2024	2025F
PE	17.87	17.92	19.68	19.08
PB	1.54	1.55	1.55	1.53
EV/EBITDA	12.63	11.85	11.22	10.46
BVPS	1.789	1.784	1.777	1.804
EPS	0.154	0.154	0.140	0.145
DPS	0.229	0.124	0.124	0.132
Dividend yield	8.4%	4.5%	4.5%	4.8%

FABS Estimates & Co Data

¹Note – DEWA listed on DFM in 2022. Thus, the financial multiple for the prior period is unavailable

DEWA – P&L

AED Mn	2Q24	1Q25	2Q25	2Q25F	VAR	YOY Ch.	QOQ Ch.	2024	2025F	Change
Revenues	7,864	5,964	8,638	8,254	4.6%	9.8%	44.8%	30,977	32,287	4.2%
Direct Cost	-4,954	-4,407	-5,124	-5,410	-5.3%	3.4%	16.3%	-19,170	-19,933	4.0%
Gross Profit	2,910	1,557	3,514	2,844	23.5%	20.8%	125.6%	11,807	12,355	4.6%
Administrative exp	-642	-825	-682	-600	13.7%	6.1%	-17.4%	-3,169	-3,266	3.0%
Credit impairment reversal/ (losses)	13	22	-29	16	NM	NM	NM	93	-47	NM
Other income	36	84	89	91	-2.9%	144.3%	5.7%	594	538	-9.3%
EBITDA	4,037	2,432	4,519	4,095	10.4%	11.9%	85.9%	15,725	16,444	4.6%
EBIT	2,317	838	2,892	2,351	23.0%	24.8%	245.0%	9,325	9,580	2.7%
Finance costs	-504	-428	-428	-448	-4.3%	-15.0%	0.2%	-2,134	-1,831	-14.2%
Finance income	219	193	194	202	-3.8%	-11.4%	0.6%	960	840	-12.5%
P/L before net movement in regulatory deferral	2,033	604	2,658	2,106	26.2%	30.7%	340.3%	8,151	8,588	5.4%
Net movement in regulatory deferral account credit balance	60	-12	-20	-1	NM	NM	58.8%	-167	-117	-30.1%
Tax	-186	-96	-240	-190	26.6%	29.0%	151.0%	-749	-773	3.2%
Profit before NCI	1,907	496	2,398	1,915	25.2%	25.8%	NM	7,234	7,698	6.4%
Non-controlling interest	-46	2	-141	-85	66.0%	204.6%	NM	-222	-467	110.8%
Profit attributable	1,860	498	2,258	1,830	23.4%	21.4%	NM	7,013	7,231	3.1%

FABS estimate & Co Data

DEWA - Margins

	2Q24	1Q25	2Q25	YOY Ch.	QOQ Ch.	2024	2025	Change
Gross Profit	37.0%	26.1%	40.7%	368	1,457	38.1%	38.3%	15
EBITDA	51.3%	40.8%	52.3%	99	1,155	50.8%	50.9%	17
Operating Profit	29.5%	14.1%	33.5%	401	1,942	30.1%	29.7%	-43
Net Profit	23.7%	8.3%	26.1%	248	1,779	22.6%	22.4%	-24

FABS estimate & Co Data

Valuation:

We use the Sum of the Parts (SOTP) and Discount Dividend Method (DDM) to value DEWA. We have assigned 85% weight to SOTP and 15% to DDM.

Valuation Method	Target	Weight	Weighted Value
SOTP Method	3.26	85.0%	2.77
DDM Method	2.20	15.0%	0.33
Weighted Average Valuation (AED)			3.10
Current market price (AED)			2.73
Upside/Downside (%)			+14%

1) SOTP Method:

Name of Entity	Type of Valuation	Total Value (AED Mn)
DEWA	DCF	144,464
IPP/IWP	DCF	23,225
Others	PE	7,908
Total Enterprise Value		175,596
Empower	DCF	14,581
Net Debt (as of June 2025)		-20,503
Minority Interest (as of June 2025)		-6,709
Total Valuation (AED)		162,964
Valuation per share (AED)		3.26

DEWA is valued using SOTP valuation as it operates in multiple business segments, and we have assigned higher weight to SOTP since in this valuation methodology each segment is valued separately and all segment KPIs are captured for valuation. We have discounted the cash flow using the weighted average cost of capital of 8.0%. It is arrived after using cost of equity of 8.5% and an after-tax cost of debt of 6.1% with an equity weight of 79.2% and debt of 20.8%. Cost of equity is calculated by using 10-year government bond yield of 5.6%, beta of 0.75 and equity risk premium of 3.9%. Government bond yield is calculated after adding Abu Dhabi 10-year spread over 10-year US risk free rate. Cost of debt of 6.7% is adjusted for a tax rate of 9.2% to arrive at after tax cost of debt of 6.1%. Also, assumed a terminal growth rate of 2.0%.

1) DEWA

Sum of PV (AED, Mn)	31,770
Terminal value (AED, Mn)	112,694
FV to Common shareholders (AED, Mn)	144,464
No. of share (Mn)	50,000
Current Market Price (AED)	2.74
Fair Value per share (AED)	2.89

DCF Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
NOPAT	7,849	8,124	8,258	8,488	9,237
(+/-) Depreciation & amortization	5,516	5,767	5,998	6,215	6,422
(+/-) Capex	-4,500	-5,000	-5,500	-6,000	-6,000
(+/-) Working capital	-293	-351	-377	-419	-432
Free Cash Flow to Firm (FCFF)	8,572	8,540	8,379	8,284	9,227
Discounting Factor	0.97	0.90	0.83	0.77	0.71
Discounted FCFF	4,160¹	7,674	6,972	6,382	6,582

Source: FAB Securities, ¹Adjusted for partial year

2) IPP/WPP

Sum of PV (AED, Mn)	3,080
Terminal value (AED, Mn)	20,144
FV to Common shareholders (AED, Mn)	23,225
No. of share (Mn)	50,000
Current Market Price (AED)	2.73
Fair Value per share (AED)	0.46

DCF Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
NOPAT	947	1,070	1,177	1,272	1,405
(+/-) Depreciation & amortization	510	534	555	575	594
(+/-) Capex	-1,800	-1,400	-850	-350	-350
Free Cash Flow to Firm (FCFF)	-343	204	882	1,497	1,649
Discounting Factor	0.97	0.90	0.83	0.77	0.71
Discounted FCFF	-166¹	183	734	1,153	1,177

Source: FAB Securities, ¹Adjusted for partial year

3) Others

We have used international peers to value DEWA and it is valued using the PE multiple. It is valued at PE multiple of 16.0x in line with peers.

Company	Market Cap. (USD Mn)	EV/EBITDA (x)		P/E (x)		P/B (x)	
		2025F	2026F	2025F	2026F	2025F	2026F
Britvic PLC	1,034	9.4	9.1	16.0	15.8	2.2	2.2
Nongfu Spring Co Ltd	66,620	22.4	19.9	33.7	29.8	12.7	10.8
Danone	53,988	11.6	11.1	19.1	17.9	2.5	2.4
Lotte Chilsung Beverage	882	6.5	6.0	11.6	9.4	0.8	0.8
Suntory	9,981	6.0	5.5	16.0	14.3	1.2	1.1
Average		11.2x	10.3x	19.3x	17.4x	3.9x	3.5x
Median		9.4x	9.1x	16.0x	15.8x	2.2x	2.2x
Max		11.6x	11.1x	19.1x	17.9x	2.5x	2.4x
Min		6.5x	6.0x	16.0x	14.3x	1.2x	1.1x

Source: FAB Securities

Empower

Sum of PV (AED, Mn)	5,216
Terminal value (AED, Mn)	19,216
FV to Common shareholders (AED, Mn)	20,829
No. of share (Mn)	50,000
Current Market Price (AED)	2.73
Fair Value per share (AED)	0.42

DCF Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
NOPAT	1,216	1,277	1,348	1,420	1,489
(+/-) Depreciation & amortization	414	433	450	466	482
(+/-) Capex	-500	-400	-450	-450	-450
(+/-) Working capital	43	45	48	50	53
Free Cash Flow to Firm (FCFF)	1,172	1,355	1,396	1,486	1,573
Discounting Factor	0.97	0.90	0.83	0.77	0.71
Discounted FCFF	569¹	1,218	1,161	1,145	1,122

Source: FAB Securities, ¹Adjusted for partial year

2) DDM Method:

DEWA distributed a healthy dividend in 2023 and plans to pay an annual dividend of USD 6.2 Bn for the first five years, starting in October 2024. It further expects this dividend payment will be sustained even in the forecasted period due to strong cash flow generation. The dividend is discounted at the cost of equity of 8.5%.

Sum of PV (AED, Mn)	27,842
Terminal value (AED, Mn)	82,101
FV to Common shareholders (AED, Mn)	109,943
No. of share (Mn)	50,000
Current Market Price (AED)	2.73
Fair Value per share (AED)	2.20

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Dividend Paid					
1H	3,100	3,300	3,300	3,500	3,750
2H	3,100	3,300	3,300	3,500	3,700
Total Dividend	6,200	6,600	6,600	7,000	7,450
Discounting Factor	0.97	0.89	0.82	0.76	0.70
Present Value of Dividend	6,006	5,892	5,430	5,308	5,206

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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