

Dubai Electricity and Water Authority (DEWA)

Stable operating performance despite cost pressures

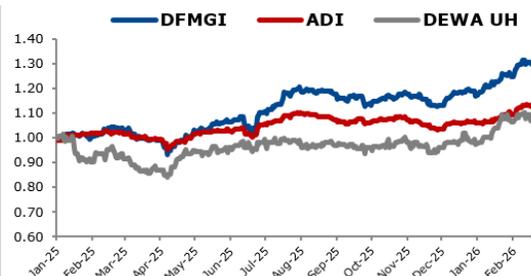
Current Price
AED 3.00

Target Price
AED 3.30

Upside/Downside (%)
+10%

Rating
ACCUMULATE

- DEWA expanded its customer base by 17,823 accounts during the 4Q25, reflecting steady and consistent growth.
- Installed generation capacity increased 4.7% to 17,979 MW by the end of 2025, of which 3,860 MW was sourced from clean energy.
- By 2030, DEWA aims to achieve over 23 GW of total power generation capacity and 735 MIGD of desalinated water production.
- In line with its dividend policy, DEWA expects to distribute its 2H25 dividend in April 2026, with a payout of AED 3.1 Bn.



Stock Information

Market Cap (AED, Mn)	150,000.00
Paid Up Capital (Mn)	500.00
52 Week High	3.15
52 Week Low	2.20
3M Avg. daily value(AED)	26,757,010

4Q25 Result Review (AED, Mn)

Total Assets	195,139
Total Liabilities	96,671
Total Equity	97,770
EBITDA	4,181
Net Profit	1,981

4Q25 Net Profit higher than our estimate

Dubai Electricity and Water Authority PJSC (DEWA/the Company) net profit grew 20.3% YOY to AED 1,981 Mn in 4Q25, higher than our estimate of AED 1,803 Mn. The increase was primarily driven by higher revenue, other income and finance income, along with lower finance costs and reversal of credit impairment losses, partially offset by higher direct cost, administrative expense, higher net movement in regulatory deferral, taxes and higher share to NCI.

P&L Highlights

DEWA recorded a 6.5% YOY increase in revenue to AED 7,924 Mn in 4Q25. The increase was largely supported by ongoing strong demand for electricity and water, coupled with growth in the other service segments and district cooling segment. Revenue from the sale of electricity rose 5.0% YOY to AED 4,859 Mn in 4Q25. The Company maintained its growth momentum in 4Q25, generating 14.24 TWh of power, with clean energy output rising 38.4% YOY to 2.2 TWh in 4Q25. Revenue from the sale of water increased 9.8% YOY to AED 1,572 Mn in 4Q25, supported by 5.1% YOY growth in desalinated water demand to 40.55 Billion Imperial Gallons (BIG) during 4Q25. The District Cooling segment also grew 3.6% YOY to AED 829 Mn in 4Q25. Revenue from other services also increased 13.6% YOY to AED 664 Mn in 4Q25. On the other hand, the Company's direct cost increased 2.5% YOY to AED 4,774 Mn in 4Q25, driven by increase in transmission and distribution expenses and generation and desalination expenses, partially offset by lower purchase of power expenses. As a result, DEWA's gross profit grew 13.1% YOY to AED 3,151 Mn in 4Q25. Gross profit margin increased 234 bps YOY to 39.8% in 4Q25. Administrative expenses increased from AED 470 Mn in 4Q24 to AED 909 Mn in 4Q25, primarily due to increase in employee benefit expenses, repairs and maintenance,

Financial Ratios

Dividend Yield (12m)	4.11
Dividend Pay-out (%)	74.28
Price-Earnings Ratio(x)	17.98
Price-to-Book Ratio (x)	1.65
Book Value (AED)	1.82
Return-on Equity (%)	9.24

Stock Performance

5 Days	-0.99%
1 Months	-2.28%
3 Months	8.30%
6 Months	8.30%
1 Year	15.38%
Month to Date (MTD%)	0.00%
Quarter to Date (QTD%)	8.30%
Year to Date (YTD%)	8.30%

amortization, insurance expenses, depreciation on investment properties and others expenses, partially offset by lower depreciation and assets written off expenses. The Company reported a higher reversal of credit impairment loss of AED 68 Mn in 4Q25, compared AED 47 Mn in 4Q24. Other income surged from AED 105 Mn in 4Q24 to AED 312 Mn in 4Q25. Thus, operating profit grew 6.2% YOY to AED 2,622 Mn in 4Q25, with fall in an operating profit margin of 7 bps YOY to 33.1% in 4Q25. DEWA's EBITDA grew 5.2% YOY to AED 4,181 Mn in 4Q25. However, EBITDA margin decreased 63 bps YOY to 52.8% in 4Q25. Finance costs declined 2.0% YOY to AED 600 Mn in 4Q25, and finance income increased from AED 216 Mn in 4Q24 to AED 608 Mn in 4Q25. Additionally, the utilization of deferral account credit balance increased 28.0% YOY to AED 172 Mn in 4Q25. DEWA's tax expense increased 32.2% YOY to AED 234 Mn in 4Q25. The share of profit to NCI holders also grew substantially from AED 114 Mn in 4Q24 to AED 244 Mn in 4Q25.

Balance Sheet Highlights

The Company's cash and cash equivalents, including short-term deposits, stood at AED 15.0 Bn in 4Q25, compared to AED 13.5 Bn in 3Q25. Net debt grew from AED 23.2 Bn in 3Q25 to AED 23.6 Bn in 4Q25. Net cash inflow from operations stood at AED 6.6 Bn in 4Q25, compared to AED 6.4 Bn in 4Q24, owing to an increase in profitability.

Target Price and Rating

We maintain our ACCUMULATE rating on DEWA with a revised target price of AED 3.30. DEWA's stock price grew 9.4% since our last rating (November 2025). The Company delivered its strong financial and operational performance in 2025, reflecting the resilience of its business model, disciplined strategic execution, and sustained demand growth across Dubai. DEWA ended 2025 with 1,327,182 customer accounts, having added 56,897 accounts during the year, representing a 4.5% increase over 2024. The Company expanded its customer base by 17,823 accounts during the 4Q25, reflecting steady and consistent growth. The Company generated 10.1 TWh of clean energy in 2025, marking a 52.4% YOY increase, with clean power accounting for 16.2% of its total generation, indicating its commitment to a sustainable energy mix to meet rising demand. Furthermore, the Company's desalinated water demand increased by 6.6% YOY in 2025 to 161.5 Billion Imperial Gallons, with peak daily demand rising to 487 MIG in 2025 from 455 MIG in 2024. In 2025, DEWA invested AED 11.7 Bn across the Company, primarily to expand renewable energy capacity, desalination facilities, and strengthen transmission and distribution networks. The Company's installed generation capacity increased by 4.7% to 17,979 MW by the end of 2025, of which 3,860 MW was sourced from clean energy. By 2030, DEWA aims to achieve over 23 GW of total power generation capacity and 735 MIGD of desalinated water production. Of this, 8.3 GW will come from renewable energy sources, contributing for 36.1% of the total capacity. Additionally, 308 MIGD of water output will be produced using reverse osmosis technology powered by renewable energy. In line with its dividend policy, the Company distributed AED 3.1 Bn for 1H25 in October 2025 and intends to pay an additional dividend for 2H25 around April 2026. The upcoming payout is expected to be at least AED 3.1 Bn, in line with its commitment to distribute a minimum of AED 6.2 Bn annually during the initial period beginning October 2022. Thus, based on the abovementioned factors, we maintain our ACCUMULATE rating for the stock.

DEWA - Relative valuation¹

(at CMP)	2022	2023	2024	2025	2026F
PE	19.42	19.48	21.39	17.97	15.83
PB	1.68	1.68	1.69	1.65	1.59
EV/EBITDA	13.49	12.66	11.72	10.79	9.70
BVPS	1.789	1.784	1.777	1.820	1.882
EPS	0.154	0.154	0.140	0.167	0.189
DPS	0.229	0.124	0.124	0.124	0.124
Dividend yield	7.6%	4.1%	4.1%	4.1%	4.1%

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	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch.	QOQ Ch.	2024	2025	Change
Revenues	7,443	10,316	7,924	8,156	-2.8%	6.5%	-23.2%	30,977	32,842	6.0%
Direct Cost	-4,658	-5,473	-4,774	-4,990	-4.3%	2.5%	-12.8%	-19,170	-19,777	3.2%
Gross Profit	2,785	4,843	3,151	3,167	-0.5%	13.1%	-34.9%	11,807	13,065	10.7%
Administrative exp	-470	-906	-909	-712	27.7%	93.4%	0.3%	-3,169	-3,321	4.8%
Credit impairment reversal/ (losses)	47	45	68	24	NM	45.9%	NM	93	106	13.4%
Other income	105	618	312	51	NM	NM	NM	594	1,102	NM
EBITDA	3,974	6,198	4,181	4,207	-0.6%	5.2%	-32.5%	15,725	17,329	10.2%
EBIT	2,468	4,600	2,622	2,530	3.6%	6.2%	-43.0%	9,325	10,952	17.4%
Finance costs	-612	-383	-600	-405	48.0%	-2.0%	NM	-2,134	-1,839	-13.8%
Finance income	216	227	608	225	NM	NM	NM	960	1,222	27.3%
P/L before net movement in regulatory deferral	2,071	4,443	2,630	2,350	11.9%	27.0%	-40.8%	8,151	10,334	26.8%
Net movement in regulatory deferral account credit balance	-134	-127	-172	-69	NM	28.0%	35.0%	-167	-331	NM
Tax	-177	-378	-234	-241	-3.1%	32.2%	-38.2%	-749	-948	26.5%
Profit before NCI	1,760	3,938	2,224	2,040	9.0%	26.4%	-43.5%	7,234	9,055	25.2%
Non-controlling interest	-114	-327	-244	-237	2.8%	NM	-25.4%	-222	-708	NM
Profit attributable	1,646	3,611	1,981	1,803	9.8%	20.3%	-45.2%	7,013	8,347	19.0%

FABS estimate & Co Data

DEWA - Margins

	4Q24	3Q25	4Q25	YOY Ch.	QOQ Ch.	2024	2025	Change
Gross Profit	37.4%	46.9%	39.8%	234	-719	38.1%	39.8%	167
EBITDA	53.4%	60.1%	52.8%	-63	-732	50.8%	52.8%	200
Operating Profit	33.2%	44.6%	33.1%	-7	NM	30.1%	33.3%	325
Net Profit	22.1%	35.0%	25.0%	288	NM	22.6%	25.4%	278

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	3.49	85.0%	2.96
DDM Method	2.25	15.0%	0.34
Weighted Average Valuation (AED)			3.30
Current market price (AED)			3.00
Upside/Downside (%)			+10.0%

1) SOTP Method:

Name of Entity	Type of Valuation	Total Value (AED Mn)
DEWA	DCF	138,660
IPP/IWP	DCF	31,860
Others	PE	8,920
Total Enterprise Value		179,440
Empower	DCF	19,745
Net Debt (as of Dec 2025)		-18,104
Minority Interest (as of Dec 2025)		-6,753
Total Valuation (AED)		174,328
Valuation per share (AED)		3.49

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 7.8%. It is arrived after using cost of equity of 8.4% and an after-tax cost of debt of 5.5% with an equity weight of 79.5% and debt of 20.5%. Cost of equity is calculated by using 10-year government bond yield of 5.1%, beta of 0.75 and equity risk premium of 4.4%. Government bond yield is calculated after adding Abu Dhabi 10-year spread over 10-year US risk free rate. Cost of debt of 6.0% is adjusted for a tax rate of 9.2% to arrive at after tax cost of debt of 5.5%. Also, assumed a terminal growth rate of 2.0%.

1) DEWA

Sum of PV (AED, Mn)	35,073
Terminal value (AED, Mn)	103,587
FV to Common shareholders (AED, Mn)	138,660
No. of share (Mn)	50,000
Current Market Price (AED)	3.00
Fair Value per share (AED)	2.77

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	8,372	8,545	8,541	8,607	8,434
(+/-) Depreciation & amortization	5,720	5,964	6,185	6,395	6,714
(+/-) Capex	-5,000	-5,500	-5,750	-5,900	-6,100
(+/-) Working capital	-357	-382	-425	-447	-482
Free Cash Flow to Firm (FCFF)	8,735	8,626	8,551	8,656	8,565
Discounting Factor	0.94	0.87	0.81	0.75	0.70
Discounted FCFF	8,205	7,515	6,910	6,488	5,955

Source: FAB Securities

2) IPP/WPP

Sum of PV (AED, Mn)	6,686
Terminal value (AED, Mn)	25,173
FV to Common shareholders (AED, Mn)	31,860
No. of share (Mn)	50,000
Current Market Price (AED)	3.00
Fair Value per share (AED)	0.64

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	1,680	1,759	1,850	1,971	2,122
(+/-) Depreciation & amortization	511	533	553	571	600
(+/-) Capex	-1,260	-720	-650	-435	-640
Free Cash Flow to Firm (FCFF)	931	1,572	1,753	2,107	2,082
Discounting Factor	0.94	0.87	0.81	0.75	0.70
Discounted FCFF	874	1,369	1,416	1,579	1,447

Source: FAB Securities

3) Others

We have used international peers to value DEWA and it is valued using the PE multiple. It is valued at 2026 PE multiple of 15.9x in line with peers.

Company	Market Cap. (USD Mn)	EV/EBITDA (x)		P/E (x)		P/B (x)	
		2026F	2027F	2026F	2027F	2026F	2027F
Britvic PLC	1,043	9.5	8.7	15.8	14.6	2.3	2.1
Nongfu Spring Co Ltd	68,142	18.0	16.1	27.4	24.4	10.4	9.0
Danone	54,900	11.1	10.5	18.4	17.0	2.4	2.3
Lotte Chilsung Beverage	951	6.5	6.0	11.4	9.3	0.9	0.8
Suntory	9,727	6.2	5.9	15.9	15.0	1.1	1.1
Average		10.3x	9.5x	17.8x	16.1x	3.4x	3.1x
Median		9.5x	8.7x	15.9x	15.0x	2.3x	2.1x
Max		11.1x	10.5x	18.4x	17.0x	2.4x	2.3x
Min		6.5x	6.0x	15.8x	14.6x	1.1x	1.1x

Source: FAB Securities

Empower

Sum of PV (AED, Mn)	5,704
Terminal value (AED, Mn)	21,980
FV to Common shareholders (AED, Mn)	24,681
No. of share (Mn)	50,000
Current Market Price (AED)	3.00
Fair Value per share (AED)	0.49

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	1,240	1,313	1,399	1,494	1,583
(+/-) Depreciation & amortization	414	432	448	463	486
(+/-) Capex	-540	-580	-400	-565	-310
(+/-) Working capital	44	48	51	55	58
Free Cash Flow to Firm (FCFF)	1,159	1,213	1,499	1,447	1,817
Discounting Factor	0.94	0.87	0.81	0.75	0.70
Discounted FCFF	1,088	1,057	1,211	1,085	1,264

Source: FAB Securities

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 8.4%.

Sum of PV (AED, Mn)	27,872
Terminal value (AED, Mn)	84,409
FV to Common shareholders (AED, Mn)	112,280
No. of share (Mn)	50,000
Current Market Price (AED)	3.00
Fair Value per share (AED)	2.25

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Dividend Paid					
1H	3,100	3,300	3,500	3,750	4,000
2H	3,100	3,300	3,500	3,700	3,900
Total Dividend	6,200	6,600	7,000	7,450	7,900
Discounting Factor	0.93	0.86	0.80	0.73	0.68
Present Value of Dividend	5,797	5,692	5,569	5,467	5,347

Source: FAB Securities

