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EMPOWER
ENERGY
SOLUTIONS

Initiation Coverage

Emirates Central Cooling Systems Corporation (Empower)

Key Investment Highlights:

We initiate coverage on **Emirates Central Cooling Systems Corporation PJSC ("Empower" or "The Company")** with a **Valuation** of **AED 2.15 per share**. Empower is a leading district cooling service (DCS) provider in Dubai with a connected capacity of more than 1.6 Mn refrigeration tons (RT), serving more than 148,000 corporate and individual customers in more than 1,684 buildings, boasting a contracted capacity of more than 1.9 Mn RT as of 1H25.

Our investment view is supported by:

- *Leading UAE DCS Market with Limited Competition & High Entry Barriers*
- *Multi-Hub Cooling Network Driving Localised Efficient and Scalable Operations*
- *Long-term Nature of Contracts Creates Customer Stickiness & Revenue Visibility*
- *Strategic Capacity Additions Aligning with UAE's Urban & Economic Expansion*

Leading UAE District Cooling Market with Limited Competition and High Entry Barriers

Empower is one of the UAE's largest district cooling providers, serving 1,684 buildings across Dubai and over 148K customers with a contracted capacity of 1.9 Mn RT, as of 1H25. The Company operates 88 district cooling plants and a 418 km pipeline network, securing a scale advantage that is difficult for new entrants to replicate in FY2024. The district cooling industry's high capital requirements, complex permitting, and long asset lifecycles create significant entry barriers, reinforcing Empower's market leadership. Continued investment in AI-driven systems and water-efficient technologies supports operational efficiency and sustainability, in line with the UAE's Net Zero 2050 targets.

Multi-Hub Cooling Network Driving Localised Efficient and Scalable Operations

Empower's Multi-Hub Cooling Network, comprising 88 district cooling plants by FY2024, is designed for localised efficiency. Each plant is situated near demand centers to reduce thermal losses and energy consumption, enhancing operational and environmental performance. This decentralised model also ensures high system reliability. The network's scalability supports Dubai's rapid expansion, allowing new plants to be added incrementally without straining existing infrastructure. Empower's Command Control Centre (CCC) further strengthens efficiency through real-time monitoring, AI-driven predictive maintenance, and advanced demand forecasting, particularly during peak periods. Integrated with metering infrastructure, it enables granular performance insights and proactive asset management. Aligned with the Dubai Urban Master Plan 2040, this modular, data-driven, and resilient infrastructure makes Empower a critical enabler of smart, sustainable urban development.

Long-term Nature of Contracts Creates Customer Stickiness and Revenue Visibility

Empower's business model is anchored in long-term exclusivity contracts, typically spanning 20-30 years, which provide stable, recurring revenue and high customer retention. In 1H25 alone, Empower secured 86 new agreements, adding over 38 kRT to its connected capacity. These long-dated contracts minimize churn and insulate the Company from market volatility, enabling long-term capital planning and maintaining steady cash flows. Empower's vast infrastructure, over 418 km of chilled water pipelines linked to 1,637 buildings, creates high switching costs, making service replacement costly and disruptive for customers in FY2024. Together, exclusive contracts and tailored infrastructure secure long-term revenue visibility and solidify Empower's leadership in the global district cooling market.

Strategic Capacity Additions Aligning with the UAE's Urban and Economic Expansion

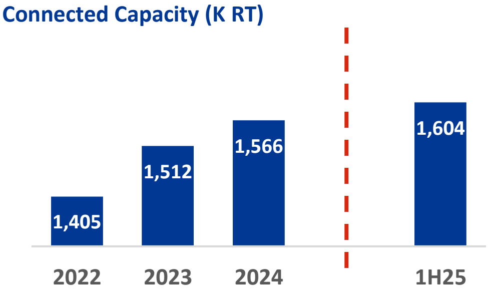
Empower is strategically expanding its district cooling capacity to support the UAE's urban growth and sustainability goals. In response to climate change and rising energy demand, Empower added 38 kRT in 1H25 and secured long-term contracts for over 99 kRT, bringing total capacity to 1.6 Mn RT. By 2027, it aims to reach 1.86 Mn RT, supported by six new plants, including major projects at Jumeirah Beach Hills, Deira Waterfront, and Jumeirah Village. These expansions align with Dubai's Clean Energy Strategy 2050 and Demand Side Management Strategy 2030, which target 75% clean energy and 40% of cooling via district systems. Empower's systems save up to 50% of electricity over traditional methods and integrate renewable energy sources like solar and TSE. As Dubai's non-oil economy, real estate, and population continue growing, Empower's AI-driven infrastructure and LEED-certified plants position it as a critical enabler of smart, sustainable urban development.

Initiating Coverage
Sector: Utility

Analyst Name: Ahmad Banihani

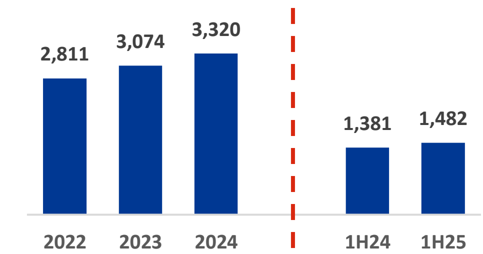
Rating	BUY
Current Market Price (AED)	1.70
Target Price (AED)	2.15
Upside/(Downside)	+26.5%
Market Cap (AED, Bn)	17.00

Connected Capacity (K RT)



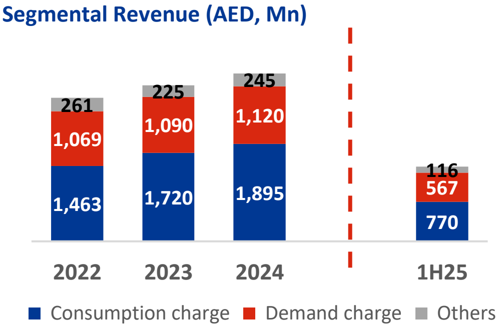
Source: Company Information

Total Revenue (AED, Mn)



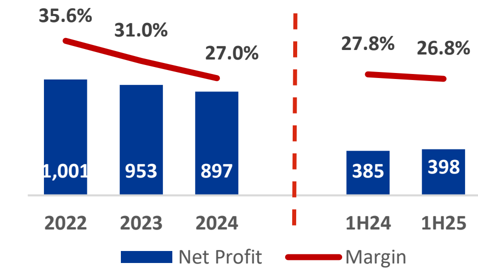
Source: Company Information

Segmental Revenue (AED, Mn)



Source: Company Information

Net Profit[1] (AED, Mn) and Net Profit Margin (%)



Source: Company Information, [1]Net Profit attributable to Shareholders

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Introduction to Empower

Empower is one of the World's Largest District Cooling Services Provider

Empower is the world's largest district cooling services provider with a connected capacity of 1.6+ Mn RT as of 1H25

Emirates Central Cooling Systems Corporation PJSC ("Empower" or "The Company"), headquartered in Dubai, UAE, is a leading district cooling service (DCS) provider in Dubai with a connected capacity of more than 1.6 Mn refrigeration tons (RT), making it the world's largest district cooling services provider based on capacity. The Company is primarily engaged in providing district cooling services, operating & maintaining central cooling plants & related distribution networks, and manufacturing of pre-insulated pipes for district cooling services. Empower serves more than 148,000 corporate and individual customers in more than 1,684 buildings, boasting a connected capacity of more than 1.6 Mn RT and a contracted capacity of more than 1.9 Mn RT, as of 1H25.

The Company was established on 23 November 2003 as a joint venture between DEWA and the Dubai Development Authority, and commenced commercial operations on 15 February 2004 with a single temporary plant serving the DIFC region in Dubai. In 2006, Empower started implementing district cooling services in large-scale real estate development projects and established the UAE's largest pre-insulated pipe manufacturing facility in 2007. The Company added 188,000 RT to its connected capacity since 2006, representing a three-year CAGR of 104% in 2009, primarily attributable to the rapid increase of Dubai's real estate sector. Empower also introduced the use of recycled treated sewage water in 2011 and completed the largest district cooling acquisition by acquiring Palm District Cooling ("PDC") in 2013, further expanding its market presence in Dubai. The Company also acquired the Al Barari development district cooling plant in 2018, thereby expanding its infrastructure to cater to the growing demand for sustainable cooling solutions in Dubai. In 2020, Empower acquired the Meydan district cooling plants, which added 382,000 RT to its existing capacity. The Company also acquired Nakheel District Cooling Plants in 2021 for AED 674 Mn, which included 18 district cooling plants, 6,500 active customers, and 14 active projects, adding 88,000 RT to the Company's capacity. In 2022, Empower commenced the operation of its new Za'abeel district cooling plant, with a total capacity of 50,000 RT, for which it was awarded the prestigious Gold certification by the United States Green Building Council. The Company also acquired the district cooling systems of Dubai International Airport from Dubai Aviation City for AED 1.1 Bn in 2023, which resulted in an addition of 110,000 refrigeration tons (RT) to Empower's existing capacity.

Figure 01: Key Company Highlights (as of 1H25)

1,863 k Contracted RT 99 k RT	1,604 k Connected RT 38 k RT
767 hrs EFLH 2.8%	1,216m Consumption RTh 80m RTh
AED 3,418m Net Debt Net Debt/EBITDA 2.2x	AED 1,453m Revenue 7.5%
AED 442m Profit before Tax 3.3%	AED 719m EBITDA 3.6%

Source: Company Information

Empower serves over 148,000 corporate and individual customers across 1,684 buildings, including iconic developments like Dubai International Airport, Burj Al Arab, DIFC, Palm Jumeirah, and Bluewaters Island, reflecting its strong presence across key urban hubs.

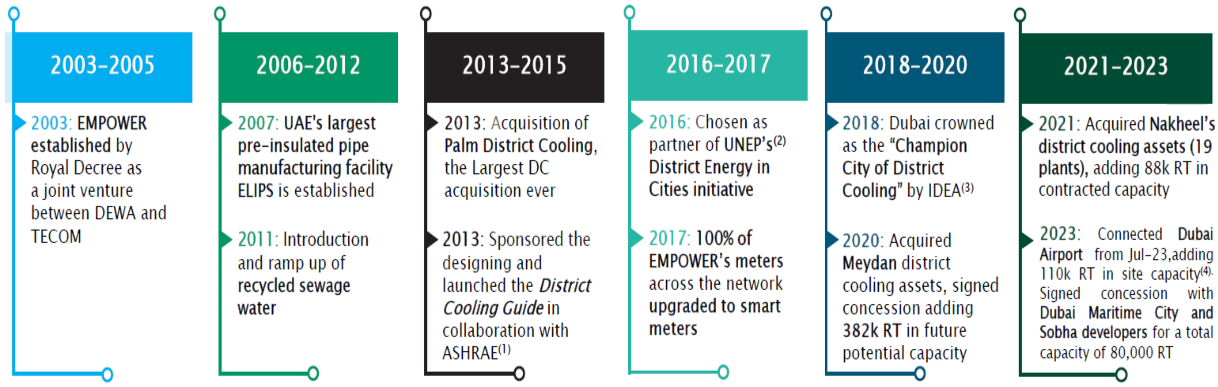
Empower was listed on 15 November 2022 with a share price of AED 1.33 at the upper end of the flotation price range, raising AED 2.66 Bn, with a market capitalization of AED 13.30 Bn. The Company had initially planned for an offering of 1 Bn shares (10% stake) but later increased the size of the offering by 100% to 2 Bn shares (20% stake) in response to the strong demand, leading to the IPO being covered on its first day. As of 1H25, Dubai Electricity and Water Authority PJSC (DEWA) owns a 56% stake, while Emirates Power Investment LLC owns a 24% stake in the Company, providing Empower a strong backing with robust institutional support.

Empower serves a wide array of customer base, including 148,000+ corporate and individual customers across 1,684 buildings in Dubai. The Company operates 88 district cooling plants and boasts a connected capacity of 1.6 Mn RT as of 1H25, marking an 80%+ market share in the district cooling market in Dubai. Additionally, Empower's contracted capacity stood at 1.9 Mn RT as of 1H25, showcasing a strengthening market position with more customers committing to services, underscoring customer trust and confidence. Moreover, the Company spanned an accessibility reach of 418 km in FY2024

The Company provides district cooling services to a diverse range of buildings such as Dubai International Airport, Dubai International Financial Centre (DIFC), Burj Al Arab, Dubai Healthcare City, Business Bay, Palm Jumeirah, Jumeirah Beach Residence (JBR), Ain Dubai & Bluewaters Island, Deira Waterfront, Jumeirah Lake Towers, Discovery Gardens, Ibn Battuta Mall, Jumeirah Village South, Dubai Land Residential Complex, Meydan, among others. This diverse portfolio highlights the Company’s strategic focus on balancing its assets across Dubai’s key development regions.

Furthermore, Empower has established strong relationships with major master developers in Dubai, securing exclusive rights to provide district cooling services (DCS) for the connected areas. The company focuses on securing long-term service contracts, enabling it to maintain a large and stable customer base by offering exclusive district cooling services (DCS) to key master developments in the city. These long-term contracts support consistent business operations and generate a reliable, recurring revenue stream, solidifying its market dominance.

Figure 02: Timeline of Empower



Source: Company Information

Accelerating District Cooling Leadership Through Organic and Inorganic Expansion

Empower increased its connected capacity by 2.4% YTD to 1.6 Mn RT in 1H25 and further projects the connected capacity to reach 1.86 Mn RT by FY2027

In 1H25, Empower continued to strengthen its district cooling footprint in Dubai by securing several new connections with landmark developments and flagship projects, reinforcing the Company's commitment to sustainability and operational excellence. The Company provided 3,900 RT of cooling capacity to Wasl Tower, a 302-meter-tall twisted skyscraper on Sheikh Zayed Road, and 2,580 RT to the Regalia Tower by Deyaar Development. Additionally, Empower further expanded its footprint by connecting The Crest and The Crest Grande, two premier residential developments by Sobha Realty located in Meydan, with district cooling capacities of 4,100 RT and 4,200 RT, respectively. The Company also connected Towers E and D of the Peninsula project by Select Group, supplying 2,730 RT of district cooling in FY2024, as part of the project's total planned capacity of 10,915 RT. As a result, Empower's connected capacity rose 2.4% YTD to 1.6 Mn RT in 1H25**.** This highlights the Company's strong growth trajectory, showcasing its commitment to innovation and operational excellence.

The Company's capacity expansion plan aims to increase the connected capacity to 1.86 Mn RT by 2027. This growth is set to be realized through new partnerships with real estate developers, the expansion of infrastructure, the conversion of existing buildings to district cooling systems, and an expansion into international markets, especially in the GCC region.

Furthermore, to support its long-term strategy, Empower remains focused on maintaining financial stability, achieving sustainable profitability, and providing strong returns to its shareholders. The Company's key business strategy revolves around delivering reliable, cost-effective, and environmentally friendly district cooling solutions that meet the needs of its customers and create long-term value for the Company's shareholders. Empower's growth strategy is anchored on a dual approach, combining both organic and inorganic expansion. On the organic front, the company is broadening its footprint within Dubai by establishing new connections in existing master developments and upgrading older buildings with its energy-efficient district cooling solutions.

Empower also aims to leverage its strong ties with prominent developers like Dubai Holding and Nakheel to become the preferred district cooling provider for upcoming real estate projects. Meanwhile, in terms of inorganic growth, Empower is focused on the strategic acquisition of assets that enhance its current portfolio. This approach enables the company to swiftly expand its service area and grow its customer base. Empower's proven success in this area is evident from its acquisitions of district cooling infrastructure at key locations such as Dubai International Airport, Nakheel's district cooling plants, and Meydan's facilities, which have significantly strengthened its position in the district cooling industry.

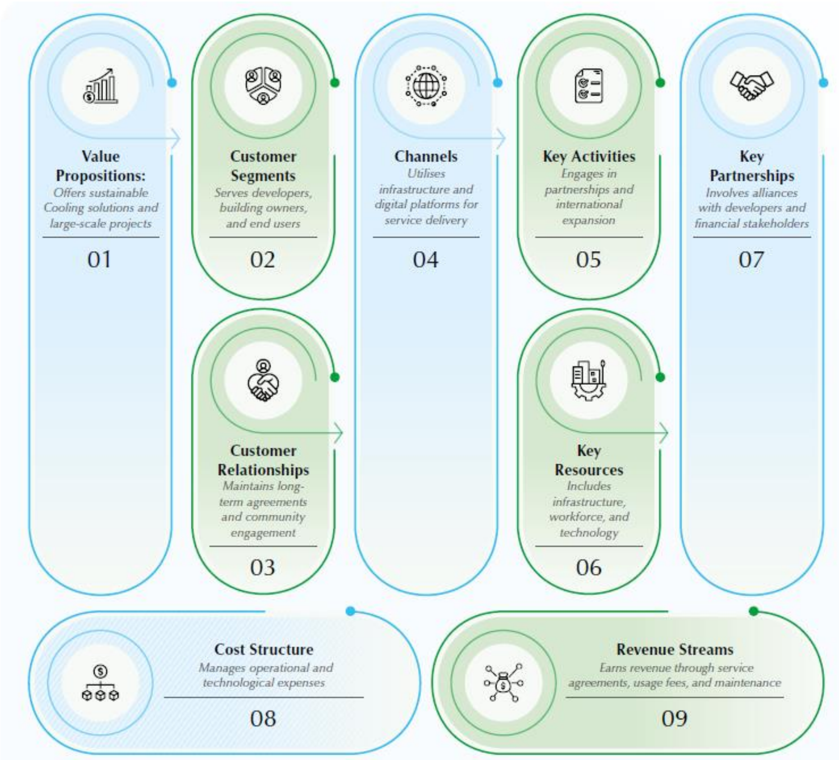
The Company is pursuing a dual growth strategy through organic expansion and strategic acquisitions to scale its operations.

Empower remains committed to investing in state-of-the-art infrastructure to ensure optimal efficiency, reliability, and environmental sustainability. The installation of high-efficiency chillers has led to a substantial reduction in Empower's energy consumption, while the incorporation of Thermal Energy Storage (TES) systems has improved off-peak cooling capabilities, easing the strain on the electricity grid during peak demand periods. Moreover, the use of advanced control systems has played a key role in boosting plant performance, enabling consistent and uninterrupted delivery of cooling services. As part of its ongoing expansion, Empower has implemented significant infrastructure developments aimed at boosting capacity and improving operational efficiency. The deployment of advanced chillers with high energy-efficiency ratings supports the company's sustainability objectives, while expanding the Thermal Energy Storage (TES) capacity has improved energy utilization and contributed to greater grid stability. Additionally, Empower's cutting-edge Command Control Centre further strengthens these efforts by enabling real-time monitoring, automation, and precise control of cooling distribution across its network. Empower also entered into an agreement with Mitsubishi Heavy Industries

Thermal Systems (MHI Thermal Systems) for the supply of advanced chillers. As per the agreement, starting from FY2025, MHI Thermal Systems will deliver 18 high-efficiency water-cooled chillers, with a combined capacity of 56,250 RT, to support Empower's district cooling projects across Dubai. This collaboration strengthens the Company's intellectual capital, fostering innovation and facilitating knowledge exchange, further reinforcing its leadership in sustainable energy solutions.

Empower remains deeply invested in research and development, continually exploring innovative methods to improve the efficiency and sustainability of its operations. The company has achieved notable progress in water conservation by expanding the application of Reverse Osmosis (RO) technology across its plants, significantly decreasing dependence on freshwater resources. In addition, Empower's strategic investments in advanced technology, infrastructure, and talent reflect its commitment to creating long-term value for stakeholders while actively supporting the sustainable growth of the communities it serves.

Figure 03: Business Model of Empower



Source: Company Information

Strategic Presence Across Dubai's Landmark Developments

Empower delivers efficient district cooling to Dubai's iconic landmarks, such as Atlantis, DIFC, Burj Al Arab, etc., reinforcing its leadership in sustainable urban infrastructure.

Empower delivers sustainable district cooling solutions to many of Dubai's most renowned landmarks, ensuring optimal energy efficiency, comfort, and environmental sustainability. Its key projects include:

Ain Dubai (Bluewaters Island): Ain Dubai is the tallest observation wheel in the world, offering panoramic views and serving as a major tourist attraction. Empower provides reliable district cooling to ensure consistent comfort for visitors and facilities across Bluewaters Island.

Atlantis The Royal: Atlantis The Royal is an ultra-luxury resort renowned for its innovative design and world-class hospitality. Empower supports the resort's sustainability goals with efficient district cooling tailored to its large-scale operations.

Burj Al Arab: Burj Al Arab is globally recognized as the most luxurious hotel, symbolizing Dubai's architectural excellence. Empower delivers high-efficiency cooling that aligns with the hotel's premium standards and sustainability needs.

Dubai International Financial Centre (DIFC): DIFC is the leading financial hub in the Middle East, housing major global financial institutions. Empower ensures seamless and energy-efficient cooling to support 24/7 operations across the business district.

Emirates Towers: The Emirates Towers are iconic twin skyscrapers serving both corporate and government sectors in Dubai. Empower supplies dependable district cooling to maintain optimal climate control across both towers.

Palm Jumeirah: Palm Jumeirah is the world's largest manmade island, featuring luxury homes, hotels, and leisure spots. Empower's district cooling network provides sustainable cooling to support the island's high-end infrastructure.

Wasl Tower: Wasl Tower is a 302-meter architectural landmark known for its unique twisted design and mixed-use spaces. Empower provides advanced cooling solutions that meet the building's complex design and usage demands.

Dubai International Airport: Dubai International Airport is among the busiest in the world, serving as a key global transit hub. Empower supports the airport's massive cooling needs with efficient, uninterrupted district cooling services.

Museum of the Future: The Museum of the Future is a futuristic architectural marvel and innovation center in Dubai. Empower ensures precise and energy-efficient cooling to preserve the museum's environment and technology systems.

Through these high-profile projects, Empower reinforces its role as a leader in sustainable urban infrastructure.

Figure 04: Iconic Destinations of Dubai Utilising District Cooling Services of Empower

Source: Company Information

Enabling Sustainable Urban Growth Through an Integrated Cooling Model

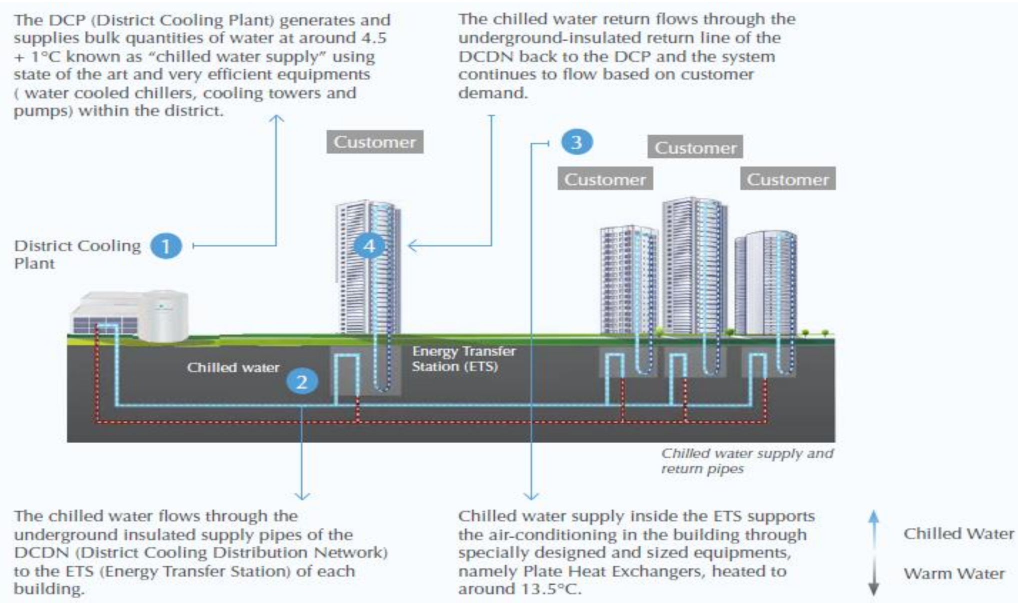
Empower operates a fully integrated district cooling business, designing, building, owning, and maintaining its plants to deliver reliable, cost-effective, and environmentally sustainable cooling solutions to its customers

Empower operates a comprehensive and sustainable business model focused on district cooling solutions, with a strong emphasis on environmental stewardship and operational excellence. As a fully integrated, end-to-end district cooling service (DCS) provider, Empower designs, builds, owns, operates, and maintains its cooling plants entirely at its own cost. This approach enables the company to deliver world-class, reliable, and cost-effective district cooling services that help real estate developments optimise their energy usage, lower carbon emissions, and contribute to sustainable urban growth. Additionally, the company's value proposition is anchored in delivering environmentally responsible and innovative solutions that enhance urban living and ensure long-term stakeholder value. Furthermore, Empower aligns its operations with evolving regulatory, technological, and economic landscapes, continuously adapting to remain at the forefront of sustainable infrastructure solutions.

Empower serves a wide array of customers across key sectors such as residential, commercial, retail, hospitality, education, and aviation. This diversification not only supports revenue stability but also highlights the rising demand for district cooling solutions in large-scale urban developments. Additionally, the company offers tailored district cooling solutions to meet the specific requirements of each sector, positioning it as a critical enabler of sustainable urban growth. Furthermore, Empower enters into long-term agreements with master developers and building owners, along with direct contracts with end-users, that provide a strong foundation for recurring revenues and highlight the company's strong customer relationships.

The company operates through a network of technologically advanced plant rooms and an extensive underground insulated pipeline system, enabling seamless distribution of cooling services across diverse sectors. This physical infrastructure is further enhanced by cutting-edge digital platforms that facilitate real-time monitoring, operations management, and superior customer service. Moreover, Empower caters to a wide range of client requirements through a combination of personalised assistance and automated digital solutions, ensuring operational efficiency and high customer satisfaction. These capabilities are supported by key resources, including a skilled workforce, strong financial reserves dedicated to sustainable investments, and advanced technological systems that collectively reinforce the company's leadership in the district cooling industry.

Figure 05: District Cooling System Process Flow Diagram



Source: Company Information

Driving Environmental and Operational Excellence via District Cooling

Empower operates a large-scale, energy-efficient district cooling network that reduces electricity use by up to 50%, delivering sustainable cooling solutions across Dubai's urban developments.

District cooling is a modern, advanced, energy-efficient solution to provide space cooling to multiple buildings within a specific area, an alternative to traditional air conditioning systems. Instead of each building having its own cooling system, district cooling uses a central plant known as a District Cooling Plant (DCP) to produce chilled water at around c. 4.5°C. This is done using advanced and energy-efficient equipment like water-cooled chillers, cooling towers, and pumps. The chilled water is then sent through a network of underground insulated pipes, called the District Cooling Distribution Network (DCDN), to Energy Transfer Stations (ETS) located in each building. Inside the ETS, the chilled water then flows through Plate Heat Exchangers that cool the building's air. Resultantly, as the chilled water absorbs heat, its temperature rises to approximately 13.5°C, and the water is then sent back through return pipes to the DCP, where it is cooled again. This closed-loop system runs continuously, adjusting to cooling demand throughout the day. This method eliminates the need for individual chillers in each building, resulting in lower maintenance requirements and more efficient space usage. Additionally, beyond operational benefits, district cooling plays a critical role in promoting environmental sustainability by reducing greenhouse gas emissions and conserving natural resources.

District cooling provides significant advantages over traditional air conditioning systems by centralising chilled water production, which leads to greater energy efficiency, cost savings, and operational reliability. Moreover, Empower's district cooling systems reduce electricity consumption for cooling by up to 50%, leveraging economies of scale and advanced energy management to minimise waste and optimise performance. As cities deal with higher energy needs and growing environmental challenges, district cooling becomes an important solution for building greener and more sustainable urban infrastructure. Empower remains a leader in this transition, continuously innovating in sustainable cooling technologies, driving the revolution towards sustainable urban cooling.

Empower created significant value in FY2024 by investing AED 309 Mn to expand its district cooling infrastructure

Additionally, Empower invested AED 309 Mn in its district cooling infrastructure in FY2024. The Company also added a new plant and extended its district cooling distribution network by 20 km in Dubai in FY2024. The Company further enhanced its Reverse Osmosis (RO) technology for better water efficiency and invested in branding to highlight its sustainability and innovation. These all resulted in overall value creation for the Company, reflected in the company's strong financial performance with revenue reaching AED 3.3 Bn with an EBITDA of AED 1.6 Bn in FY2024. Additionally, Empower's operational footprint expanded to 88 district cooling plants, serving 1,637 buildings with a connected capacity of over 1.6 Mn RT as of FY2024.

Robust Financial Performance Propelled by Capacity Expansion

Empower's revenue from DC services grew 7.4% YOY to AED 3.3 Bn in FY2024, with EBITDA of AED 1.5 Bn with an EBITDA margin of 46.0%

Empower demonstrated strong financial growth in FY2024, achieving a revenue of AED 3.3 Bn from DC services, a 7.4% increase compared to AED 3.0 Bn in FY2023. This growth reflects the Company's focus on driving profitability while maintaining its commitment to environmental sustainability and operational efficiency. The Company also performed well during 1H25, generating AED 1,453 Mn revenue from DC services. The revenue growth was mainly driven by strong performance in the district cooling services segment, as Empower expanded its connected capacity by 54,000 RT, reaching a total of 1.56 Mn RT as of FY2024. Furthermore, the contracted capacity stood at 1.8 Mn RT as of FY2024. As of 1H25, Empower's connected capacity and contracted capacity stood at 1.6 Mn RT and 1.9 Mn RT, respectively, highlighting the continued demand for its services and the successful execution of its expansion strategy. The district cooling services segment remains the largest revenue contributor, generating AED 3.2 Bn in FY2024 and AED 1,445 Mn in 1H25, representing over 99% of the Company's total revenue. This underscores the critical role of Empower's core business in driving overall financial performance and reflects the consistent demand for reliable and energy-efficient cooling solutions across key sectors. Additionally, the pre-insulated pipes segment generated AED 21 Mn in FY2024 and AED 8.1 Mn in 1H25, further supporting infrastructure development and enabling the expansion of the Company's district cooling network. The steady performance across these segments highlights Empower's ability to maintain a diversified yet focused revenue base, reinforcing its leadership in the district cooling industry and supporting its long-term growth strategy. In terms of profitability, the Company's EBITDA grew 4.5% YOY to AED 1.5 Bn in FY2024. This growth was mainly driven by an increase in revenue and interest income, partially offset by higher cost of sales and G&A Expenses. Additionally, EBITDA Margin fell from 47.5% in FY2023 to 46.0% in FY2024. This decline was mainly due to the higher cost of sales and G&A Expenses in FY2024. Furthermore, Empower's EBITDA grew 6.3% YOY to AED 1.58 Bn in TTM June 2025. Moreover, the Company's EBITDA Margin stood at 48.1% in 1H25. This demonstrates Empower's ability to sustain strong profitability despite inflationary pressures and rising operational costs, reflecting the resilience of its business model and the continued efficiency of its core operations. Empower incurred a capex of AED 306.8 Mn in FY2024, reflecting the Company's strategic investments in its infrastructure expansion. These investments were utilized to strengthen the chilled water infrastructure and expand the pre-insulated pipe network, reinforcing Empower's operational efficiency and supporting the growth of its district cooling network. Additionally, the Company incurred a capex of AED 189 Mn in 1H25. Empower generated a cash flow from operating activities (CFO) of AED 1.8 Bn during FY2024, with the CFO as a percentage of revenue of 56%. The Company also boasts a healthy balance sheet with a cash and term deposits balance of AED 2.1 Bn as of 1H25.

Empower generated a strong cash flow from operations (CFO) of AED 1.8 Bn, representing 56% of revenue in FY2024, and maintained a healthy cash balance of AED 2.0 Bn as of 1H25, ensuring financial stability for ongoing expansion.

Figure 06: Total Revenue Growth (AED Mn)

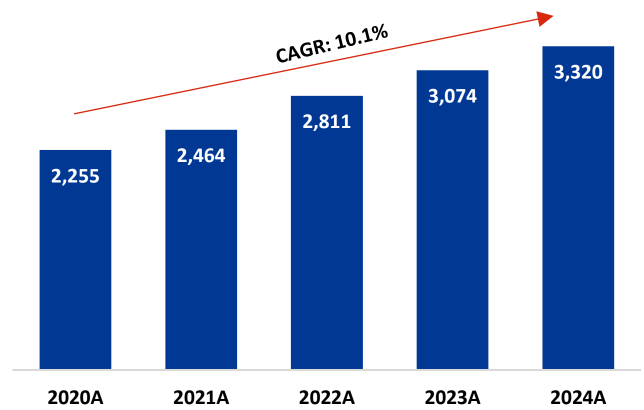
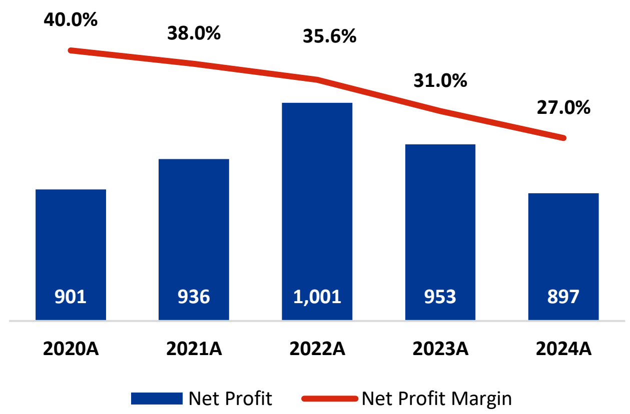


Figure 07: Net Profit[1] & Margin (AED Mn)



Source: Company Information, [1]Net Profit attributable to Equity holders

Highly Experienced Management Team

Experienced Management Team with a Long Track Record in the Business

Chairman of the Board – H.E. Saeed Al Tayer

His Excellency Saeed Al Tayer serves as the Managing Director and Chief Executive Officer of Dubai Electricity and Water Authority (DEWA) PJSC since 1992. He has more than 35 years of experience in Dubai in the fields of telecommunications, energy and water. Under his leadership, the DEWA group has achieved unprecedented success and is recognized today as one of the leading utilities worldwide. In 2022, His Excellency steered both Empower and DEWA in their successful public listing, attracting overwhelming global demand. He is a Member of the Dubai Council, a member of the Dubai Executive Council and the Strategic Affairs Council, a member of the Dubai Supreme Fiscal Committee, and Chairman of Emirates Central Cooling Systems Corporation PJSC (EMPOWER).

Chief Executive Officer – Mr. Ahmad Bin Shafar

Ahmad joined Empower at its inception and has been serving as its Chief Executive Officer since inception. Ahmad brings over 27 years of experience in senior management positions including eight years with Standard Chartered Bank in Corporate and Retail Banking, Finance, Marketing and Customer Relations. As Chief Executive Officer, Ahmad provides strategic direction and, under his leadership, Empower has become the World's Largest District Cooling Services provider, from a capacity perspective, within a short span of a decade. Ahmad also serves as the Chairman of the board of directors of Empower Logstor Insulated Pipe Systems (ELIPS) since 2007, a strategic joint venture between Empower and Logstor of Denmark, a world leader in pre-insulated pipe systems.

Chief Operating & Maintenance Officer – Mr. Tariq Al Yasi

Tariq has more than 25 years of experience in the field of engineering, project managements and operation and maintenance. He holds a Bachelor's of Science in Petroleum Engineering from the University of Tulsa, USA. Prior to joining Empower, Tariq spent about nine years in ZADCO, an Abu Dhabi based Offshore Oilfield Company, as a Team Leader - Well Operation and Reservoir Control, Surface Operation Supervisor, Down Hole Operation Supervisor and Reservoir Engineer. During those 9 years Tariq was a member of a management team reasonable for leading the developments plans for the oil and gas fields, optimizing recovery plans and production enhancement along with the operation and maintenance of the oil production and water and gas injection wells. Tariq joined Empower in April 2006 as Operations and Maintenance Manager and was promoted to Director of Operations and Maintenance in January 2007 and then to Chief of Operation and Maintenance in year 2010.

Chief Financial Officer – Mr. Ramesh Ramadurai

Ramesh brings in more than 35 years of management experience in the areas of consulting, audit, financial management and planning, risk management, funding and treasury management, project financing, business strategy, project evaluation, business modeling and valuations, mergers and acquisitions, accounting, statutory and management reporting. Ramesh joined Empower in March 2004 and is responsible for and contributes in achieving its business plans and sets strategic direction and policies relating to financial and treasury management, accounting, billing and IT activities of the organization. Ramesh was also actively involved in a number of merger and acquisition transactions. Ramesh is also a board member of Empower Logstor Insulated Pipe Systems (ELIPS), a strategic joint venture between Empower and Logstor of Denmark, the world's largest pre-insulated pipe manufacturer.

Chief Sales & Marketing Officer – Mr. Samer Khoudeir

With over 32 years of expertise in Air Conditioning industry, Samer is responsible for Empower's Sales, Marketing and Customer Service functions and is a driving force to maintain the company's position of being 'The World's Largest District Cooling Services Provider'. Samer joined Empower in April 2005, and has been serving as its Chief Sales & Marketing Officer since 2010. He is also the General Manager & a Board Member of ELIPS (Empower Logstor Insulated Pipe Systems), a strategic joint venture between Empower and Logstor of Denmark, the world's largest pre-insulated pipe manufacturer. Samer contributed significantly towards Empower's many accolades from International District Energy Association (IDEA), and performed the frontline role in successfully organizing IDEA International District Cooling Conference in Dubai, in 2014, 2016 & 2018.

Chief Commercial Officer – Mr. Edgar Qureshi

Edgar brings in more than 28 years of management experience in establishing and developing commercial and project management departments in numerous corporate and high profile start-up companies. He has had extensive previous experience in responsible positions in consulting (The Shire Consultancy UK, Mouchel International), contracting (Laing UK, Al Owaidah General Contracting KSA/UAE) and client organizations (Hertfordshire County Council UK and numerous Dubai Holding and Sheikh Mohammed entities) in the civil engineering, infrastructure, utilities and building industries, both in the UK and Middle East.

Chief Business Support Services Officer – Mr. Mohamed Kahoor

Mr. Kahoor has over 34 years of total experience in the areas of commercials, purchase, administration, stores and stock control, customer services, quality and event management. Kahoor joined Empower in 2005 and has been serving as Chief Business Support Services Officer since 2019. Prior to joining Empower, Kahoor has held senior management positions with TECOM Group and DEWA. At TECOM Group, Kahoor held the positions of Head of Administration, Director of Commercial Operations Services Corp and of Director of Protocol and Customer Services where he carried out various assignments including establishing the Hospitality Services and Protocol Affairs section and Government Operation Services section.

Investment Highlights

Leading UAE District Cooling Market with Limited Competition and High Entry Barriers

Empower Is One of the Largest District Cooling Service Provider by Capacity

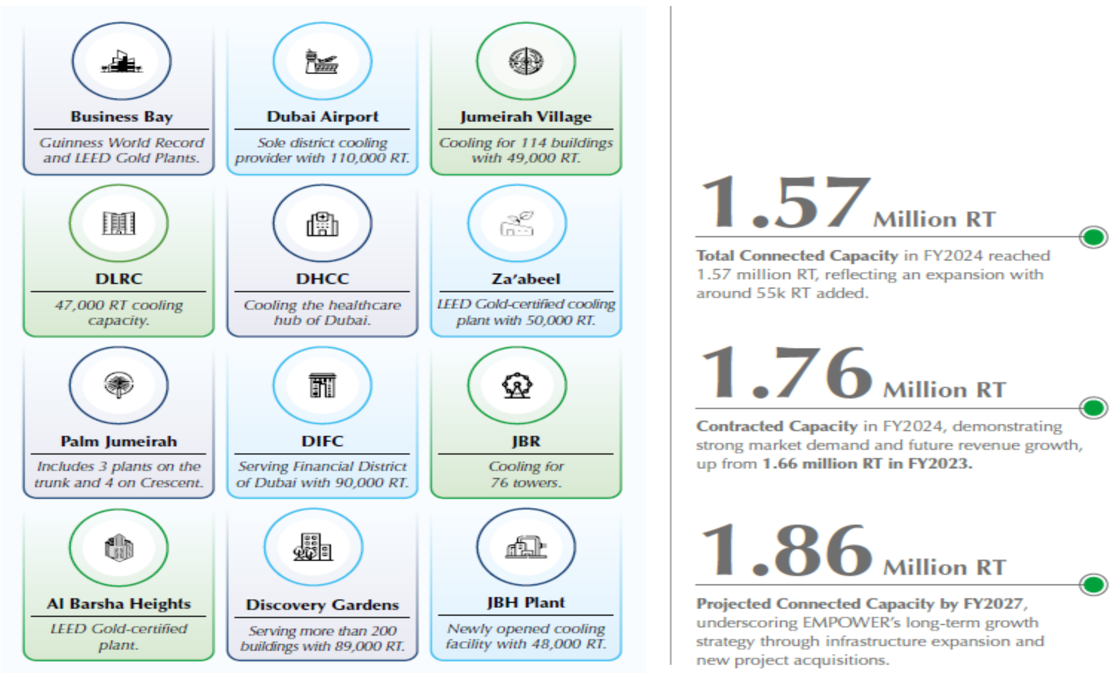
Empower extended its district cooling services to 1,684 buildings across Dubai, as of 1H25, reflecting a 2.9% YTD increase compared to FY2024

Emirates Central Cooling Systems Corporation PJSC (Empower), one of the world's largest district cooling service providers, continues to play a pivotal role in advancing sustainable urban development, particularly within Dubai's dynamic and rapidly evolving infrastructure landscape. As the dominant player in the UAE's district cooling sector, Empower has positioned itself not only as a utility provider but as a key enabler of the emirate's smart city ambitions. In FY2024, the Company delivered remarkable growth across its operations, reflecting its commitment to excellence, innovation, and environmental stewardship. This growth is underpinned by a strategic roadmap aligned with Dubai's vision to become a global model for sustainable and energy-efficient urban infrastructure.

Throughout 1H25, Empower extended its district cooling services to 1,684 buildings across Dubai, reflecting a 2.9% YTD increase compared to FY2024. This expansion included a diversified range of developments, residential, commercial, hospitality, healthcare, retail, and educational, demonstrating the Company's broadening appeal and operational flexibility. The customer base exceeded 148,000, a testament to both rising demand for district cooling solutions. This growing footprint is further supported by an extensive distribution pipeline network that surpassed 418 kilometers in total length, enabling the delivery of a contracted cooling capacity of 1.9 Mn refrigeration tons (RT), with 5.6% YTD increase in 1H25 compared to 2024.

Financially, Empower has maintained resilience amid rapid expansion. Its total connected cooling capacity rose to 1.6 Mn RT, supported by a steadily growing customer base and expanding project portfolio. The company's operational model ensures stable cash flows and long-term visibility, supported by multi-year contracts and increasing service penetration across key urban zones. With its continued growth trajectory, Empower is well-positioned to capture further market share and strengthen its leadership across the region.

Figure 08: Key Operational District Cooling Plants as of FY2024



Source: Company Information

Physical Cooling Plants and Pipeline Networks Forms the Capital of Empire

Empower operates extensive network of 88 district cooling plants and over 418 kilometers of distribution pipelines, as of FY2024

EMPOWER has built a formidable portfolio of 88 state-of-the-art district cooling plants by the end of FY2024, positioning it as an infrastructure backbone supporting Dubai's rapid urbanization and energy efficiency goals. EMPOWER's manufactured capital, its physical cooling plants and pipeline networks, forms the base of its business model, ensuring consistent, high-quality service across diverse customer segments. Each plant is designed with advanced technologies to maximize efficiency, reduce emissions, and minimize environmental impact. The Company's strategy to locate plants in close proximity to demand-side customers enhances operational efficiency and service reliability, while simultaneously reducing distribution losses.

Among EMPOWER's key operating plants are several strategically important facilities including the Dubai International Airport (where it is the sole provider of 110,000 RT), Palm Jumeirah, Discovery Gardens (serving over 200 buildings with 89,000 RT), DIFC (Dubai's financial hub with 90,000 RT), Za'abeel and Al Barsha Heights (both LEED Gold-certified), and Jumeirah Village (cooling 114 buildings). These plants exemplify the company's ability to deliver cooling solutions across a wide range of asset classes—residential, commercial, healthcare, hospitality, and mixed-use developments.

A highlight of Empower's infrastructure success is the Business Bay district cooling project, which earned a Guinness World Record as the world's highest-capacity district cooling system. This mega-project, consisting of nine plants (four operational as of FY2024), serves 188 buildings through a 52.4-kilometer pipeline. It boasts a connected capacity of 241,272 RT, with an ultimate design capacity of 451,540 RT upon full completion. Business Bay not only demonstrates the Company's engineering capabilities but also reinforces its global leadership in the district cooling industry. In line with mega-projects, Empower continues to invest in new facilities, like the second cooling plant in Jumeirah Village, designed to deliver 37,000 RT. This plant will integrate smart technologies for energy efficiency and water conservation.

Empower's infrastructure-led business model is inherently defensive and cash-generative, with high customer stickiness, long-term contracts, and minimal exposure to commodity price volatility. Empower stands as a reliable, future-ready business model with high barriers to entry, predictable cash flows, and strong ESG credentials.

Figure 09: New Plants Completed, or with Significant Progress During FY2024

Source: Company Information

Multiple Barriers to Entry and Competitive Landscape Secures the Market Leading Position of Empower

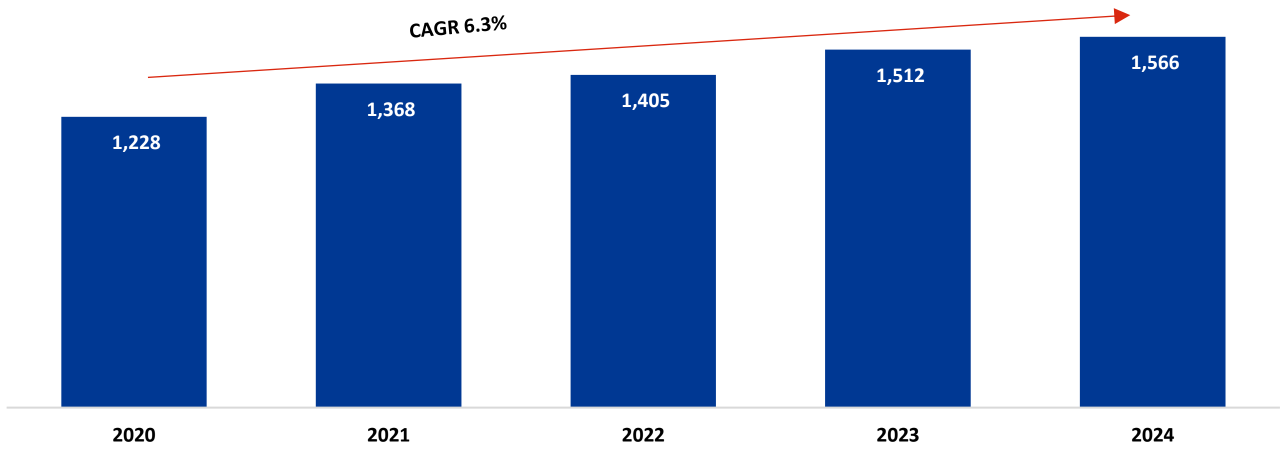
District cooling faces high entry barriers due to capital intensity, complex infrastructure, and strict regulations

The district cooling industry is marked by significant barriers to entry due to its capital-intensive nature, the need for extensive and technically sophisticated infrastructure, and the requirement to meet strict regulatory and environmental standards. Within this landscape, Empower has firmly established itself as the dominant player in the UAE, particularly in Dubai. Its extensive network of 88 district cooling plants and over 418 kilometers of distribution pipelines provides a scale advantage that is difficult for new entrants to replicate. The high initial investment required to build district cooling infrastructure, coupled with long asset lifespans and complex permitting processes, further protects Empower from competitive threats.

While multiple providers are present in the UAE market, Empower's integrated service model, strong client base, and proximity to high-demand urban clusters give it a distinctive competitive edge. The Company’s ability to serve diverse segments, including residential, commercial, healthcare, hospitality, and mixed-use developments, enables it to capture stable, long-term revenue streams.

Empower’s commitment to sustainability and innovation further strengthens its market leadership. The Company continuously invests in advanced technologies, such as AI-driven predictive maintenance and water-efficient cooling systems, to optimize performance and reduce environmental impact. Its district cooling services contribute meaningfully to energy conservation and carbon emissions reduction, aligning with the UAE’s Net Zero by 2050 goals. These initiatives have earned Empower global recognition, including Guinness World Records for the world’s highest-capacity district cooling plant and for serving the largest number of buildings with district cooling. Empower’s strategic location, large-scale operations, technological innovation, and commitment to sustainability make it a highly resilient market leader with strong competitive advantages and minimal vulnerability to industry disruption.

Figure 10: Total demand load / connected capacity (K RT)



Source: Company Information

Multi-Hub Cooling Network Driving Localised Efficiency, Reliability, and Scalable Operations

Empower Plants are Strategically Located near Demand Centres

Empower's Multi-Hub Cooling Network enhances efficiency, reliability, and scalability through decentralised, strategically located plants across Dubai's urban landscape

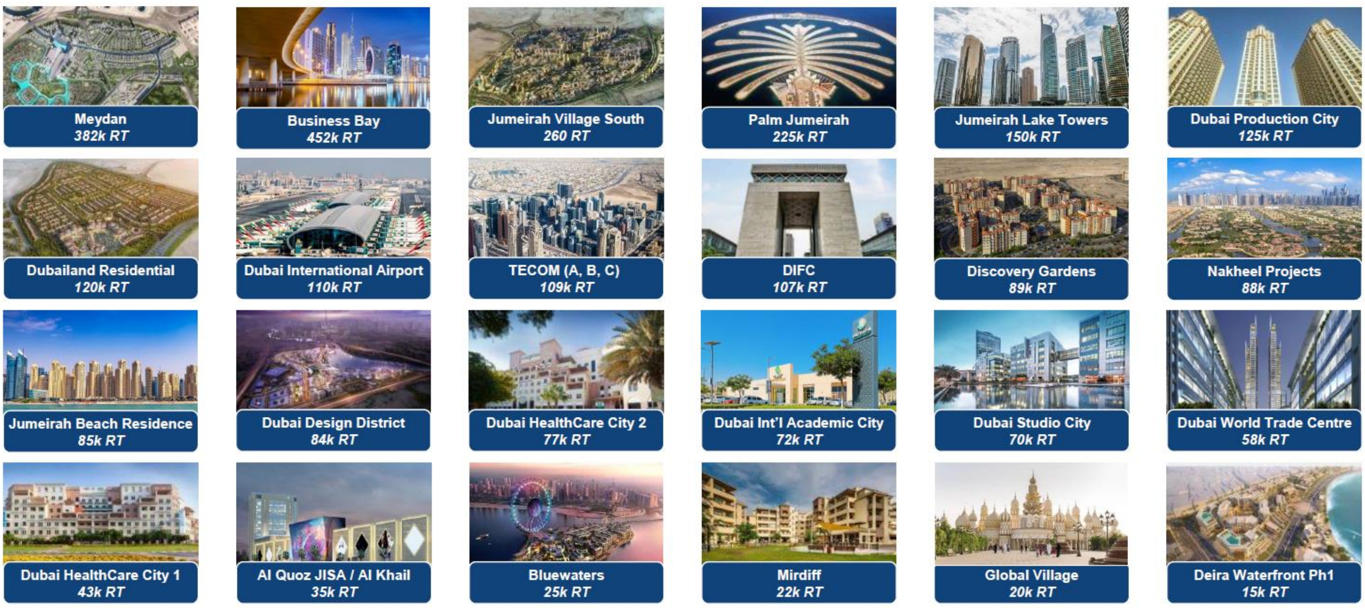
Empower's Multi-Hub Cooling Network is proof of its strategic foresight and operational efficiency, establishing a decentralised infrastructure that enhances localised efficiency, reliability, and scalability across Dubai's rapidly evolving urban landscape. With 88 district cooling plants operating by the end of FY2024, Empower's decentralised architecture represents a technological advancement and a key pillar of its business model aimed at sustainable growth and resilience.

One of the foremost advantages of this multi-hub network is its focus on localised efficiency. Each cooling plant is strategically placed in proximity to demand centers such as residential communities, commercial zones, and industrial districts. This proximity minimizes thermal transmission losses and enhances overall energy efficiency, ensuring that chilled water reaches customers with minimal energy degradation. By reducing the distance between production and consumption, Empower significantly cuts down on pumping requirements and associated energy costs, leading to leaner operations and environmentally conscious outcomes.

The network's design also excels in promoting redundancy and reliability. Unlike centralised systems that may face widespread service disruptions in the event of equipment failure, Empower's multi-plant configuration ensures service continuity through built-in redundancies. If a plant requires maintenance or encounters unexpected downtime, adjacent plants can absorb the load, thereby minimizing disruptions and maintaining comfort levels across the service area. This resilient setup is particularly crucial in a region like Dubai, where cooling is a year-round necessity and operational reliability is a basic requirement.

Empower's Multi-Hub Cooling Network is more than an operational framework, it is a dynamic, resilient, and intelligent system that redefines how district cooling is delivered in megacities. By combining localised efficiency, built-in reliability, and scalable growth potential with cutting-edge technology, Empower not only meets today's cooling needs but also paves the way for a more sustainable, adaptable, and intelligent urban future.

Figure 11: Overview of Key Projects in Dubai with Site Capacity



Source: Company Information

Command Control Centre serves as the digital nerve center of Empower's operations

Empower's Command Control Centre enables real-time monitoring, AI-driven maintenance, and load optimization across its decentralised district cooling network

Moreover, Empower's distributed generation model facilitates optimized load management and advanced demand forecasting. During peak summer months, when cooling demands surge, the decentralised network enables real-time load balancing, shifting demand across multiple plants to maintain stability and efficiency. Empower has elevated this capability through its Command Control Centre (CCC), a state-of-the-art digital platform that integrates AI-driven predictive maintenance, machine learning algorithms, and real-time monitoring. The CCC serves as the digital nerve center of Empower's operations, allowing central oversight while harnessing the flexibility of decentralised execution.

The CCC's integration with advanced metering infrastructure also allows for granular data collection, enabling Empower to fine-tune performance parameters, detect anomalies early, and proactively manage asset health. This enhances energy conservation, reduces operational costs, and elevates customer satisfaction by ensuring consistent service delivery.

Empower's multi-hub model is inherently modular, allowing for scalable growth aligned with urban expansion. Instead of overhauling existing systems, Empower can incrementally add new plants in growing demand clusters. This flexibility makes the system not only more cost-efficient but also responsive to demographic and infrastructural shifts. The company has already demonstrated this approach with the phased development of major projects like Business Bay and Jumeirah Village, where capacity was scaled in tandem with community growth.

This modularity also supports long-term urban planning initiatives. As Dubai continues to grow under ambitious development plans such as the Dubai Urban Master Plan 2040, Empower's adaptable infrastructure ensures that cooling capacity can be extended without disrupting existing service quality or overburdening legacy assets. Such foresight positions Empower as a key enabler of sustainable urban development.

Long-term Nature of Contracts Creates Customer Stickiness and Revenue Visibility

Long-Term Contracts as the Backbone of Revenue Visibility and Financial Stability

In 1H25, Empower signed 86 new agreements, adding over 99 kRT to its already substantial capacity

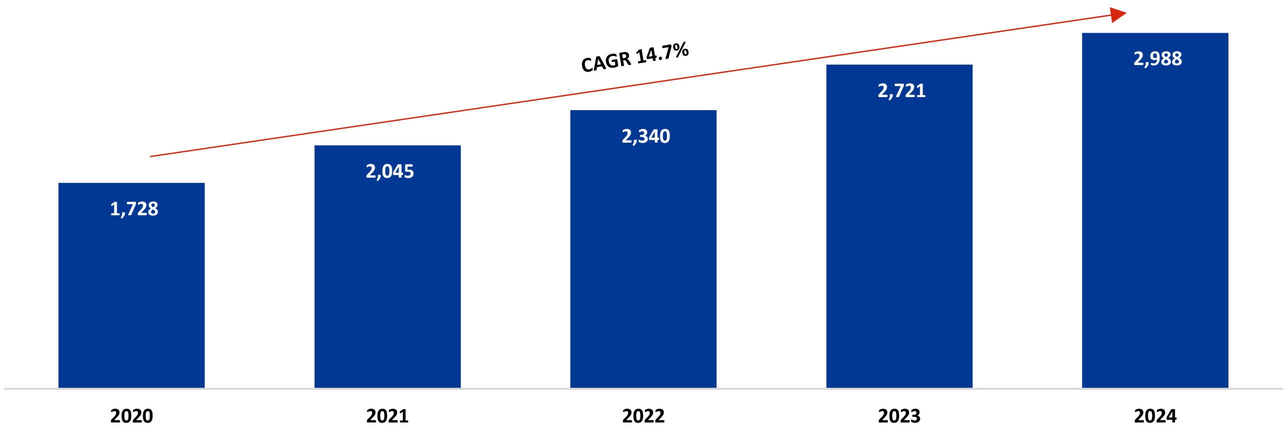
Empower's business model is built around long-term exclusivity contracts that form the backbone of its consistent revenue visibility and robust financial performance. In 2024 alone, the company signed 86 new agreements, adding over 99,000 Refrigeration Tons (RT) to its already substantial capacity. These long-dated contracts, typically ranging from 20 to 30 years, provide highly predictable, recurring revenue streams that are immune to short-term market fluctuations. This level of contractual security enables Empower to undertake long-term planning, support capital-intensive infrastructure investments, and maintain a stable cash flow profile.

Such predictability is especially critical in the utility sector, where upfront capital costs are high and payback periods extend over decades. By locking in clients early and embedding customized district cooling systems into their infrastructure, Empower minimizes churn and maximizes lifetime value per customer. Its total connected capacity of 1.6 million RT firmly establishes Empower as the world's largest district cooling provider, with the scale to deliver services efficiently across residential, commercial, and mixed-use developments.

Furthermore, these contracts act as a hedge against market risks and economic cycles, insulating Empower from the volatility often associated with conventional energy providers. As many of these agreements are signed with top-tier property developers and city planners, the credit risk is also relatively low, enhancing financial resilience. These relationships also foster deeper operational collaboration, as Empower's systems are tightly integrated with the lifecycle of each property it serves. This stickiness translates to better cash flow forecasting and strengthens Empower's standing with creditors and investors alike.

From an investment perspective, Empower's visibility into future earnings allows it to maintain a strong credit profile and attract long-term capital. The assured revenue base also supports the rollout of innovative, energy-efficient technologies, such as AI-driven predictive maintenance and smart metering, which further differentiate Empower from competitors. In a sector increasingly driven by sustainability and efficiency, Empower's contract-first model positions it as a long-term winner in both financial and operational terms.

Figure 12: Total Consumption of District Cooling Services (Mn RTh)



Source: Company Information

Customized Infrastructure and High Switching Costs Drive Customer Retention

In FY2024, Empower's underground chilled water pipeline network surpassed 418 kilometers, linking over 1,637 buildings across Dubai

At the heart of Empower's enduring customer retention and market leadership lies its extensive, physically integrated infrastructure, an asset base that is uniquely customized, highly capital-intensive, and deeply entrenched. In FY2024, Empower's underground chilled water pipeline network surpassed 418 kilometers, linking over 1,637 buildings across Dubai. Each installation is tailored to the specific cooling requirements of its site, including custom-built building interface stations, chilled water pipelines, and embedded metering systems. This results in an infrastructure ecosystem that is not only technically specialized but also logistically complex to alter or replace.

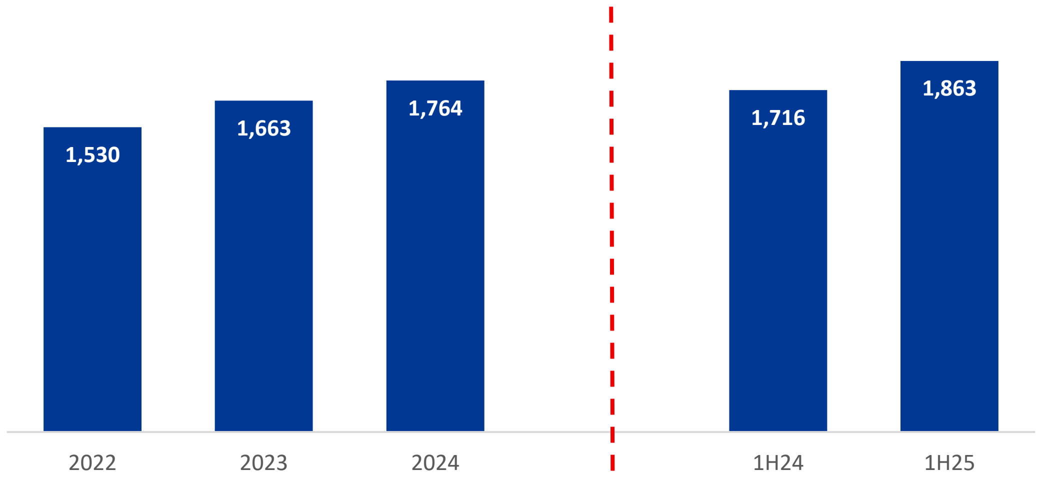
This deep physical integration creates significant switching costs for customers. Unlike plug-and-play utility models, Empower's services are embedded into the operational core of buildings, making any provider transition highly disruptive and cost-prohibitive. These structural characteristics act as powerful retention mechanisms, ensuring long-term client loyalty across diverse segments, from residential and commercial towers to high-end hospitality venues.

Moreover, Empower's contracts are often exclusive and span 25 years or more, particularly in partnerships with Dubai's master developers and strategic city planners. These agreements grant Empower a near-monopolistic presence in high-growth areas such as Business Bay, Jumeirah Village, and Deira Waterfront. Empower is typically involved from the urban planning phase, embedding its systems into the infrastructure blueprint of major developments. This early-stage involvement essentially locks out potential competitors and makes market intrusion nearly impossible in built-up zones where physical space and regulatory clearance for parallel networks are limited.

Empower's contracts are often exclusive and span 25 years or more, particularly in partnerships with Dubai's master developers and strategic city planners

The Company's investment in AI-enabled operations, smart metering, and predictive maintenance further strengthens its value proposition by ensuring efficient energy use and lowering lifecycle costs for clients. These technological capabilities complement its physical assets, reinforcing Empower's competitive moat. The dual advantage of bespoke infrastructure and exclusive contracts transforms Empower from a traditional utility provider into a critical urban partner. This structural entrenchment not only secures long-term cash flows but also enhances pricing power, protects market share, and underpins Empower's leadership in the global district cooling industry.

Figure 13: Contracted Capacity ('000, RT)



Source: Company Information

Strategic Capacity Growth Aligns with UAE's Long-Term Urban, Economic Development

Surging Global Demand for Eco-Efficient Cooling Solutions

The global market for district cooling services, valued at USD 26.8 Bn in FY2024, is forecasted to grow at a CAGR of 7.8% to USD 48.2 Bn by FY2032

Empower stands at the forefront of a rapidly growing global district cooling market, driven by rising temperatures and climate change-related energy demands. In 2024, the world recorded its hottest year, intensifying the call for sustainable cooling technologies. District cooling systems, offering up to 50% electricity savings over traditional cooling, are now essential to urban infrastructure planning. The global market, valued at USD 26.79 Bn in 2024, is forecasted to grow at a CAGR of 7.8% to USD 48.18 Bn by 2032. Empower's energy-efficient model, consuming just 0.9 to 1.0 kW per refrigeration ton (RT) versus 1.4 to 1.8 kW for conventional systems, places it in an ideal position to lead this transition.

The environmental appeal of district cooling is increasingly aligned with government policies, especially in urban centres where decarbonization is a top priority. Empower's AI-driven systems, real-time monitoring, and predictive maintenance technology further boost system performance, making the company a global benchmark in smart, sustainable cooling. In 1H25, Empower added 38,000 RT of connected capacity and secured long-term agreements for over 99,000 RT, expanding its reach to 1.6 Mn RT, solidifying its leadership. These growth initiatives serve the dual purpose of reducing greenhouse gas emissions while addressing surging demand from expanding urban developments. As governments and cities pivot toward low-carbon strategies, Empower is primed to capture growing international opportunities by exporting its operational model and technology.

UAE Economic Diversification and Real Estate Boom Fuel Cooling Demand

In 2024, Dubai's GDP grew by 3.8% YOY to USD 1.74 Tn

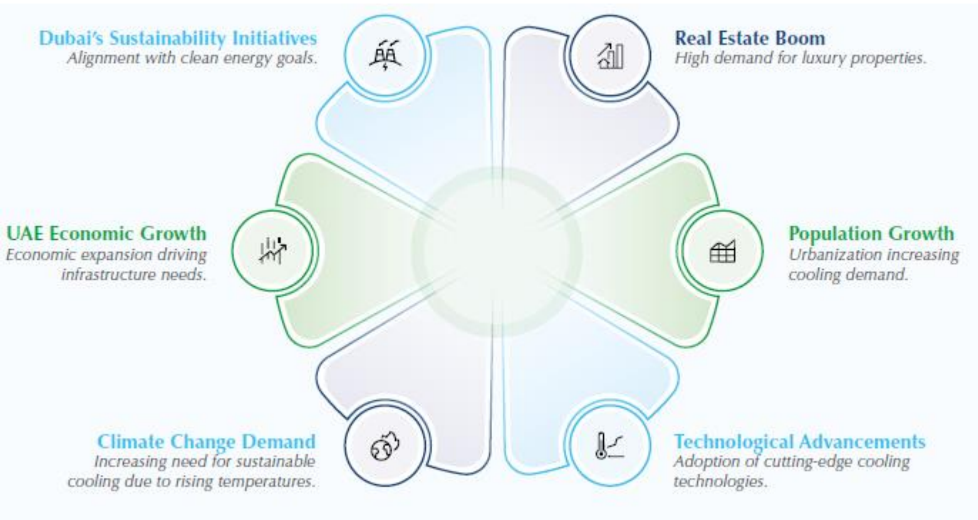
The UAE's dynamic shift toward a diversified, non-oil economy has significantly boosted the demand for sustainable infrastructure, particularly in district cooling. In 2024, Dubai's GDP grew by 3.8%, with the non-oil sector being major contributor in growth. This expansion is powered by thriving industries such as tourism, real estate, and logistics, all of which require scalable and energy-efficient cooling solutions. Empower, through exclusive long-term contracts with master developers, is strategically positioned to support this structural shift by offering district cooling systems that are not only efficient but also aligned with national sustainability goals.

Dubai's sustainability vision, as outlined in the Dubai Clean Energy Strategy 2050 and the Demand Side Management Strategy 2030, is central to this transformation. These initiatives target 75% of energy from clean sources by 2050 and aim to meet 40% of Dubai's cooling needs through district cooling. Empower's systems, which consume up to 50% less electricity than traditional air conditioning, play a critical role in achieving these targets. Moreover, the ongoing real estate boom, driven by foreign direct investment and a high demand for luxury properties, is generating a continuous pipeline of projects, including landmark developments like Wasl Tower (3,900 RT), The Crest and Crest Grande (8,300 RT combined), and Al Habtoor Tower (7,200 RT), all added to Empower's portfolio in FY2024.

Dubai's population reached 3.82 Mn in 2024, with projections rising to 5.8 Mn by 2040 under the Urban Master Plan

Dubai's population reached 3.82 Mn in 2024, with projections rising to 5.8 Mn by 2040 under the Urban Master Plan. This urban growth is fueling the need for sustainable, large-scale cooling solutions. Empower is addressing this surge through technologically advanced infrastructure, including AI-powered predictive maintenance and real-time monitoring. These innovations, combined with rising climate change concerns, position Empower as a resilient, future-ready player driving Dubai's smart and green urban evolution.

Figure 14: Macroeconomic Factors Supporting Demand for District Cooling



Source: Company Information

Empower's Infrastructure-Led Growth Strategy for Regional Expansion

Empower aims to expand its connected capacity to 1.86 Mn RT by FY2027

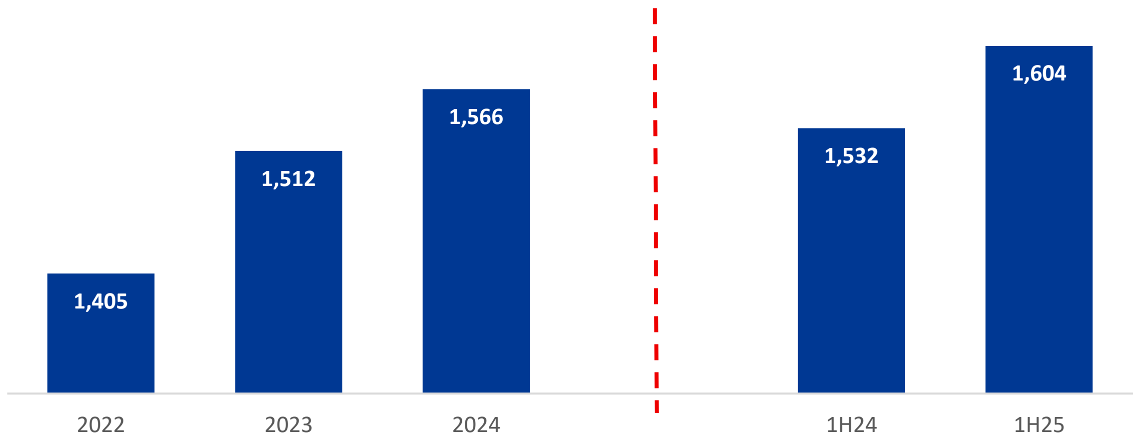
Empower's long-term growth strategy is intricately aligned with Dubai's Clean Energy Strategy 2050, which targets sourcing 75% of the city's energy needs from clean sources by mid-century. As one of the most energy-efficient technologies available, district cooling is critical in achieving this objective by significantly reducing electricity consumption and seamlessly integrating with renewable energy sources such as solar power and treated sewage effluent (TSE). Recognizing this strategic alignment, Empower is aggressively scaling both its infrastructure and geographical footprint to meet rising demand.

By 2027, Empower aims to expand its connected capacity to 1.86 Mn RT, supported by the development of six new district cooling plants. These include projects like the Jumeirah Beach Hills (JBH) plant, which will deliver 48 kRT upon completion and serve a premier residential and tourism hub; the Deira Waterfront plant, with a 39 kRT capacity planned to serve over 46 buildings, where 20 kRT is scheduled to go live by mid-2025; and a second plant in Jumeirah Village with a 37 kRT capacity, complementing an existing 49 kRT facility already cooling 114 buildings. These strategic additions form part of a broader infrastructure initiative that will inject a total of 256 kRT into Empower's network by 2027.

Central to Empower's operational backbone is its robust Manufactured Capital, including state-of-the-art district cooling plants positioned strategically for proximity to demand centers. This placement ensures optimal energy transfer with minimal loss and contributes to high system efficiency. Facilities like the Business Bay District Cooling Project, holder of two Guinness World Records for the world's largest capacity and coverage, demonstrate Empower's technical leadership. The project currently delivers 241 kRT across 188 buildings and is set to scale to 452 kRT, with its Business Bay 5 plant recently earning LEED Gold Certification.

Empower's growth blueprint incorporates both organic and inorganic strategies: expanding through new connections and retrofits, while also exploring acquisitions and regional partnerships, particularly in high-growth GCC markets such as Saudi Arabia. The integration of advanced technologies, AI, thermal energy storage (TES), and reverse osmosis, further enhances efficiency and environmental compliance. These efforts align with Dubai's Demand Side Management Strategy 2030, which targets 40% of the city's cooling demand to be met through district cooling, reinforcing Empower's role as a pivotal enabler of sustainable urban development and climate-aligned infrastructure transformation.

Figure 15: Growth in the Connected Capacity of Empower ('000, RT)



Source: Company Information

Strong Financial Performance with Steady Growth in Topline and Bottomline

Long-Term Contracts Underpin Strong Revenue Visibility

The Company posted a revenue of AED 3.3 Bn from DC services in FY2024, reflecting a 7.4% YOY increase from AED 3.0 Bn in FY2023

Empower's financial performance in FY2024 reinforces its position as the global leader in district cooling and underscores its alignment with Dubai's broader economic diversification and sustainability agendas. The Company posted a revenue of AED 3.3 Bn from DC services, reflecting a 7.4% YOY increase from AED 3.0 Bn in FY2023. Additionally, Empower achieved a CAGR of 9.7% over the past four years, rising from AED 2.2 Bn in FY2020. This consistent upward trajectory highlights the strength of Empower's strategic model, operational discipline, and its ability to tap into rising urban cooling demand.

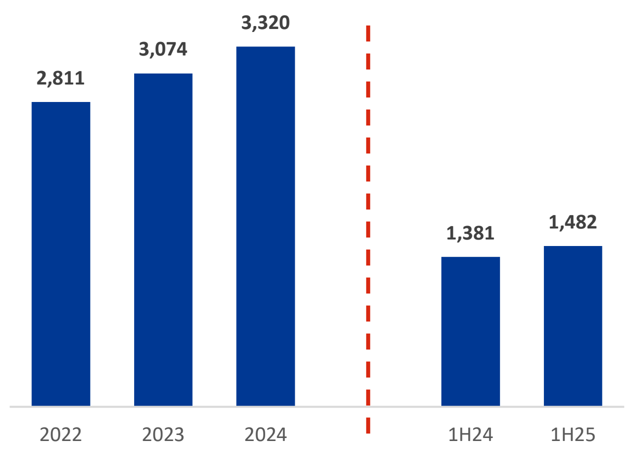
A key driver behind this revenue expansion is the surge in consumption of district cooling services, which grew at a CAGR of 14.7% from 1.7 Bn Refrigeration Ton-hours (RTh) in FY2020 to 3.0 Bn RTh in FY2024. This rapid increase is tied to Dubai's booming real estate and infrastructure sectors, where Empower plays a pivotal role in enabling sustainable development. As of 1H25, the Company's contracted capacity reached 1.9 Mn Refrigeration Tons, while total connected capacity stood at 1.6 Mn RT. These figures reflect the Company's capability to meet the cooling demands of an ever-expanding urban population and business ecosystem.

Empower's service footprint now spans 1,684 buildings, serving over 148,000 customers. Its deep integration with key developments through exclusive, long-term contracts has created high entry barriers for competitors while generating stable, recurring revenues. The Company's relationships with master developers and property owners have enabled a steady pipeline of new connections, including flagship projects like Wasl Tower, Al Habtoor Tower, and Sobha's The Crest.

Consumption of district cooling services grew at a CAGR of 14.7% from 1.7 Bn RTh in FY2020 to 3.0 Bn RTh in FY2024

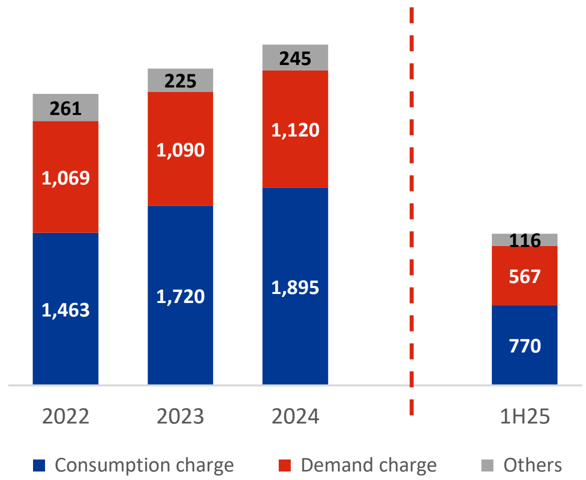
Empower aims to scale its connected capacity to 1.86 Mn RT by FY2027. This ambitious goal will be achieved through a mix of infrastructure investments, building conversions from traditional to district cooling systems, and the rollout of six new district cooling plants. By incorporating advanced technologies such as AI-powered predictive maintenance, reverse osmosis, and thermal energy storage, Empower is enhancing system efficiency and environmental sustainability. We expect the total revenue to grow at a CAGR of 6.7% from AED 3.3 Bn in FY2024 to AED 4.6 Bn in FY2029. The consumption is expected to grow at a CAGR of 7.3% from 3.0 Bn RTh in FY2024 to 4.3 Bn RTh in FY2029. Total contracted capacity is also expected to expand to 2.3 Mn RT in FY2029.

Figure 16: Total Revenue (AED Mn)



Source: Company Information

Figure 17: Segmental Revenue (AED Mn)



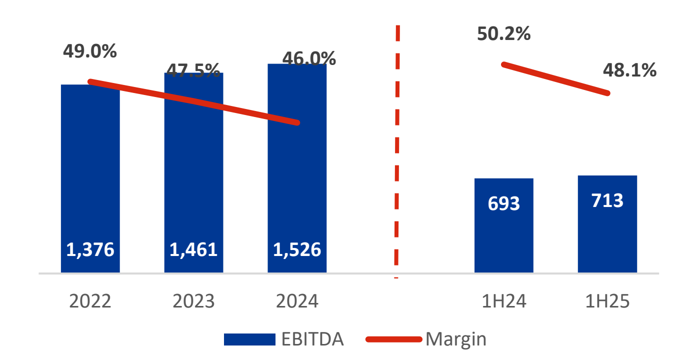
Source: Company Information

Strong Cash Inflows Supported by Healthy EBITDA Margins

In FY2024, Empower reported a net profit attributable to shareholders of AED 897 Mn, representing a 5.9% YOY decline from AED 953 Mn in FY2023. This decrease occurred despite improvements in operational performance and profitability at the EBITDA level, primarily due to the introduction of the UAE's corporate income tax and increased finance costs. Beginning January 1, 2024, Empower became subject to a 9% corporate tax on net profits, resulting in a current tax liability of AED 90 Mn. Additionally, finance costs charged to the profit and loss account rose from AED 221 Mn in FY2023 to AED 248 Mn in FY2024, while actual interest payments on borrowings increased from AED 265 Mn in FY2023 to AED 299 Mn in FY2024. We expect the Company's net profit attributable to shareholders to grow at a CAGR of 9.2% from AED 897 Mn in FY2024 to AED 1,391 Mn in FY2029.

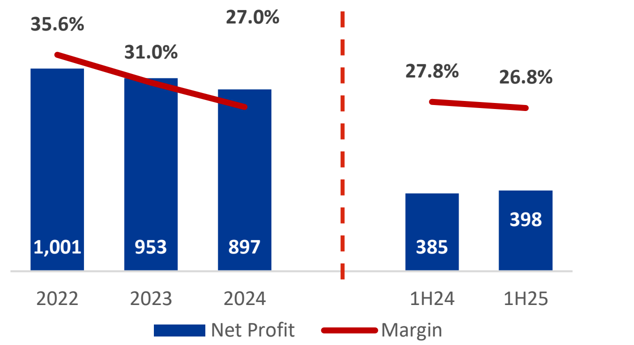
Empower's EBITDA increased by 4.5% YOY, rising from AED 1,461 Mn in FY2023 to AED 1,526 Mn in FY2024. This growth reflects strong operational execution, increased consumption of district cooling services, and continued efficiency improvements across the company's infrastructure. Empower's ability to maintain a healthy EBITDA margin underlines its resilience and operational strength amidst external financial pressures. We expect the Company's EBITDA to grow at a CAGR of 7.1% from AED 1,526 Mn in FY2024 to AED 2,146 Mn in FY2029. Empower's cash flow generation was a key highlight of FY2024. Net cash generated from operating activities rose significantly from AED 1.4 Bn in FY2023 to AED 1.8 Bn in FY2024, supported by higher EBITDA and improved working capital efficiency. Furthermore, the absence of major acquisitions, unlike FY2023, when AED 893 Mn was spent on acquiring DXB CoolCo, helped Empower strengthen its free cash flow position. This improvement provides the Company with greater flexibility to reinvest in infrastructure and pursue growth initiatives, reinforcing its long-term financial sustainability.

Figure 18: EBITDA (AED, Mn) and Margin (%)



Source: Company Information

Figure 19: Net Profit[1] (AED, Mn) and Margin (%)



Source: Company Information, [1]Net Profit attributable to Equity Holders

Strong Cash Position with Healthy Dividend Payout

Interest coverage ratio of 3.99x, calculated from EBIT of AED 1.2 Bn and interest expenses of AED 299 Mn (including capitalized), highlighting ample operating earnings to meet financing costs and indicating low default risk

In FY2024, Empower maintained a strong and resilient financial position, underpinned by disciplined debt management, strategic capital expenditure, and a balanced approach to capital structure. The Company demonstrated its ability to service debt effectively, with an Interest Coverage Ratio of 3.99x, calculated from EBIT of AED 1.2 Bn and interest expenses of AED 299.0 Mn (including interest capitalisation of AED 55 Mn), highlighting ample operating earnings to meet financing costs and indicating low default risk. Empower's Debt-to-Equity Ratio stood at 1.63x in FY2024, based on total debt of AED 5.5 Bn and equity of AED 3.4 Bn, reflecting the strategic use of leverage to fund infrastructure expansion while maintaining financial prudence.

Capital expenditure in FY2024 stood at AED 307 Mn, directed toward expanding and upgrading district cooling infrastructure, including investments in chilled water plants and pre-insulated pipe networks. These investments reinforce operational efficiency and position Empower for future demand growth. Segment assets for chilled water infrastructure stood at AED 11.1 Bn, while pre-insulated pipe assets reached AED 87 Mn, emphasizing the scale and capital intensity of Empower's physical network. The Company also had ongoing project commitments of AED 727 Mn as of December 31, 2024, underscoring its long-term investment focus. Sustainability remains central to Empower's strategy, with a planned AED 100 Mn investment in FY2025 toward energy-efficient and eco-friendly initiatives. Meanwhile, depreciation and amortization expenses totalled AED 359 Mn, primarily attributed to property, plant, and equipment.

Empower also upheld its shareholder value proposition through a robust dividend policy. The Company distributed AED 863 Mn in dividends for FY2024, resulting in a high payout ratio of 96.2%, based on a net profit attributable to shareholders of AED 897 Mn. This approach balances attractive shareholder returns with capital availability for reinvestment, reaffirming Empower's commitment to long-term growth, financial stability, and stakeholder confidence.

Figure 20: Free Cash Flow (AED, Mn) and FCF Conversion (%)

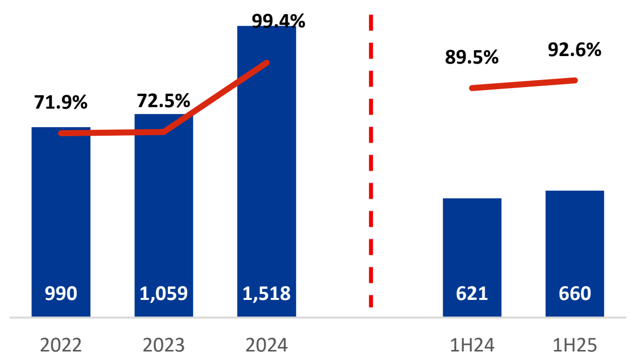
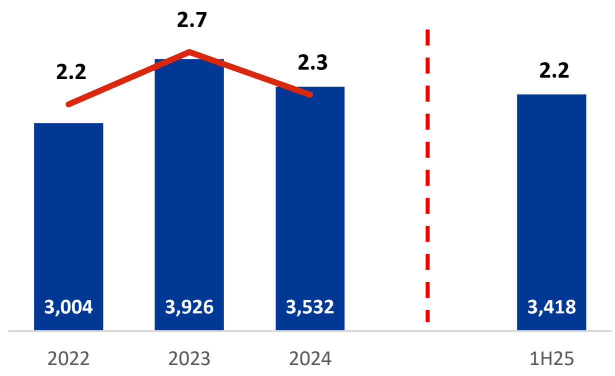


Figure 21: Net Debt (AED, Mn) and Net Debt to EBITDA (x)



Source: Company Information, FCF = Cash flow from operations (net) – Capex, FCF Conversion = FCF/ Calculated EBITDA

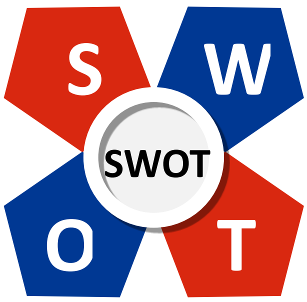
SWOT Analysis

STRENGTHS

- **Dominant position in Dubai:** Empower maintains a dominant position in Dubai's district cooling market, with the largest installed and connected capacity in the region.
- **Long-Term Contract Structure:** District cooling contracts are typically long-term in nature, providing Empower with stable and predictable revenue streams over extended periods
- **Large entry barrier:** The capital-intensive nature of the industry limits new entrants, ensuring limited competition and protecting Empower's market position.
- **Robust Financial Profile:** Empower benefits from a relatively stronger financial position compared to industry peers, supported by a less leveraged balance sheet and healthy cash flows.
- **Strategic Partnerships:** Strong relationships with key master developers, such as Dubai Holding, provide preferential access to upcoming real estate projects and support long-term expansion**.**
- **Strong infrastructure:** With a connected capacity of 1.6 Mn RT, a 418 km pipeline network, and 88 operational plants servicing over 1,600 buildings, Empower operates one of the most extensive DCS infrastructures globally.

WEAKNESSES

- **Geographic Concentration:** The company is entirely reliant on the Dubai market for its revenue. This geographic concentration exposes Empower to localized economic downturns and regulatory risks.
- **Margin Pressure:** In recent years, the company has experienced a decline in profit margins, primarily due to rising utility and energy costs.
- **Cyclicality and Seasonality:** Empower's performance is closely tied to the real estate cycle, which is inherently cyclical. Additionally, seasonal fluctuations in cooling demand result in uneven cash flows across quarters
- **Industry Leverage and Financing Costs:** While Empower itself is comparable less leveraged, the district cooling industry as a whole is capital-intensive and typically financed through significant debt, leading to high finance costs that may impact future profitability**.**



OPPORTUNITIES

- **Geographic Diversification:** There is significant potential for Empower to expand into emerging markets such as Africa and Asia, where rising urbanization and climate change concerns are driving demand for efficient cooling solutions.
- **Rising Demand for District Cooling:** Increasing global temperatures and the growing need for sustainable and energy-efficient cooling systems are expected to boost demand for district cooling services.
- **Strategic Acquisitions:** Empower can accelerate growth through strategic acquisitions. The successful acquisition of Nakheel's district cooling plants and the cooling rights at Dubai International Airport demonstrate the viability of this expansion strategy.
- **Alignment with Green Energy Goals:** District cooling is well-aligned with the UAE's Net Zero 2050 strategy; positioning Empower to benefit from regulatory incentives and public sector collaboration in sustainable infrastructure projects.

THREATS

- **Competitive Pressure:** Intensifying competition from other district cooling providers may erode market share and compress margins, compelling Empower to continually innovate and invest in efficiency enhancements.
- **Regulatory Changes:** Any changes in regulatory frameworks, such as pricing controls, environmental mandates, or operational standards, could increase compliance costs and affect profitability.
- **Volatility in the Real Estate Market:** Empower's revenues are closely linked to real estate development activity. Fluctuations in the property market, especially during economic downturns, could adversely impact customer demand and connection volumes.

Valuation Methodology

Target Fair Value Analysis

DCF, DDM AND RELATIVE VALUATION

We arrive at Empower's fair value of AED 2.15 per share based on a mix of valuation methods

We have employed a combination of Discounted Cash Flow (DCF), Dividend Discount Model (DDM), and Comparable Company Method (CCM) valuation methods to determine Empower's fair value. Empower, headquartered in Dubai, stands as one of the world's leading district cooling service providers, with a connected capacity of c. 1.6 Mn RT and a contracted capacity of 1.8 Mn RT as of 1Q25. Established in 2003 as a joint venture between DEWA and the Free Zone Authority, the Company commenced operations in 2004 and has since grown to serve more than 144K customers across 1,637 buildings. Empower's rapid growth included the launch of the UAE's largest pre-insulated pipe manufacturing facility in 2007. In 2011, it began utilizing recycled treated sewage water in its operations. The Company has also expanded through key acquisitions, including Palm District Cooling in 2013, the Al Barari plant in 2018, the Meydan District Cooling plants in 2020 and Nakheel's plants in 2021. In 2022, Empower commissioned the Za'abeel plant, with a capacity of 50 K RT. Most recently, in 2023, it acquired an 85% equity stake in DXB CoolCo FZCO, the district cooling service provider at Dubai International Airport. With a strong track record of innovation, strategic acquisitions, and sustainable practices, Empower continues to solidify its position as a global leader in district cooling solutions.

We have assigned a higher weight to DCF valuation based on its reliability in capturing future cash flow projections over multiple periods as opposed to other valuation methods. In CCM valuation, the EV/EBITDA multiple and the P/E multiple are used to value the company. The EV/EBITDA valuation multiple enables comparison of companies of various sizes with different capital structures, while the P/E valuation multiple facilitates easy comparison with similar companies within the industry or sector. Empower paid total dividends of AED 863 Mn semiannually for the period of FY2024, including AED 425 Mn for the period of 1H24 and AED 438 Mn for the period of 2H24. The DPR for Empower stood at 96.2% in FY2024. The Company announced dividends of AED 875 Mn each for the periods of FY2025 and FY2026 to be paid on a semiannual basis. After that, we expect the Company to distribute 81.8% of its net profit attributable to shareholders as dividends during the forecasted period. The Company is expected to increase its dividend payment in line with its earnings. Thus, we have valued the Company using the DDM valuation method, in which the dividend paid to shareholders is used to value the Company.

CONSOLIDATED VALUATION OF EMIRATES CENTRAL COOLING SYSTEMS CORPORATION

Name of Entity	Valuation (AED, Mn)	Weight (%)	Total Valuation (AED, Mn)
Valuation of the Empower based on -			
Discounted Cash Flow (DCF)	22,973	70.0%	16,081
Relative Valuation (Average of EV/EBITDA & P/E)	18,912	20.0%	3,782
Dividend Discount Valuation (DDM)	15,880	10.0%	1,588
Total Valuation (AED, Mn)			**21,452**
Total Valuation (USD, Mn)			**5,841**
No. of Shares Outstanding (Mn)			**10,000**
Equity Value per Share (AED)			**2.15**

Source: FAB Securities Research

The performance of Empower is analyzed in detail to arrive at fair value estimates. We took a fair estimate across the respective companies' income statements and financial positions to arrive at their valuation. The valuation brought forward a target value of AED 2.15 per share.

The weightage assigned to the DCF, Relative valuation and DDM methods stood at 70%, 20% and 10%, respectively.

We arrived at a value of AED 23.0 Bn/AED 2.30 per share using DCF valuation

1) Discounted Cash Flow Valuation

We relied upon the Company's historical financial performance, historical addition in connected capacity, growth in consumption volume, market expansion, acquisition and recent guidance/outlook on capacity addition provided by the Company management to arrive at the valuation through DCF methodology. We derived the Company's Terminal Value using the Gordon Growth Model and extrapolated last year's adjusted free cash flows at a terminal growth rate of 2.0% to perpetuity. To arrive at Ke (Cost of Equity), we have used the 10-year government bond yield of 5.3%, country risk premium of 3.9%, and a beta of 0.95. After applying all these, we arrived at the cost of equity of 9.0%. We have used a 10-year US Government Yield and further added a 10-year Dubai Government CDS spread to arrive at an appropriate risk-free rate. Empower has an outstanding debt of AED 5.5 Bn as of 1H25 at an implied borrowing cost of 5.99%. The borrowing facility includes an RCF of AED 2.75 Bn. The Company is likely to maintain its current debt level during the forecasted period. Therefore, we have used free cash flow to a firm (FCFF) to arrive at the valuation using the DCF methodology. The same is used to arrive at a weighted average cost of capital (WACC). We assume the cost of debt is 5.2% for FY2025-29 and adjust the tax rate of 9.0% to arrive at the after-tax cost of debt of 4.8%. The debt-to-equity ratio of 33.2% is used to arrive at the required return ratio.

I. DCF Valuation of Emirates Central Cooling Systems Corporation

	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
All figures in AED Mn, unless stated						
NOPAT	1,149	1,238	1,338	1,445	1,549	1,654
(+/-) Depreciation & amortization	369	386	407	427	446	465
(+/-) CAPEX	-470	-543	-687	-472	-665	-459
(+/-) Working Capital	77	107	121	116	119	122
Free Cash Flow to Firm	**1,125**	**1,188**	**1,180**	**1,516**	**1,450**	**1,783**
Discount Factor	0.98	0.90	0.84	0.78	0.72	0.67
Present Value of FCFF	**549**[1]	**1,075**	**989**	**1,177**	**1,043**	**1,188**
Total Present value of FCFF						6,021
Terminal Value						20,554
Terminal Growth Rate						2.0%
Weighted Average Cost of Capital						7.9%
Enterprise Value						**26,575**
Net Debt						3,421
Non-controlling interest						180
Equity Value						**22,973**
Equity Value Per Share (AED)						**2.30**

Source: FAB Securities Research, [1]Adjusted for partial year

FAB أبـوظبـي الأول للأوراق المالية SECURITIES

Sensitivity analysis generates the highest valuation of AED 35.6 Bn and the lowest valuation of AED 16.7 Bn by DCF method

a) Sensitivity of DCF to Key Assumptions

Our DCF valuation is based on a weighted average cost of capital (WACC) of 8.0%. A sensitivity analysis shows that a change of +/- 0.5% in the weighted average cost of capital and terminal growth rate will provide a valuation range of AED 16.7 Bn to AED 35.6 Bn. The table below shows the sensitivity between the change in terminal growth rate and weighted average cost of capital.

1. DCF Sensitivity to Terminal Growth Rate and WACC

		Terminal Growth				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	7.0%	23,978	26,075	28,599	31,697	35,591
	7.5%	21,736	23,470	25,524	27,998	31,035
	8.0%	19,821	21,274	22,973	24,987	27,412
	8.5%	18,167	19,398	20,823	22,488	24,463
	9.0%	16,724	17,778	18,986	20,382	22,015

2) Relative Valuation

We are using EV/EBITDA and P/E valuations to value the firm

In the CCM valuation, the EV/EBITDA and P/E multiples are used to value the Company, as the EV/EBITDA multiple allows us to compare companies of various sizes with different capital structures, and the P/E multiple allows for easy comparison with similar companies within the industry or sector. We have used the EBITDA of FY2025 for the EV/EBITDA multiple calculations. We have used regional companies operating in the utility and energy sectors to compare their business models for relative valuation. In addition, international companies operating in a similar industry are also included for valuation.

II. Relative Valuation of Emirates Central Cooling Systems Corporation

(All Figures in AED Mn, unless stated)	
Based on EV/EBITDA Multiple	
EBITDA (FY2025)	1,628
Applicable Multiple	14.8x
Premium/(Discount to Median Multiple)	0.0%
Peer Median Valuation	14.8x
Enterprise Value	**24,020**
Net (Debt)/Cash & NCI (As of 1H25)	-3,602
Equity Value	**20,418**

Source: Company Information, FAB Securities Research

(All Figures in AED Mn, unless stated)	
Based on PE Multiple	
Net Income (FY2025)	958
Applicable Multiple	18.2x
Premium/(Discount to Median Multiple)	0.0%
Peer Median Valuation	18.2x
Equity Value	**17,407**

Source: Company Information, FAB Securities Research

III. Peers Valuation

		EV/EBITDA (x)		PE (x)	
Company. Name	Market Cap (USD, Mn)	2025	2026	2025	2026
Global & Local Companies					
Essential Utilities, Inc.	10,736	14.2	13.2	18.0	17.2
National Central Cooling Company PJSC	2,259	10.3	10.2	13.6	13.3
Exelon Corporation	43,520	10.4	9.7	16.0	15.3
Dubai Electricity and Water Authority	37,297	10.1	9.7	18.3	17.1
Qatar Electricity and Water Company QPSC	4,813	20.3	19.0	13.3	11.5
American Water Works Company	28,318	15.3	13.9	24.5	22.9
Shenzhen Envicool Technology Co., Ltd.	9,842	80.5	55.3	103.9	73.6
Abu Dhabi National Energy Company PJSC	106,214	21.8	20.0	49.6	46.3
Beijing Jingneng Thermal Co., Ltd.	417	NA	NA	NA	NA
Average		**22.9x**	**18.9x**	**32.2x**	**27.1x**
Median		**14.8x**	**13.5x**	**18.2x**	**17.2x**
Max[1] (Quartile 3)		**20.7x**	**19.3x**	**30.8x**	**28.8x**
Min[2] (Quartile 1)		**10.4x**	**10.1x**	**15.4x**	**14.8x**

Source: S&P Capital IQ Pro, [1] Values correspond to Quartile 3, [2] Values correspond to Quartile 1

3) Dividend Discount Valuation (DDM)

Using the DDM approach, we arrive at a fair value of AED 15.9 Bn/AED 1.59 per share

Empower consistently paid dividends with the most recent dividend payout ratio of 96.2% in FY2024. The Company paid AED 863 Mn for the period of FY2024 on a semiannual basis and declared AED 875 Mn each for FY2025 and FY2026 to be paid semiannually. After that, we expect the Company to maintain a payout ratio above 81.8% in the forecasted period and expect the dividend to grow in line with Empower's earnings. The Company intends to distribute dividends semiannually. All forecasted dividends are discounted to present value using the cost of equity of 9.0%. We have also calculated our terminal growth rate, assuming the Company's business will continue to operate until perpetuity, using the terminal growth rate of 2.0%.

I. Dividend Discount Valuation

	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
All figures in AED Mn, unless stated						
Total Dividend	**438**	**875**	**950**	**1,050**	**1,150**	**1,250**
Discount factor	*0.97*	*0.89*	*0.82*	*0.75*	*0.69*	*0.63*
Present Value of Dividend	**426**	**782**	**779**	**789**	**793**	**791**
Total Present Value of Dividend						4,360
Terminal Value						11,520
Dividend Growth Rate						2.0%
Cost of Equity						9.0%
Equity Value						**15,880**
Equity Value per Share (AED)						**1.59**

Source: Company Information, FAB Securities Research

Key Financial Metrics

Financials

Revenue

Total revenue is expected to grow at a CAGR of 6.7% from AED 3,320 Mn in FY2024 to AED 4,596 Mn in FY2029

Empower, headquartered in Dubai, is one of the world's largest district cooling service providers, with approximately 1.6 Mn RT in connected capacity and 1.9 Mn RT in contracted capacity as of 1H25. Established in 2003 as a joint venture between DEWA and the Free Zone Authority, Empower began operations in 2004 and has since grown to serve over 144,000 customers across 1,637 buildings. The company expanded rapidly, launching the UAE's largest pre-insulated pipe manufacturing facility in 2007. It introduced recycled treated sewage water in 2011 and made significant acquisitions, including Palm District Cooling in 2013 and the Al Barari plant in 2018. In 2020, Empower acquired Meydan district cooling plants, adding 382,000 RT, followed by the acquisition of Nakheel's plants in 2021 for AED 674 Mn, adding 88,000 RT in contracted capacity. In 2022, it commissioned the Za'abeel plant (50,000 RT), which earned a USGBC Gold certification. Most recently, in 2023, Empower acquired 85% equity stake in DXB CoolCo FZCO, a company providing district cooling services at the Dubai International Airport for a consideration of AED 892.5 Mn, with a capacity of 110,000 RT.

The company's primary revenue stream is demand and consumption charges. Demand charges are fixed in nature, as this is earned based on the demand load or connected capacity, whereas consumption charges are variable and earned based on the customers' consumption. Demand charges cover the company's capital expenditure, while consumption charges cover variable costs, such as an increase in electricity and water costs. The Company earns other revenue from connection charges, temperature surcharges, meter maintenance, etc.

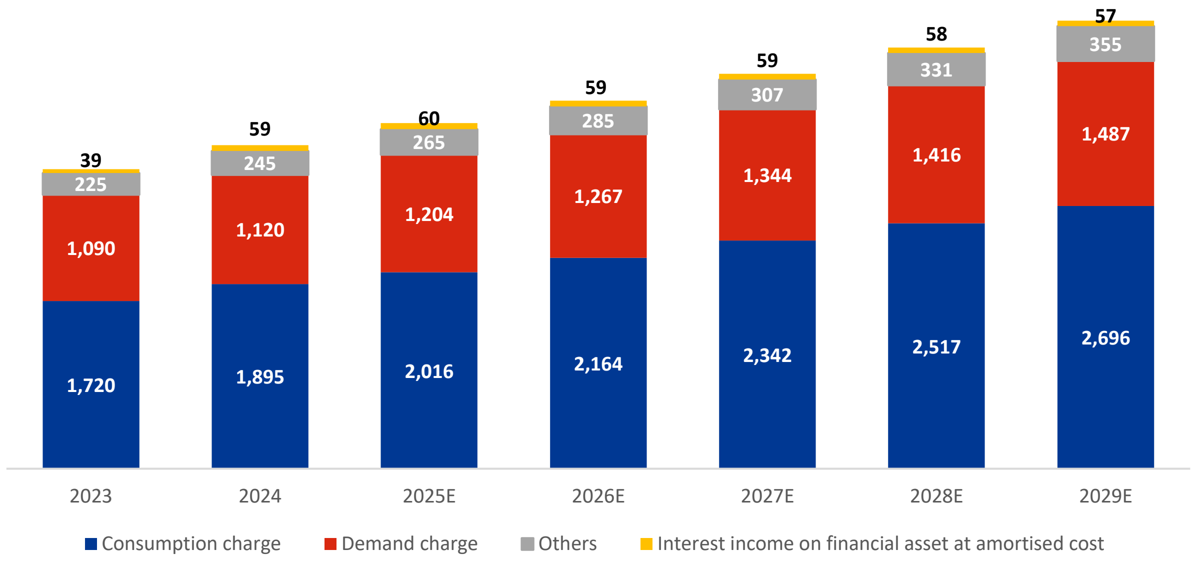
The Company's connected capacity or demand load has increased considerably over the last five years. Empower added 338 K RT between FY2020 and FY2024, leading to 1,566 K RT of connected capacity by FY2024. Empower is expected to add 169 K RT by FY2026 and is anticipated to increase its connected capacity to 1,849 K RT by FY2027. We expect the connected capacity to grow to over 2,000 K RT by FY2029. Thus, Empower is set to maintain its growth momentum and create long-term value through ongoing capacity expansion and the strategic scaling of its district cooling services.

KPIs	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Contracted capacity (K RT)							
Total	**1,663**	**1,764**	**1,852**	**1,945**	**2,042**	**2,144**	**2,251**
Demand load / connected capacity (K RT)							
Existing capacity	1,405	1,512	1,566	1,644	1,735	1,849	1,928
Addition in capacity	107	54	78	90	114	79	111
Total	**1,512**	**1,566**	**1,644**	**1,735**	**1,849**	**1,928**	**2,039**
Consumption (RTh Mn)							
Existing consumption	2,340	2,721	2,988	3,179	3,413	3,692	3,969
Growth in consumption	381	267	191	234	279	277	282
Total	**2,721**	**2,988**	**3,179**	**3,413**	**3,692**	**3,969**	**4,251**

EMPOWER's total revenue grew 8.0% YOY from AED 3,074 Mn in FY2023 to AED 3,320 Mn in FY2024 due to higher growth in consumption and a moderate increase in demand charges. Consumption charges contributed 58.1% of the total revenue in FY2024 as compared to 56.7% in FY2023. The revenue from consumption charges stood at AED 1,895 Mn in FY2024, increasing from AED 1,720 Mn in FY2023, whereas revenue from demand charges increased from AED

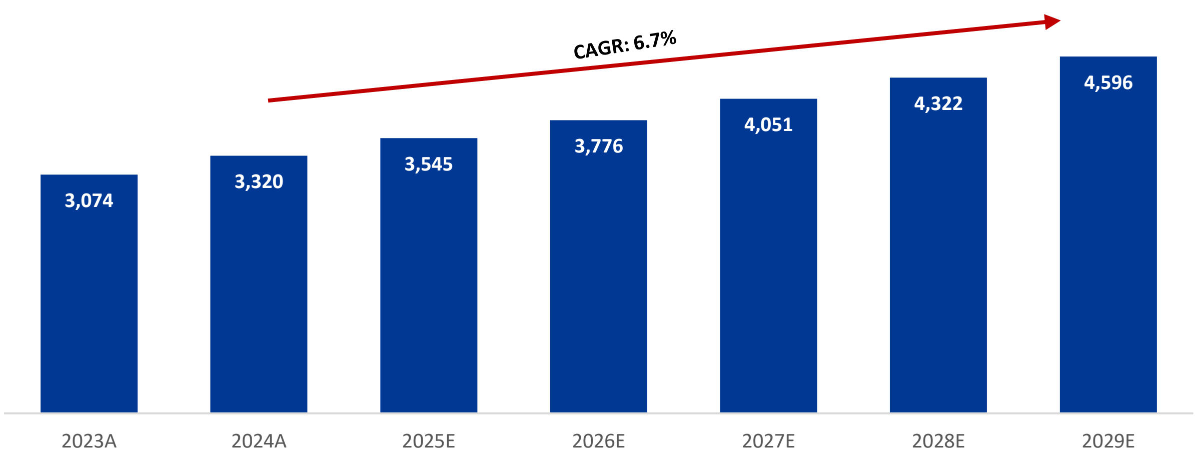
1,090 Mn in FY2023 to AED 1,120 Mn in FY2024. The Company recorded an increase in consumption by 267 Mn RTh to 2,988 Mn RTh in FY2024. The connected capacity of the Company stood at 1,566 Mn RT as of FY2024. Moreover, Empower's total revenue grew 7.5% YOY to AED 1,453 Mn in 1H25, mainly due to an increase in connected capacity to 1,604 K RT from 1,532 K RT in 1H24. Empower's total revenue is further expected to grow at a CAGR of 6.7% from AED 3,320 Mn in FY2024 to AED 4,596 Mn in FY2029, driven by capacity expansion in the district cooling space. Around 60% of Empower's DC service revenue is expected from consumption charges by FY2029. Consumption charges are projected to clock revenue of AED 2,696 Mn by FY2029, registering a CAGR of 7.3% from FY2024. Meanwhile, demand charges are expected to record AED 1,487 Mn by FY2029, increasing at a CAGR of 5.8% during the same period. The Company's total consumption is expected to reach more than 4.3 Mn RTh by FY2029, and demand load is anticipated to touch c. 2 Mn RT organically.

Figure 22: Segmental Total Revenue (AED, Mn)



Source: Company Information, FAB Securities Research 2025E-29E

Figure 23: Total Revenue (AED, Mn)



Source: Company Information, FAB Securities Research 2025E-29E

EBITDA

EBITDA is expected to grow at a CAGR of 7.1% from AED 1,526 Mn in FY2024 to AED 2,146 Mn in FY2029

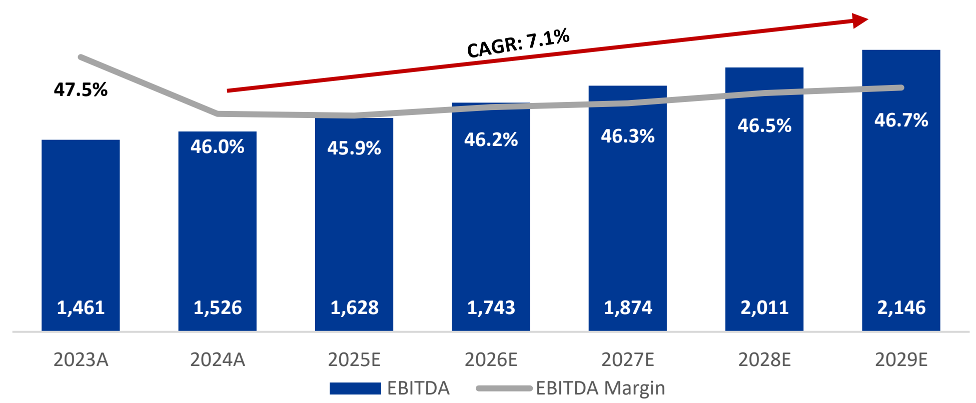
EMPOWER's EBITDA grew 4.5% YOY from AED 1,461 Mn in FY2023 to AED 1,526 Mn in FY2024, while the EBITDA margin declined from 47.5% in FY2023 to 46.0% in FY2024. The Company recorded a decline in EBITDA margins due to an increase in the utilities cost.

The Company's cost of sales increased 10.1% YOY from AED 1,741 Mn in FY2023 to AED 1,917 Mn in FY2024 due to the increase in utilities costs, staff costs and other expenses. Direct staff cost increased marginally to AED 43 Mn in FY2024 from AED 39 Mn in FY2023. The Company recorded depreciation on PPE of AED 334 Mn in FY2024 compared to AED 324 Mn in FY2023. Cost of sales is projected to grow at a CAGR of 6.4% from AED 1,917 Mn in FY2024 to AED 2,615 Mn in FY2029. Direct costs include utilities costs such as electricity, staff costs, depreciation of property, plant & equipment, staff costs, materials, depreciation on RoUs, amortization of intangible assets, impairment charges, repairs and maintenance and others.

General and administrative expenses (G&A) rose 6.7% YOY from AED 220 Mn in FY2023 to AED 235 Mn in FY2024. G&A expenses are expected to grow at a CAGR of 3.6% from AED 235 Mn in FY2024 to AED 281 Mn in FY2029. Staff costs rose from AED 164 Mn in FY2023 to AED 169 Mn in FY2024 and are anticipated to grow at a CAGR of 2.9% to AED 195 Mn in FY2029. G&A expenses made up 7.2% of total revenue in FY2024 and are expected to decline to 6.2% of total revenue in FY2029.

We expect EBITDA to grow at a CAGR of 7.1% from AED 1,526 Mn in FY2024 to AED 2,146 Mn in FY2029. Consequently, the EBITDA margin is expected to expand from 46.0% in FY2024 to 46.7% in FY2029 due to lower growth in utilities costs compared to growth in topline, staff costs, and other G&A expenses.

Figure 24: EBITDA (AED, Mn) and Margin (%)



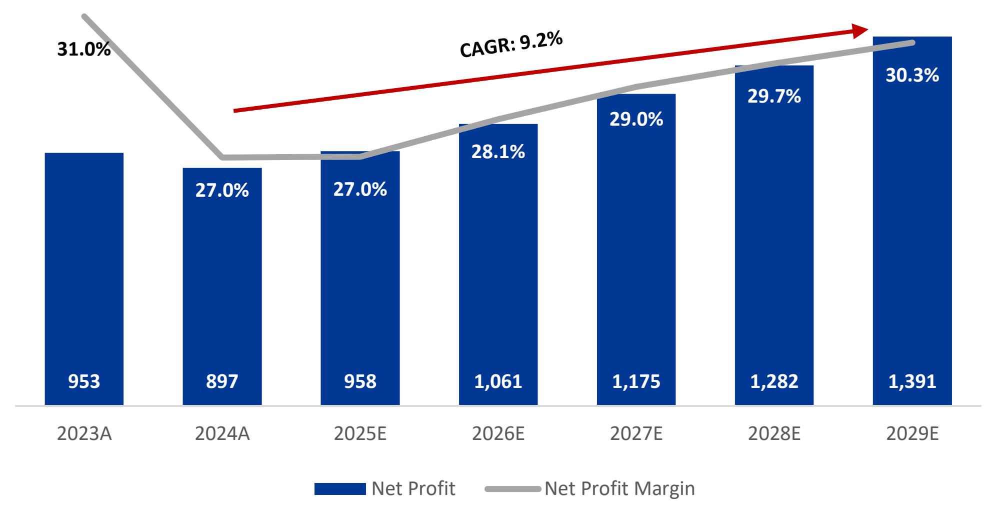
Source: FAB Securities Research 2025E-29E

Net Profit

Net profit attributable to equity holders is anticipated to grow at a CAGR of 9.2% from AED 897 Mn in FY2024 to AED 1,391 Mn in FY2029

Empower recorded a decline of 5.9% YOY from AED 953 Mn in FY2023 to AED 897 Mn in FY2024. The net margin declined from 31.0% in FY2023 to 27.0% in FY2024, due to the introduction of corporate tax in FY2024 and higher finance cost. The Company's net profit attributable to equity shareholders is expected to grow at a CAGR of 9.2% from AED 897 Mn in FY2024 to AED 1,391 Mn in FY2029. Moreover, the net profit margin of Empower is expected to expand from 27.0% in FY2024 to 30.3% in FY2029, owing to an expansion in EBITDA margin and lower interest costs. Recently, the Company's net profit rise from AED 385 Mn in 1H24 to AED 398 Mn in 1H25, mainly attributable to rise in revenue.

Figure 25: Net Income Attributable to Shareholders (AED, Mn) and Margin (%)



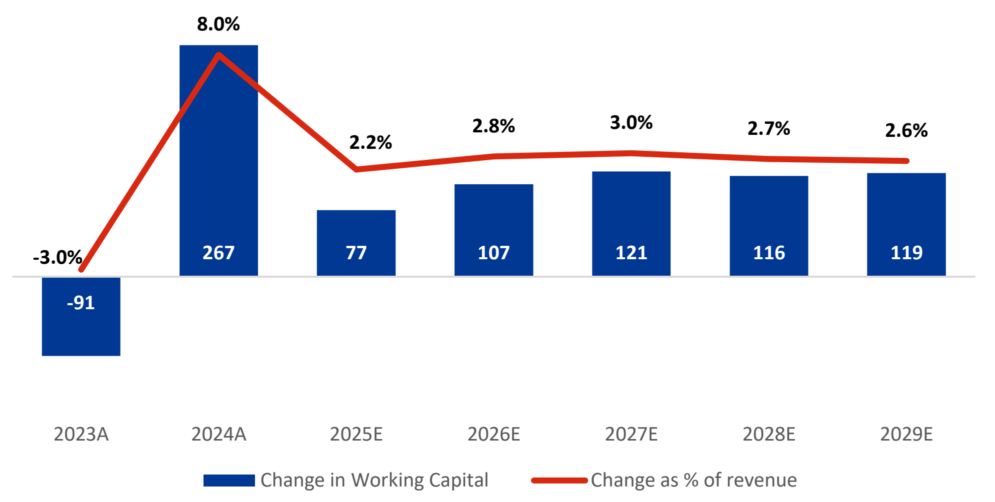
Source: Company Information, FAB Securities Research 2025E-29E

Working Capital

We anticipate Empower to generate a cumulative cash inflow of AED 540 Mn from working capital during FY2025-29

Empower's working capital comprises inventories, trade & other receivables, trade & other payables, due from related parties, and due to related parties. The Company benefits from a favourable working capital position, as its current liabilities exceed current assets. In the last five years (FY2020-24), it generated AED 182 Mn from the working capital. It generated cash from working capital of AED 267 Mn in FY2024, which benefited from higher trade & other payables and the payment of trade receivables. The Company's receivable days stood at 27 days and 21 days in FY2023 and FY2024, respectively. The payable days stood at 131 days and 130 days during FY2023 and FY2024, respectively. We anticipate receivables days to average 20 days and payable days to average 130 days during FY2025-29. Empower's inventory days stood at 9 days and 10 days in FY2023 and FY2024, respectively. We project inventory days to average 10 days during FY2025-29. We further project the Company to generate a cumulative cash inflow of AED 540 Mn from working capital during FY2025-29.

Figure 26: Change in net working capital (AED, Mn) and % of revenue



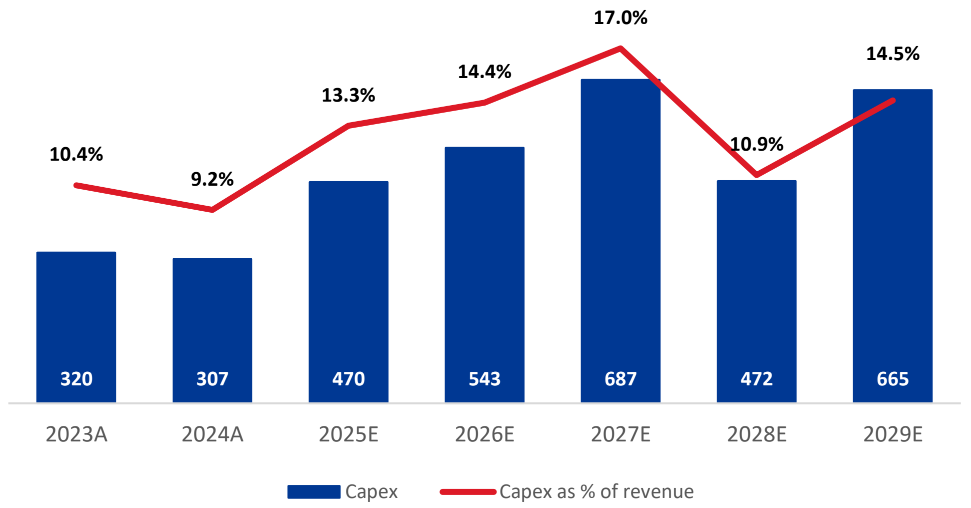
Source: Company Information, FAB Securities Research 2025E-29E

Capital Expenditure

The Company is expected to incur a cumulative capex of AED 2,836 Mn during FY2025-29

The Company reported robust cash reserves, which it intends to utilize to drive organic growth and pursue strategic acquisition opportunities. Empower acquired Meydan district cooling plants in FY2020, followed by the acquisition of Nakheel's plants in FY2021 for AED 674 Mn. The Company also acquired the Dubai International Airport's cooling systems for AED 892.5 Mn in FY2023. The Company is projected to incur expansion capex of AED 6 Mn per RT, leading to a cumulative capital expenditure of AED 2,836 Mn during FY2025-29. We anticipate that Empower will add 75-115 K RT each year during the forecasted period, leading to higher capital expenditure overall.

Figure 27: Capital Expenditure (AED, Mn)



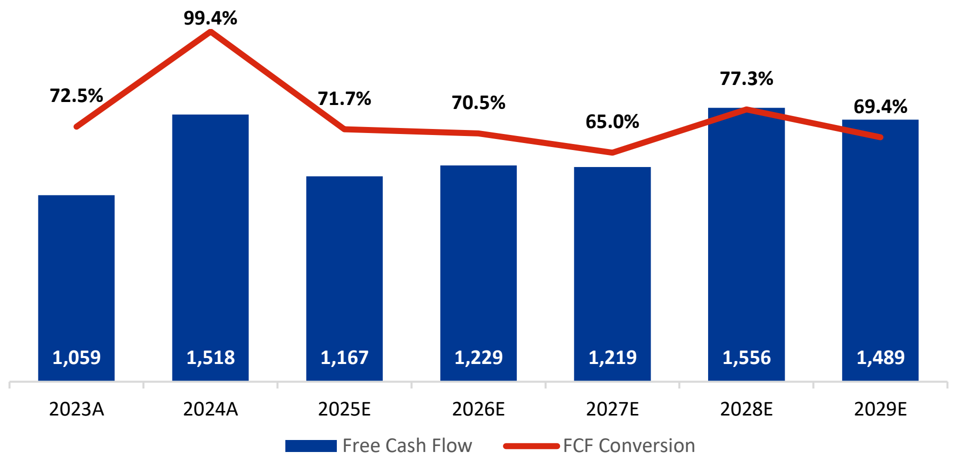
Source: Company Information, FAB Securities Research 2025E-29E, Capex = Investment into PPE

Cash Flow Generation

Empower is expected to generate a cumulative free cash flow of AED 6,660 Mn during FY2025-2029

Empower generated positive free cash flow (FCF) of AED 1,059 Mn and AED 1,518 Mn in FY2023 and FY2024, respectively, while the FCF conversion stood at 72.5% in FY2023 and 99.4% in FY2024. The lower free cash flow conversion rate in FY2023 is attributable to investment in working capital of AED 91 Mn. The higher free cash flow conversion rate in FY2024 is primarily due to a higher net cash inflow from operating activities, resulting from increased working capital inflows from trade receivables and trade & other payables. Empower is projected to generate strong free cash flow over the forecast period, supported by solid operating cash inflows. The Company is expected to achieve a cumulative free cash flow of AED 6,660 Mn, with an average annual operating cash flow of AED 1,899 Mn during FY2025-29. The free cash flow conversion ratio is anticipated to average 70.8% over the forecasted period.

Figure 28: Free Cash Flows[1] & Conversion[2] (AED, Mn)



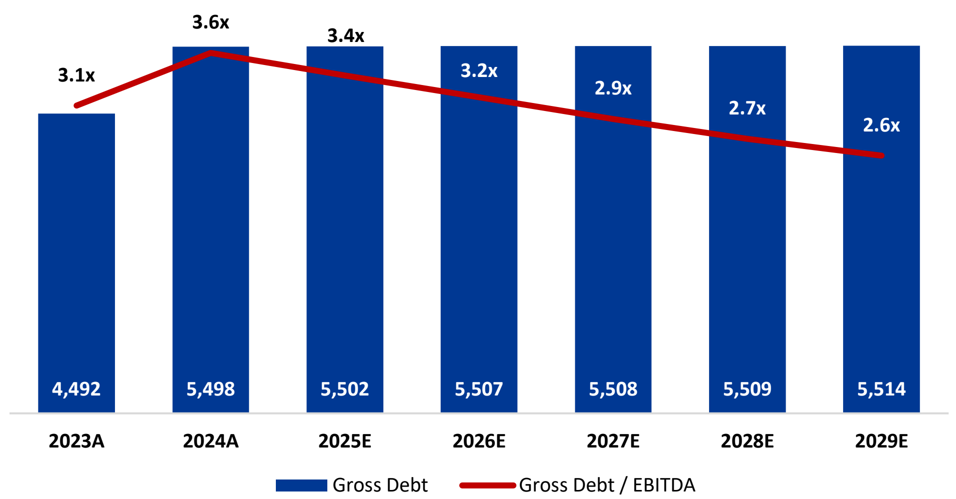
Source: Company Information, FAB Securities Research 2025E-29E, [1]Free cash flow = Cash flow from operations – Capex on PPE, [2]FCF conversion ratio = FCF / EBITDA

Financial Leverage

Empower's gross leverage ratio is projected to reduce from 3.6x in FY2024 to 2.6x in FY2029

The Company's debt levels rose from AED 4.5 Bn in FY2023 to AED 5.5 Bn in FY2024 due to the drawdown from the Revolving Credit Facility (RCF) of AED 2.75 Bn, along with principal repayment of AED 1.75 Bn of term loan facility in FY2024. Thus, Gross Debt / EBITDA rose from 3.1x in FY2023 to 3.6x in FY2024, whereas the Net Debt / EBITDA decreased from 2.7x in FY2023 to 2.3x in FY2024 due to higher cash and cash equivalents. The Company's borrowings facility includes two revolving credit facility, Conventional & Islamic, each of AED 2.75 Bn maturing in September 2027 and February 2028, respectively. Empower is likely to refinance its RCF maturities in the future to fund its expansion activities. We expect that the debt level will be maintained at AED 5.5 Bn during FY2025-29. Gross Debt / EBITDA is anticipated to be 3.4x in FY2025 and likely to decline to 2.6x by FY2029. Meanwhile, Net Debt / EBITDA will decrease from 2.3x in FY2024 to 1.2x by FY2029.

Figure 29: Gross Debt (AED, Mn) & Gross Debt / EBITDA (x)



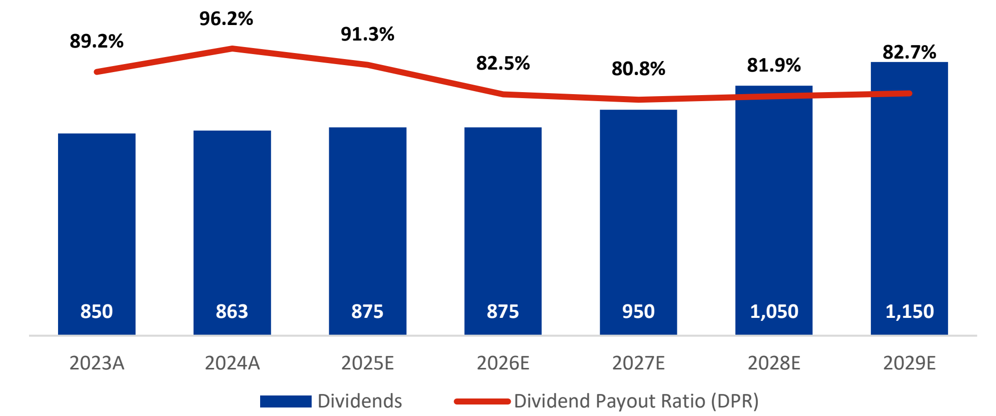
Source: Source: Company Information, FAB Securities Research 2025E-29E

Dividends

Empower is expected to declare a cumulative dividend of AED 4.9 Bn for the period of FY2025-29

Empower has a track record of consistently paying substantial dividends, highlighting its solid financial performance and dedication to rewarding shareholder confidence. The Company pays half-yearly dividends to its shareholders. Empower paid a total dividend of AED 850 Mn for the period of FY2023 on a semiannual basis. The Company paid AED 425 Mn for the period of 1H24 and AED 438 Mn for 2H24, resulting in a total dividend payment of AED 863 Mn for the period of FY2024. According to the new dividend policy, Empower is expected to pay an annual dividend of AED 875 Mn for the next two years. The Company's dividend payout ratio (DPR) stood at 89.2% for FY2023 and 94.8% for FY2024. We expect Empower to maintain a DPR above 80% during the forecasted period, translating to a cumulative dividend of AED 4.9 Bn for FY2025-29. Empower plans to utilize its strong cash reserves to fund dividend payments, reflecting prudent financial management and a commitment to delivering sustainable returns to shareholders.

Figure 30: Dividends (AED, Mn) and Dividend Payout Ratio (%)



Source: Company Information, FAB Securities Research 2025E-29E

Financial Statements:

Income Statement, (AED, Mn)

	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Revenue	**3,035**	**3,260**	**3,484**	**3,717**	**3,993**	**4,264**	**4,539**
Interest income on financial assets at amortised cost	39	59	60	59	59	58	57
Total revenue	**3,074**	**3,320**	**3,545**	**3,776**	**4,051**	**4,322**	**4,596**
Cost of sales	(1,741)	(1,917)	(2,041)	(2,166)	(2,322)	(2,465)	(2,615)
Gross profit	**1,333**	**1,402**	**1,503**	**1,610**	**1,729**	**1,857**	**1,980**
General and administrative expenses	(220)	(235)	(244)	(253)	(262)	(272)	(281)
Net impairment losses on financial assets	-	17	(4)	(4)	(4)	(5)	(5)
Other Income	7	8	8	8	8	8	8
Operating profit	**1,120**	**1,192**	**1,263**	**1,360**	**1,470**	**1,588**	**1,702**
EBITDA	**1,461**	**1,526**	**1,628**	**1,743**	**1,874**	**2,011**	**2,146**
Finance income	44	54	52	46	41	43	49
Finance costs	(221)	(248)	(249)	(226)	(203)	(203)	(204)
Profit / (loss) before tax	**943**	**998**	**1,067**	**1,181**	**1,308**	**1,427**	**1,548**
Income tax expense	17	(90)	(96)	(106)	(118)	(128)	(139)
Profit / (loss) after tax for the year	**960**	**908**	**971**	**1,074**	**1,190**	**1,299**	**1,408**
Profit attributable to:							
Equity holders of the Company	953	897	958	1,061	1,175	1,282	1,391
Non-controlling interests	7	11	12	14	15	16	18
EPS							
Basic	0.10	0.09	0.10	0.11	0.12	0.13	0.14
Diluted	0.10	0.09	0.10	0.11	0.12	0.13	0.14
Shares outstanding							
Basic	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Diluted	10,000	10,000	10,000	10,000	10,000	10,000	10,000

Key Ratios:

	2023A	2024A	2025E	2026E	2027E	2028E	2029E
YOY % Change							
Revenue	9.3%	8.0%	6.8%	6.5%	7.3%	6.7%	6.3%
Gross Profit	4.8%	5.2%	7.2%	7.1%	7.4%	7.4%	6.7%
EBITDA	6.2%	4.5%	6.7%	7.1%	7.5%	7.3%	6.7%
Net profit attributable to shareholders	-4.8%	-5.9%	6.9%	10.7%	10.8%	9.1%	8.4%
% Margin							
Gross Profit	43.4%	42.2%	42.4%	42.6%	42.7%	43.0%	43.1%
EBITDA	47.5%	46.0%	45.9%	46.2%	46.3%	46.5%	46.7%
EBIT	36.4%	35.9%	35.6%	36.0%	36.3%	36.7%	37.0%
Net profit margin	31.0%	27.0%	27.0%	28.1%	29.0%	29.7%	30.3%
Return ratios							
ROE	30.3%	28.0%	29.1%	30.5%	31.3%	31.7%	32.0%
ROA	9.9%	8.1%	8.5%	9.2%	9.8%	10.3%	10.8%
ROCE	13.7%	12.9%	13.5%	14.2%	14.9%	15.6%	16.2%
Free cash flow							
Free cash flow (FCF)	1,059	1,518	1,167	1,229	1,219	1,556	1,489
FCF conversion[1]	72.5%	99.4%	71.7%	70.5%	65.0%	77.3%	69.4%

Source: Company Information, FAB Securities research (2025E-29E), 1Free cash flow = Cash flow from operations – Capex on PPE

Balance Sheet (AED, Mn)

	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Assets							
Non-current assets							
Property, plant and equipment	6,935	6,995	7,114	7,289	7,588	7,653	7,892
Right-to-use assets	4	6	7	8	8	9	10
Intangible assets	340	328	316	304	291	279	267
Deferred tax assets	17	16	16	16	16	16	16
Financial assets at amortised cost	1,325	1,305	1,288	1,271	1,255	1,239	1,223
Financial assets at fair value through other comprehensive income	54	56	56	56	56	56	56
Investment properties	86	118	118	118	118	118	118
Investment in a joint venture	0	0	0	0	0	0	0
Total non-current assets	**8,761**	**8,824**	**8,915**	**9,062**	**9,333**	**9,370**	**9,582**
Current assets							
Inventories	44	54	57	61	65	69	73
Trade and other receivables	319	275	292	312	336	359	382
Due from related parties	9	18	19	21	22	24	25
Financial assets at amortised cost	19	20	20	19	19	19	19
Financial assets at fair value through profit or loss	10	25	25	25	25	25	25
Term deposits	28	30	33	37	40	44	49
Cash and cash equivalents	539	1,937	2,027	2,196	2,330	2,714	2,940
Total current assets	**967**	**2,359**	**2,475**	**2,670**	**2,838**	**3,254**	**3,513**
Total assets	**9,728**	**11,183**	**11,389**	**11,732**	**12,171**	**12,624**	**13,095**
Equity and liabilities							
Equity							
Share capital	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Statutory reserve	500	500	500	500	500	500	500
Other reserves	15	19	26	33	41	49	57
Contributed capital	82	82	82	82	82	82	82
Retained earnings	1,548	1,597	1,680	1,866	2,129	2,411	2,702
Non-controlling interests	167	176	188	202	217	233	251
Total equity	**3,311**	**3,373**	**3,476**	**3,683**	**3,968**	**4,275**	**4,592**
Liabilities							
Non-current liabilities							
Bank borrowings	4,492	5,496	5,502	-	5,508	5,509	5,514
Government grant	306	303	300	297	295	292	289
Provision for employees end of service	55	58	60	63	66	69	72
Retentions payable	18	16	17	18	20	21	22
Lease liabilities	1	0	0	0	0	0	0
Total non-current liabilities	**4,871**	**5,873**	**5,880**	**379**	**5,888**	**5,891**	**5,897**

Current liabilities							
Trade and other payables	1,403	1,678	1,765	1,884	2,021	2,152	2,287
Due to related parties	136	159	170	180	193	205	217
Current tax liabilities	-	89	89	89	89	89	89
Bank borrowings	-	2	-	5,507	-	-	-
Government grant	3	3	3	3	3	3	3
Lease liabilities	3	5	7	8	8	9	10
Total current liabilities	**1,546**	**1,937**	**2,033**	**7,671**	**2,314**	**2,458**	**2,606**
Total liabilities	**6,417**	**7,810**	**7,913**	**8,050**	**8,203**	**8,349**	**8,503**
Total equity and liabilities	**9,728**	**11,183**	**11,389**	**11,732**	**12,171**	**12,624**	**13,095**

Source: Company Information, FAB Securities research (2025E-29E)

Cash Flow Statement (AED, Mn)

	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Cash flows from operating activities							
Profit for the year	**943**	**998**	**971**	**1,074**	**1,190**	**1,299**	**1,408**
Adjustments for:							
Depreciation of property, plant and equipment	333	342	351	368	388	407	426
Depreciation of right-of-use assets	3	5	6	7	7	8	8
Amortisation of intangible assets	12	12	12	12	12	12	12
Settlement of financial assets	50	78	77	76	75	74	73
Impairment charge of project costs	-	1	-	-	-	-	-
Reversal of impairment of trade receivables	-	(17)	-	-	-	-	-
Amortisation of arrangement fee	3	4	-	-	-	-	-
Gain on disposal of property, plant and equipment	-	0	-	-	-	-	-
Gain on modification of right-of-use assets	(0)	0	-	-	-	-	-
Loss on disposal of property, plant and equipment	-	0	-	-	-	-	-
Net impairment losses on financial assets	-	0	-	-	-	-	-
Provision for employees' end of service benefits	7	9	12	12	12	13	13
Provision for impairment of slow moving and obsolete inventories	0	0	-	-	-	-	-
Interest on lease liabilities	0	0	0	0	0	0	0
Interest income earned on financial assets at amotised cost	(39)	(59)	(60)	(59)	(59)	(58)	(57)
Finance income	(44)	(54)	(52)	(46)	(41)	(43)	(49)
Finance cost	218	244	249	226	203	203	204
Government grant income	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Operating cash flows before changes in working capital and payment of employees' end of service benefits	**1,484**	**1,560**	**1,562**	**1,667**	**1,787**	**1,913**	**2,037**
Changes in working capital:							
Inventories	2	(10)	(3)	(4)	(4)	(4)	(4)
Trade and other receivables before advances	6	47	(17)	(20)	(24)	(23)	(23)
Due from related parties	23	(9)	(1)	(1)	(2)	(2)	(2)
Trade and other payables	(1)	216	88	121	138	133	136
Due to related parties	(121)	23	10	10	13	12	12
Cash generated from operations	**1,393**	**1,827**	**1,639**	**1,773**	**1,908**	**2,029**	**2,156**
Payment of employees' end of service benefits	(1)	(2)	(2)	(2)	(2)	(2)	(2)
Net Cash flow from operating activities	**1,392**	**1,824**	**1,637**	**1,772**	**1,906**	**2,027**	**2,154**
Cash flows from investing activities							
Acquisition of subsidiary	(893)	(0)	-	-	-	-	-
Additions to property, plant and equipment	(320)	(307)	(470)	(543)	(687)	(472)	(665)
Short-term deposits (more than 3 months) redeemed/(invested)	(16)	(3)	(3)	(3)	(4)	(4)	(4)
Redemption/(investment) in financial assets at fair value through profit and loss	-	-	-	-	-	-	-
Finance income received	43	53	52	46	41	43	49
Investment in financial assets at fair value through other comprehensive income	(10)	(15)	-	-	-	-	-
Proceeds from disposal of property, plant and equipment	-	-	-	-	-	-	-
Additions to Investment properties	(13)	-	-	-	-	-	-
Net cash used in investing activities	**(1,209)**	**(272)**	**(421)**	**(500)**	**(650)**	**(433)**	**(620)**

Cash flow from financing activities							
Proceeds from bank borrowings net of arrangement fee	-	4,749	4	4	2,755	2,755	5
Repayment of bank borrowings	-	(3,750)	-	-	(2,753)	(2,754)	-
Dividends paid	(850)	(850)	(875)	(875)	(913)	(1,000)	(1,100)
Lease payments – Principal and interest	(3)	(5)	(6)	(7)	(8)	(8)	(9)
Finance costs paid	(265)	(299)	(249)	(226)	(203)	(203)	(204)
Net cash generated from financing activities	**(1,118)**	**(154)**	**(1,125)**	**(1,103)**	**(1,122)**	**(1,211)**	**(1,307)**
Net increase in cash and cash equivalents	**(935)**	**1,398**	**91**	**168**	**134**	**384**	**226**
Cash and cash equivalents at the beginning of the year	1,474	539	1,937	2,027	2,196	2,330	2,714
Cash and cash equivalents at the end of the year	**539**	**1,937**	**2,027**	**2,196**	**2,330**	**2,714**	**2,940**

Source: Company Information, FAB Securities research (2025E-29E)

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