

Emirates Central Cooling Systems Corporation PJSC (Empower)

Current Price AED 1.86	Target Price AED 2.25	Upside/Downside (%) +21.0%	Rating BUY
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4Q25 Net Profit higher than our estimate

- Revenue grew 3.0% YOY to AED 833 Mn in 4Q25, due to higher revenue from demand charges supported by strong real estate activity and new project additions in the region.
- Utilities cost decreased from AED 332 Mn in 4Q24 to AED 297 Mn in 4Q25.
- Total direct cost fell 8.7% YOY to AED 423 Mn in 4Q25.
- General and administration expenses grew 19.9% YOY to AED 69 Mn in 4Q25, whereas total staff cost expanded from AED 50 Mn in 4Q24 to AED 58 Mn in 4Q25.
- EBITDA increased 12.3% YOY to AED 479 Mn in 4Q25.
- Net profit rose 24.4% YOY to AED 312 Mn in 4Q25, due to higher revenue and cost efficiency.
- The Company's net debt (term deposit included in cash) increased from AED 3,167 Mn in 3Q25 to AED 3,190 Mn in 4Q25. As a result, net debt to LTM EBITDA stood at 1.9x for 2025.
- Contracted capacity grew from 1,919 K RT in 3Q25 to 1,963 K RT in 4Q25. While Connected capacity increased from 1,628 K RT in 3Q25 to 1,656 K RT in 4Q25.

Earnings Call Summary

- Empower had successfully refinanced its AED 5.5 Bn term loan, originally maturing in September 2025 and September 2027, extending the maturities to between September 2027 and February 2028.
- The margin on the revolving credit facility is lower than that of the previous term loan facilities, thereby reducing financing costs and enhancing Empower's long-term debt profile.
- Under the new Progressive Dividend Framework, Empower will pay AED 875 Mn annually for 2025 and 2026.
- The Company recommended a cash dividend of AED 437.5 Mn (4.375 fils per share) for 2H25, representing 43.75% of paid-up share capital, expected to be paid in April 2026, subject to shareholder approval.
- Empower's connected capacity has grown from 992 K RT in 2017 to 1,656 K RT in December 2025, implying a 6.6% CAGR since 2017.
- For 2026, Empower expects additional connected capacity of 100-110 K RT, taking total connected capacity to c. 1.76-1.77 Mn RT.
- In 2025, Empower signed a master agreement with Wasl Group for The Island project (23,853 RT) and an agreement with DMCC for Uptown Dubai Phase II (24,675 RT), adding c. 48,500 RT of contracted capacity, strengthening recurring revenue, long-term visibility, and market leadership.
- Empower signed an agreement to provide district cooling to Palm Gateway, Palm Jumeirah (9,470 RT), and announced opening of Al Habtoor Tower Phase I (total 7,200 RT, completing by 2027).
- Total cooling consumption load reached 3,031 Mn RT hours (RTh) in 2025, up 43 Mn RTh YOY, driven by higher network utilization and customer additions across major communities.
- Empower awarded a contract for excavation and foundation works for a new district cooling plant in Al Sufouh 2 (23,400 RT), the first of three planned in the area. The company also signed contracts to construct a second plant in Jumeirah Village (c. 37 K RT) and to design a plant at Dubai Science Park (47 K RT, serving c. 80 buildings).
- Effective Full Load Hours (EFLH) stood at 1,881 hours in 2025, lower by 3.1% YOY, indicating stable system performance amid seasonal temperature variations in the UAE.
- Empower's total contracted capacity rose by adding 199 K RT YOY to c. 1,963 K RT, following the signing of 186 new contracts during 2025.
- An amount of AED 437.5 Mn was paid in April 2025 as the final dividend for 2H24, followed by an interim dividend of AED 437.5 Mn paid in October for 2025 which was 4.375 fils per share.

- Capex guidance remains at c. AED 6,000 per connected load. Based on the expected connection of around 100 K –110 K tons of capacity in 2026.

Empower - P&L

(AED Mn)	4Q24	3Q25	4Q25	4Q25F	Var	YOY Ch	QOQ Ch
Revenue	809	1,133	833	902	-7.7%	3.0%	-26.5%
Interest income	15	15	15	16	-10.7%	-1.2%	0.0%
Direct cost	-463	-734	-423	-481	-12.2%	-8.7%	-42.4%
Gross profit	361	413	425	437	-2.8%	17.8%	2.9%
G&A expenses	-57	-63	-69	-62	11.5%	19.9%	10.0%
EBITDA	427	450	479	451	6.3%	12.3%	6.6%
Operating profit	324	357	385	367	4.7%	18.6%	7.8%
Tax	-25	-28	-31	-29	8.9%	23.4%	10.1%
Net Profit	251	283	312	284	10.0%	24.4%	10.3%

FABS estimate & Co Data

Research Rating Methodology:

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

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