

Dubai Investments Co (DIC)

Lower fair value gains and reduced property sales impacted earnings

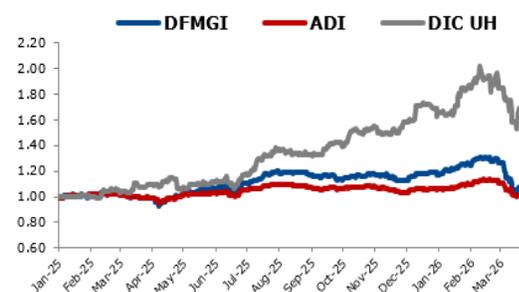
Current Price
AED 3.83

Target Price
AED 4.00

Upside/Downside (%)
+4.4%

Rating
HOLD

- Continued investments in capacity expansion, advanced technologies, and value-added products are expected to drive higher volumes in the Manufacturing Segment.
- Dubai Investments launched the AED 1.3 Bn Al Vista mixed-use development, strengthening its real estate pipeline.
- DIC's diversified portfolio positions it well to navigate macroeconomic uncertainties while sustaining long-term value creation.
- Commenced construction of a second float glass line, which is expected to double capacity and enhance its manufacturing platform.
- The Board proposed a cash dividend of AED 0.25 per share for 2025 equivalent to AED 1,063 Mn, subject to shareholder approval.



Stock Information

Market Cap (AED, Mn)	16,285.24
Paid Up Capital (Mn)	4,252.02
52 Week High	4.35
52 Week Low	2.20
3M Avg. daily value (AED)	12,574,900

4Q25 Net Profit higher than our estimate

Dubai Investment PJSC (DIC/ the Company) reported a 3.2% YOY decline in net profit to AED 537 Mn in 4Q25, higher than our estimate of AED 338 Mn. The decline was mainly driven by lower total Income arising from lower sale of properties, finance income, and other income, along with higher direct costs and operating expenses, partially offset by lower finance expenses, impairments, and tax charges.

4Q25 Result Review (AED, Mn)

Total Assets	23,278
Total Liabilities	8,055
Total Equity	15,223
EBITDA	201
Net Profit	537

P&L Highlights

DIC's total income declined 8.6% YOY to AED 1,553 Mn in 4Q25, mainly due to lower revenue from the Property segment, partially offset by growth in the Manufacturing & Contracting and Investments segments. Revenue from the Property segment decreased 17.0% YOY to AED 1,072 Mn in 4Q25, primarily due to a decline in gains from the fair value of investment properties and lower revenue recognized from the sale of properties, partially offset by higher sales of goods and services, rental income, and gains on the sale of investment properties. Revenue from the Manufacturing & Contracting segment increased 4.9% YOY to AED 409 Mn in 4Q25, driven by growth in the sale of goods and services, which rose 10.7% YOY to AED 347 Mn, partially offset by lower contract revenue. Income from the Investments segment increased significantly from AED 18 Mn in 4Q24 to AED 72 Mn in 4Q25, mainly due to higher income from the sale of goods and services, gains on fair valuation of investments, increased share of profit from equity-accounted investees, partially offset by lower dividend income and losses on the sale of investments. On the other hand, DIC's direct cost increased 14.4% YOY to AED 688 Mn in 4Q25. As a result, gross profit declined 21.2% YOY to AED 865 Mn in 4Q25, with gross margin contracting from 64.6% in 4Q24 to 55.7% in 4Q25. Operating expenses increased 18.3% YOY to AED 190 Mn in

Financial Ratios

Dividend Yield (12m)	4.71
Dividend Pay-out (%)	68.58
Price-Earnings Ratio(x)	10.43
Price-to-Book Ratio (x)	1.09
Book Value (AED)	3.50
Return-on Equity (%)	10.68

Stock Performance

5 Days	10.37%
1 Months	-4.25%
3 Months	8.81%
6 Months	26.82%
1 Year	61.60%
Month to Date (MTD%)	-4.25%
Quarter to Date (QTD%)	6.98%
Year to Date (YTD%)	6.98%

4Q25. DIC's EBITDA decreased 25.1% YOY to AED 201 Mn in 4Q25, with EBITDA margin declining from 15.8% in 4Q24 to 12.9% in 4Q25. Operating profit also fell 28.0% YOY to AED 675 Mn in 4Q25, with operating margin contracting from 55.1% in 4Q24 to 43.4% in 4Q25. Furthermore, finance expense decreased 22.0% YOY to AED 89 Mn in 4Q25, while finance income declined 40.7% YOY to AED 10 Mn in 4Q25. Impairment charges declined significantly from AED 262 Mn in 4Q24 to AED 20 Mn in 4Q25. Other income declined 3.0% YOY to AED 30 Mn in 4Q25, while tax expense decreased 7.4% YOY to AED 59 Mn in 4Q25. Profit attributable to non-controlling interests stood at AED 9 Mn in 4Q25, compared to a loss of AED 11 Mn in 4Q24.

Balance Sheet Highlights

DIC's gross debt declined from AED 6.3 Bn in 3Q25 to AED 5.3 Bn in 4Q25. Cash and cash equivalents increased from AED 1.8 Bn in 3Q25 to AED 1.3 Bn in 4Q25. The Company's cash flow from operating activities increased significantly from AED 66 Mn in 4Q24 to AED 185 Mn in 4Q25. Investment rose from AED 4.0 Bn in 3Q25 to AED 4.2 Bn in 4Q25 due to an increase in investment in fair value, including fixed income and equity.

Target Price and Rating

We maintain our HOLD rating on DIC with a revised target price of AED 4.00. Dubai Investments 4Q25 performance was impacted by a weaker contribution from the Property segment, primarily due to lower fair value gains and reduced property sales, which weighed on overall income and margins. However, underlying Property income remained supported by growth in sales of goods and services and rental income. This was partly offset by stable performance in the Manufacturing & Contracting segment and improved contribution from Investments. Looking ahead, the Company remains cautiously optimistic on its 2026 outlook, supported by the resilience of the UAE economy, a strong financial position, and a disciplined execution strategy. DIC's diversified portfolio positions it well to navigate macroeconomic uncertainties while sustaining long-term value creation. In real estate, the Company continues to focus on timely execution of key developments, including Danah Bay (Al Marjan Island), Violet Tower (JVC), Asayel Avenue (Mirdif Hills), and Al Vista (Meydan). Construction is progressing as planned, with handovers expected to commence from 2H26 through 2028. The launch of the AED 1.3 Bn Al Vista mixed-use development further strengthens its project pipeline. Internationally, progress at DIP Angola reflects DIC's strategy to expand its development model into select global markets, supported by initial tenant onboarding and strategic land agreements. DIC is also increasing its focus on resilient, demand-driven sectors such as healthcare, which remains a strategic priority given its stable growth and long-term return profile. In Manufacturing, continued investments in capacity expansion, advanced technologies, and value-added products are expected to drive higher volumes, improved efficiency, and margin expansion. Notably, the construction of a second float glass line at Emirates Float Glass, expected to be operational by 2027–2028, will double capacity and strengthen its regional positioning. Overall, supported by strong cash flows, diversified operations, and visible project execution, DIC remains well positioned to deliver sustainable earnings growth. The Board proposed a cash dividend of AED 0.25 per share for 2025 equivalent to AED 1,063 Mn, subject to shareholder approval. Additionally, the Company has also adopted a long-term dividend policy aligned with cash flow generation and aimed at balancing shareholder returns with financial sustainability and growth. The Company intends to distribute 45%–65% of annual consolidated profits over 2024–2026, with a minimum payout of 12% of share capital annually during this period. Dividend payments remain subject to liquidity needs, capex plans, and market conditions, with flexibility to issue interim dividends. Thus, considering these factors, we maintain our HOLD rating on the stock.

DIC - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	26.36	10.15	14.44	13.55	10.53	15.45
PB	1.35	1.27	1.21	1.16	1.10	1.10
EV/EBITDA	25.40	10.47	19.48	18.62	17.26	11.86
BVPS	2.839	3.020	3.166	3.320	3.505	3.503
EPS	0.146	0.378	0.266	0.283	0.365	0.249
DPS	0.120	0.200	0.125	0.180	0.250	0.250
Dividend yield	3.1%	5.2%	3.3%	4.7%	6.5%	6.5%

FABS Estimates & Co Data

DIC – P&L

AED Mn	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch	QOQ Ch	2024	2025	Change
Total Income	1,699	1,185	1,553	1,079	44.0%	-8.6%	31.0%	4,661	4,628	-0.7%
Direct Costs	-602	-443	-688	-468	47.0%	14.4%	55.4%	-2,309	-2,089	-9.5%
Gross profit	1,097	743	865	610	41.7%	-21.2%	16.5%	2,353	2,539	7.9%
Operating Expenses	-161	-122	-190	-154	23.8%	18.3%	56.7%	-506	-587	15.9%
EBITDA	268	417	201	545	-63.1%	-25.1%	-51.8%	1,125	1,197	6.4%
Operating profit	936	621	675	456	47.8%	-28.0%	8.6%	1,847	1,952	5.7%
Finance expenses	-114	-104	-89	-84	6.0%	-22.0%	-14.4%	-420	-361	-14.1%
Finance income	17	24	10	36	-72.3%	-40.7%	-59.3%	78	78	-0.5%
Impairments	-262	-14	-20	-90	-77.6%	-92.3%	48.9%	-272	-55	-79.8%
Other income	31	23	30	26	18.9%	-3.0%	34.9%	63	88	40.2%
Profit before NCI	608	550	606	344	75.9%	-0.4%	NM	1,296	1,702	31.4%
Tax/zakat	-64	-45	-59	-35	71.3%	-7.4%	30.9%	-115	-154	34.5%
NCI	-11	-6	9	-28	-132.8%	NM	NM	-25	-2	-91.5%
Net Profit	555	511	537	338	59.1%	-3.2%	5.2%	1,205	1,550	28.6%

FABS estimate & Co Data

DIC - Margins

	4Q24	3Q25	4Q25	YOY Ch	QOQ Ch	2024	2025	Change
Gross Profit	64.6%	62.6%	55.7%	-889	-695	50.5%	54.9%	439
EBITDA	15.8%	35.2%	12.9%	-285	-2,225	24.1%	25.9%	173
Operating Profit	55.1%	52.4%	43.4%	-1,167	-896	39.6%	42.2%	257
Net Profit	32.7%	43.1%	34.6%	192	-851	25.9%	33.5%	764

FABS estimate & Co Data

Key Developments:

- **08 January 2025:** Globalpharma, a Dubai Investments subsidiary, is set to introduce 25 new medicines in 2025 across diabetes, cardiovascular, gastrointestinal, and orthopedic segments, aiming to address regional healthcare demands and support industry-wide advancement.
- **15 January 2025:** Dubai Investments had launched Asayel Avenue, an upscale residential development in Mirdif Hills offering 193 units with modern amenities and smart living features, designed to enhance the benchmark for premium living in Dubai.
- **13 February 2025:** Dubai Investments revealed that its subsidiaries, GlobalPharma and Emirates Float Glass, had entered into strategic MoUs aimed at strengthening regional industrial collaboration and promoting sustainable growth across vital sectors.
- **08 April 2025:** Globalpharma had partnered with ZIM Laboratories to bring EU-certified Oral Dispersible Film technology to the market, improving patient-focused treatment solutions and strengthening the UAE's position in advanced pharmaceutical manufacturing.

- **21 May 2025:** Emirates Extrusion Factory and UCS Green Solutions had introduced the UAE's first zero-waste Green Curtain Wall System, highlighting a commitment to sustainable building practices and homegrown manufacturing.
- **22 May 2025:** Globalpharma signed four strategic MoUs at 'Make it in the Emirates 2025,' strengthening the UAE's role as a regional center for pharmaceutical innovation, localization, and advanced healthcare manufacturing.
- **25 June 2025:** Dubai Investments had began construction on Asayel Avenue, a new AED 400 Mn residential cluster within the AED 2.2 Bn Mirdif Hills development, offering 193 apartments with contemporary designs and smart living features.
- **26 August 2025:** Dubai Investments Globalpharma signed a MoU with Angola's Ministry of Health to establish a pharmaceutical plant in DIP Angola, boosting local drug production and healthcare self-sufficiency. The partnership strengthens UAE-Angola ties and supports Angola's industrialization goals, leveraging Globalpharma's expertise and Dubai Investments expanding presence in the country.
- **28 August 2025:** Emirates Glass and ClearVue Technologies Limited had entered a five-year partnership to produce and supply advanced solar glazing products across the UAE and GCC, addressing the rising need for sustainable construction materials.
- **02 September 2025:** Dubai Investments and Angola's Sovereign Wealth Fund had entered a strategic partnership to develop major real estate projects in Luanda Province, starting with Cazanga Island.
- **01 October 2025:** Dubai Investments had secured its first tenant for DIP Angola's manufacturing zone, Trice Chemicals IND. LLC, strengthening Angola's emergence as a key industrial hub.
- **07 October 2025:** Dubai Investments reports that Emirates Float Glass will double its float glass production capacity by adding a second line, boosting quality and sustainability while advancing industrial expansion.
- **30 October 2025:** Dubai Investments marks the start of construction on the second float line, which will make the facility the GCC's only dual float line operation by late 2027 to early 2028, significantly increasing production capacity and broadening its product range.
- **10 November 2025:** Dubai Investments Park (DIP Angola) had finalized a major land acquisition agreement with the UAE's Reportage Group, representing a key step in Angola's urban development and highlighting growing global confidence in the region.
- **9 December 2025:** Dubai Investments, through Dubai Investment Real Estate (DIR), launched Al Vista, an AED 1.3 Bn mixed-use development in Meydan Horizon featuring residential, commercial, and retail spaces across two towers. The project includes 312 apartments and 120,000 sq. ft. of office space, with completion targeted for December 2027, supporting Dubai's urban expansion.

Valuation:

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

Valuation Method	Target	Weight	Weighted Value
DCF Method	4.64	70.0%	3.25
Relative Valuation (RV)	2.48	30.0%	0.74
Weighted Average Valuation (AED)			4.00
Current market price (AED)			3.83
Upside/Downside (%)			+4.4%

1) DCF Method:

Dubai Investments is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 8.3%. It is arrived after using a cost of equity of 9.3% and after-tax cost of debt of 5.2% with a debt-to-equity ratio of 24.6%. Cost of equity is calculated by using a 10-year government bond yield of 4.3%, a beta of 0.98, and an equity risk premium of 4.2%. Government bond yield is calculated after adding Dubai's 10-year CDS spread over a 10-year US risk-free rate. The cost of debt of 5.7% is calculated after adjusting for a tax rate of 9.1%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	5,431
Terminal value (AED, Mn)	16,861
FV to Common shareholders (AED, Mn)	19,749
No. of share (Mn)	4,252
Current Market Price (AED)	3.83
Fair Value per share (AED)	4.64

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	1,305	1,425	1,614	1,792	1,995
D&A	168	167	167	169	172
Change in working capital	551	-164	-200	-205	-233
Capex	-369	-386	-400	-416	-434
Free Cash Flow to Firm (FCFF)	1,655	1,041	1,180	1,338	1,500
Discounting Factor	0.94	0.87	0.80	0.74	0.69
Discounted FCFF	1,558	905	948	993	1,027

Source: FAB Securities

2) Relative Valuation:

We have used local as well as international peers to value Dubai Investments, and it is valued using the EV/EBITDA multiple. It is valued at a 2026 EV/EBITDA multiple of 7.2x in line with the peer median multiple.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
Emaar Properties	28,514	3.4	3.2	5.1	4.8
Dar AlArkan Real Estate	5,179	16.4	14.7	20.3	17.0
Arabian Centres	2,143	13.0	10.0	7.2	5.4
Deyaar Development	972	4.0	2.8	6.8	5.1
TECOM Group	4,356	8.7	8.5	10.0	9.7
Aldar Properties	16,182	5.7	5.0	6.7	5.8
Average		8.5x	7.4x	9.3x	8.0x
Median		7.2x	6.7x	7.0x	5.6x
Max		11.9x	9.6x	9.3x	8.7x
Min		4.4x	3.6x	6.7x	5.2x

Source: FAB Securities

