FAB SECURITIES أبوظبي الأول للأوراق المالية

First Look Note | 2Q26

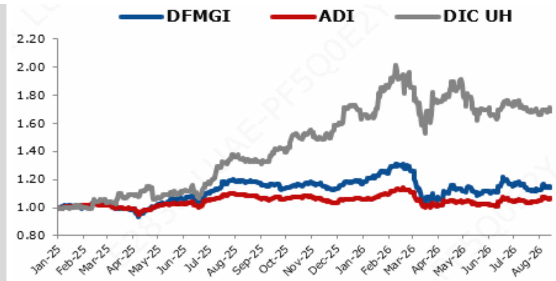
UAE Equity Research | Sector: Industrials | Market: DFM

Dubai Investments PJSC (DIC)

Higher contributions across core segments supported earnings growth

Current Price	Target Price	Upside/Downside (%)	Rating
AED 3.66	AED 4.00	+9.3%	HOLD

- Total income grew 19.4% YOY to AED 1.3 Bn in 2Q26, driven by growth across Property, Manufacturing & Contracting, and Investments segments.
- Completed final handover of all 189 villas at Danah Bay, while construction of the 143-unit residential tower reached 38%.
- Acquisition of the remaining 80% stake in Clemenceau Medical Centre Hospital Dubai strengthens DIC's long-term diversification strategy.
- DIC continued to expand its presence across strategic sectors through targeted investments and portfolio expansion initiatives.



Stock Information	
Market Cap (AED, Mn)	15,562.39
Paid Up Capital (Mn)	4,252.02
52 Week High	4.35
52 Week Low	2.81
3M Avg. daily value (AED)	7,319,185

2Q26 Result Review (AED, Mn)	
Total Assets	23,882
Total Liabilities	9,083
Total Equity	14,799
EBITDA	289
Net Profit	471

Financial Ratios	
Dividend Yield (12m)	6.81
Dividend Pay-out (%)	68.58
Price-Earnings Ratio(x)	9.23
Price-to-Book Ratio (x)	1.07
Book Value (AED)	3.41
Return-on Equity (%)	11.93

Stock Performance	
5 Days	-1.08%
1 Months	1.10%
3 Months	1.39%
6 Months	-9.63%
1 Year	27.97%
Month to Date (MTD%)	1.67%
Quarter to Date (QTD%)	-1.35%
Year to Date (YTD%)	2.23%

2Q26 Net Profit higher than our estimate

Dubai Investment PJSC (DIC/ the Company) reported a 42.2% YOY increase in net profit attributable to equity shareholders to AED 471 Mn in 2Q26, higher than our estimate of AED 203 Mn. The growth was primarily driven by higher total income and finance income coupled with lower finance expenses, partially offset by higher direct costs, operating expenses, impairments, and tax expenses, along with lower other income.

P&L Highlights

DIC's total income increased 19.4% YOY to AED 1,273 Mn in 2Q26, supported by higher revenue from the Property, Manufacturing & Contracting, and Investments segments. Revenue from the Property segment increased 7.0% YOY to AED 702 Mn in 2Q26, primarily due to higher gains from the fair value of investment properties and higher revenue recognized from the sale of properties and rental income, partially offset by lower sales of goods and services and gains on the sale of investment properties. Revenue from the Manufacturing & Contracting segment rose 18.1% YOY to AED 424 Mn in 2Q26, driven by growth in the sale of goods and services and contract revenue. Income from the Investments segment increased significantly from AED 51 Mn in 2Q25 to AED 147 Mn in 2Q26, mainly due to higher gains on the fair valuation of investments, gains on the sale of investments, and other income, partially offset by lower income from the sale of goods and services. DIC's direct costs increased 6.8% YOY to AED 552 Mn in 2Q26, due to increase in materials consumed, cost of properties sold, depreciation & amortisation, staff cost partially offset by decline in share of government of Dubai in the realised profits of subsidiary. As a result, gross profit increased 31.2% YOY to AED 721 Mn in 2Q26, with gross margin expanding 511 bps YOY to 56.6% in 2Q26. Operating expenses increased 14.5% YOY to AED 152

Mn in 2Q26. DIC's EBITDA increased 13.8% YOY to AED 289 Mn in 2Q26, while EBITDA margin declining from 23.8% in 2Q25 to 22.7% in 2Q26. Operating profit rose 36.5% YOY to AED 569 Mn in 2Q26, with the operating margin expanding from 39.1% in 2Q25 to 44.7% in 2Q26. Furthermore, finance expenses declined 13.9% YOY to AED 75 Mn in 2Q26, while finance income increased 38.2% YOY to AED 26 Mn in 2Q26. Impairment charges increased from AED 8 Mn in 2Q25 to AED 14 Mn in 2Q26. Other income declined 46.8% YOY to AED 11 Mn in 2Q26, while tax expense rose 42.2% YOY to AED 45 Mn in 2Q26. Profit attributable to non-controlling interests stood at AED 1 Mn in 2Q26, compared to a loss of AED 2 Mn in 2Q25.

Balance Sheet Highlights

DIC's gross debt increased from AED 5.2 Bn in 1Q26 to AED 6.0 Bn in 2Q26. Cash and cash equivalents stood at AED 1.5 Bn in 2Q26. The Company's cash flow from operating activities declined from AED 365 Mn in 2Q25 to AED 267 Mn in 2Q26. Net debt increased from AED 3.6 Bn in 1Q26 to AED 4.5 Bn in 2Q26.

Target Price and Rating

We maintain our HOLD rating on DIC with a target price of AED 4.00. Dubai Investments delivered a strong 2Q26 performance, with net profit attributable to owners increasing 42.2% YOY to AED 471 Mn, supported by higher contributions across the Company's core business segments. The Property segment remained a major contributor, benefiting from recurring rental income from income-generating assets and continued execution of flagship development projects, while the Manufacturing segment delivered solid performance supported by improved operational efficiencies. The Investments segment also recorded a stronger contribution, supported by higher gains on the fair valuation and sale of investments. The Company's diversified portfolio and resilient operating fundamentals continue to support earnings growth. The Company continues to strengthen its portfolio through targeted investments and expansion initiatives. In healthcare, the acquisition of the remaining 80% stake in Clemenceau Medical Centre Hospital Dubai further supports the Company's long-term diversification strategy and reinforces its presence in a sector with strong structural growth potential. During the quarter, the Company completed the final handover of all 189 villas at Danah Bay, while overall construction progress reached 38% for the 143-unit residential tower, with superstructure works at 78% and hospitality components exceeding 30% completion. DIC also signed an MoU with Dubai Community Contributions Establishment (JOOD) to support verified community initiatives across healthcare, housing, education, sports, culture & arts, and the environment, aligned with Dubai Social Agenda 33. Dubai Investments explored investment opportunities in Oman during a high-level meeting with the Minister of Housing and Urban Planning, focusing on potential opportunities across real estate, construction, building materials and infrastructure. The discussions reflect the Company's strategy to expand its regional presence and participate in Oman's urban development initiatives. The Company maintained a strong financial position, with total assets increasing to AED 23.9 Bn as of June 2026, while cash and cash equivalents stood at AED 1.5 Bn as of June 2026. Management also highlighted its continued focus on scaling businesses with strong fundamentals, expanding into high-potential markets, and pursuing investments that enhance the long-term value of the portfolio. Thus, considering these factors, we maintain our HOLD rating on the stock.

DIC - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	25.12	9.67	13.76	12.91	10.04	12.24
PB	1.29	1.21	1.16	1.10	1.04	1.03
EV/EBITDA	24.54	10.09	18.76	17.94	16.27	14.14
BVPS	2.839	3.020	3.166	3.320	3.505	3.554
EPS	0.146	0.378	0.266	0.283	0.365	0.299
DPS	0.120	0.200	0.125	0.180	0.250	0.250
Dividend yield	3.3%	5.5%	3.4%	4.9%	6.8%	6.8%

FABS Estimates & Co Data

DIC – P&L

AED Mn	2Q25	1Q26	2Q26	2Q26F	Var.	YOY Ch	QOQ Ch	2025	2026F	Change
Total Income	1,066	766	1,273	821	55.0%	19.4%	66.2%	4,628	4,252	-8.1%
Direct Costs	-517	-409	-552	-412	33.9%	6.8%	34.8%	-2,089	-2,041	-2.3%
Gross profit	**550**	**356**	**721**	**409**	**76.4%**	**31.2%**	**102.4%**	**2,539**	**2,211**	**-12.9%**
Operating Expenses	-132	-133	-152	-115	32.1%	14.5%	14.3%	-587	-609	3.8%
EBITDA[1]	**254**	**260**	**289**	**357**	**-19.2%**	**13.8%**	**10.9%**	**1,089**	**1,439**	**32.2%**
Operating profit	**417**	**224**	**569**	**294**	**93.6%**	**36.5%**	**154.6%**	**1,952**	**1,602**	**-17.9%**
Finance expenses	-87	-79	-75	-84	-10.9%	-13.9%	-5.9%	-361	-335	-7.2%
Finance income	19	35	26	15	73.8%	38.2%	-27.0%	78	77	-1.7%
Impairments	-8	-4	-14	-25	-45.0%	75.7%	206.5%	-55	-43	-22.7%
Other income	20	10	11	16	-31.9%	-46.8%	7.7%	88	55	-37.1%
Profit before NCI	**361**	**185**	**518**	**216**	**139.5%**	**43.2%**	**179.7%**	**1,702**	**1,357**	**-20.3%**
Tax expenses	-32	-16	-45	-19	133.7%	42.2%	182.5%	-154	-122	-20.9%
NCI	-2	-2	1	-6	-118.0%	-155.2%	-145.7%	-2	-37	NM
Net Profit	**331**	**171**	**471**	**203**	**132.5%**	**42.2%**	**175.1%**	**1,550**	**1,272**	**-18.0%**

FABS estimate & Co Data, [1]EBITDA is on the calculated basis.

DIC - Margins

	2Q25	1Q26	2Q26	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	51.5%	46.5%	56.6%	511	NM	54.9%	52.0%	-286
EBITDA	23.8%	34.0%	22.7%	-110	NM	23.5%	33.8%	NM
Operating Profit	39.1%	29.2%	44.7%	562	NM	42.2%	37.7%	-450
Net Profit	31.1%	22.4%	37.0%	595	NM	33.5%	29.9%	-359

FABS estimate & Co Data

Key Developments:

- **21 January 2026:** Emirates signed an agreement with Dubai Investments Park to acquire land for a new Cabin Crew Village, representing a multi-billion-dirham investment with capacity for up to 12,000 cabin crew members. The development will comprise 20 residential buildings and is planned to begin construction in 2Q26, with the first phase expected to be completed in 2029.
- **28 January 2026:** Emirates Building Systems (EBS), a wholly owned subsidiary of Dubai Investments, was awarded a contract to deliver the 50,000 sqm structural steel package for the Sayyid Tarik Bin Taimur Cultural Complex in Oman, covering engineering, fabrication, erection, and fireproofing works.
- **06 April 2026:** Dubai Investments signed an MoU with Dubai Community Contributions Establishment (JOOD) to support verified community initiatives across healthcare, housing, education, sports, culture & arts, and environment, aligned with Dubai Social Agenda 33.
- **21 May 2026:** Globalpharma, a wholly owned subsidiary of Dubai Investments, signed seven strategic MoUs to strengthen R&D, manufacturing, financing, market access, and sustainability capabilities. The agreements include the deployment of a 612 kWp rooftop solar PV plant, expected to generate c. 25.3 GWh of clean energy and avoid 11,400 tonnes of CO_2 emissions.
- **17 June 2026:** Dubai Investments completed the final handover of all 189 villas at Danah Bay, including 171 landside and 18 breakwater villas. The 143-unit residential tower reached 38% overall construction progress, with superstructure works at 78%, while hospitality components exceeded 30% completion.

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	4.68	70.0%	3.28
Relative Valuation (RV)	2.40	30.0%	0.73
Weighted Average Valuation (AED)			**4.00**
Current market price (AED)			3.66
Upside/Downside (%)			+9.3%

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 8.2%. It arrived after using a cost of equity of 9.4% and after-tax cost of debt of 5.2% with a debt-to-equity ratio of 27.9%. Cost of equity is calculated by using a 10-year government bond yield of 5.3%, 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 adjusted with a tax rate of 9.1%, resulting in after tax cost of debt of 5.2%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	4,838
Terminal value (AED, Mn)	16,906
Net debt as of 30 Jun 2026 (AED, Mn)	-4,776
Investments as of 30 Jun 2026 (AED, Mn)	2,939
FV to Common shareholders (AED, Mn)	**19,906**
No. of share (Mn)	4,252
Current Market Price (AED)	3.66
Fair Value per share (AED)	**4.68**

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	1,458	1,467	1,609	1,749	1,896
D&A	168	167	168	170	172
Change in working capital	260	-54	-175	-176	-188
Capex	-378	-390	-402	-415	-429
Free Cash Flow to Firm (FCFF)	**1,508**	**1,190**	**1,199**	**1,328**	**1,452**
Discounting Factor	*0.97*	*0.90*	*0.83*	*0.77*	*0.71*
Discounted FCFF	**732**	**1,068**	**994**	**1,017**	**1,027**

Source: FAB Securities [1]Adjusted for Partial Year

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 7.8x in line with the peer median multiple.

Company	Market	EV/EBITDA (x)		P/E (x)	
	(USD Mn)	2026F	2027F	2026F	2027F
Emaar Properties	26,954	2.1	1.8	5.7	5.0
Dar AlArkan Real Estate	5,517	15.7	13.6	19.6	15.3
Arabian Centres	2,013	16.9	11.9	7.5	5.4
Deyaar Development	883	2.3	2.0	5.9	5.1
TECOM Group	4,533	9.0	8.7	10.5	10.3
Aldar Properties	16,484	6.7	5.7	7.4	6.2
Average		**8.8x**	**7.3x**	**9.4x**	**7.9x**
Median		**7.8x**	**7.2x**	**7.5x**	**5.8x**
Max		**14.0x**	**11.1x**	**9.8x**	**9.3x**
Min		**3.4x**	**2.9x**	**6.3x**	**5.2x**

Source: FAB Securities

Research Rating Methodology:

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

FAB Securities Contacts:

Research Analyst

Ahmad Banihani	+971-2-6161629	Ahmad.Banihani@Bankfab.com
Shahrukh Nawaz	+971-2-6161612	Shahrukh.Nawaz@Bankfab.com

Sales & Execution

Abu Dhabi Head Office		
Trading Desk	+971-2-6161700/1	Online Trading Link
	+971-2-6161777	
Institutional Desk	+971-4-4245765	

DISCLAIMER

This report has been prepared by FAB Securities (FABS), which is authorised by the UAE Securities and Commodities Authority, licensing registration number 604002, and is a member of the Abu Dhabi Securities Exchange and Dubai Financial Market. The information, opinions and materials contained in this report are provided for information purposes only and are not to be used, construed, or considered as an offer or the solicitation of an offer or recommendation to sell or to buy or to subscribe for any investment security or other financial instrument. The information, opinions and material in this report have been obtained and derived from publicly available information and other sources considered reliable without being independently verified for their accuracy or completeness. FABS gives no representation or warranty, express or implied, as to the accuracy and completeness of information and opinions expressed in this report. Opinions expressed are current as of the original publication date appearing on the report only and the information, including the opinions contained herein, are subject to change without notice. FABS is under no obligation to update this report. The investments referred to in this report might not be suitable for all recipients. Recipients should not base their investment decisions on this report and should make their own investigations, and obtain independent advice, as appropriate. Any loss or other consequences arising from the uses of material contained in this report shall be the sole and exclusive responsibility of the recipient and FABS accepts no liability for any such loss or consequence. The value of any investment could fall as well as rise and the investor may receive less than the original amount invested. Some investments mentioned in this report might not be liquid investments, which could be difficult to realise in cash. Some investments discussed in this report could be characterised by high level of volatility, which might result in loss. FABS owns the intellectual property rights and any other material contained in this report. No part of this report may be reproduced, utilised or modified in any form either in whole or in part or by any electronic, mechanical or other means, now known or hereafter invented, including photocopying and recording, or stored in any retrieval system without the prior consent of FABS in writing. While utmost care has been taken to ensure that the information provided is accurate and correct, neither FABS, nor its employees shall, in any way, be responsible for the contents. By accepting this document, the recipient agrees he/she has read the above disclaimer and to be bound by the foregoing limitations/restrictions.