



UAE Cost of Capital Study 2025



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Cost of capital study

About this study

The UAE Cost of Capital Study 2025 provides an in-depth analysis of the weighted average cost of capital (WACC) across key non-financial sectors in the United Arab Emirates, benchmarked against major GCC economies including Saudi Arabia, Qatar, Kuwait, and Bahrain.

The study examines how sector-specific risk profiles, strategic investments, market maturity, and government support influence capital costs, investor perceptions, and competitive positioning.

Process

1

A total of 279 companies listed across the UAE and GCC (Saudi Arabia, Qatar, Bahrain and Kuwait) as of August 2025. Banking and insurance companies are excluded from these.

2

These companies are then classified into a total of 17 sectors, and this sectorial classification is carried out as per [Trading View](#). UAE sectors having less than 2 companies are excluded, only 6 sectors are chosen with adequate data available publicly.

3

Outliers are then identified in each sectors. This can be due to negative beta and the companies whose cost of debt is higher than the cost of equity.

Methodology

UAE's Risk-free Rate is calculated by CDS approach and Equity Risk Premium is calculated by Spread approach; data is collected from Prof. Damodaran's website.

We have used Weekly 1-Year Regressed Beta for the calculation of Cost of Equity. Tax rate and 10Y Government Bond Yield have been taken from Trading View, CEIC Data and Prof. Damodaran's Website.

Cost of Debt is calculated by synthetic approach, by taking Interest Coverage Ratio of each companies and related Corporate Spread is taken form Prof. Damodaran's website.

WACC is calculated by assigning respective weights of Debt and Equity to Cost of Debt and Cost of Equity.

$$\text{WACC} = \frac{\text{Equity}}{\text{Equity} + \text{Debt}} (\text{cost of equity}) + \frac{\text{Debt}}{\text{Equity} + \text{Debt}} (\text{cost of debt})(1-\text{Tax}\%)$$

Country	RfR	ERP	Marginal Tax Rate	10Y Govt Bond Yield	Default Spread (Rating Based)
UAE	3.85%	4.43%	9.00%	4.34%	0.49%
Saudi Arabia	4.34%	4.53%	20.00%	4.93%	0.59%
Qatar	4.39%	4.43%	10.00%	4.88%	0.49%
Bahrain	0.95%	9.39%	0.00%	6.40%	5.45%
Kuwait	3.18%	4.64%	15.00%	3.88%	0.70%

Average WACC comparison

Sector	UAE			GCC		
	Ke	Kd	WACC	Ke	Kd	WACC
Transportation	6.94%	5.39%	6.19%	8.50%	5.96%	7.39%
Healthcare & Health Tech	6.22%	5.29%	5.60%	9.16%	5.58%	8.08%
Consumer Services	6.92%	5.01%	5.68%	8.50%	6.23%	7.04%
Telecommunication	5.87%	4.99%	5.34%	7.44%	5.63%	6.63%
Non Energy Minerals	6.31%	4.79%	6.31%	9.77%	6.12%	8.59%
Process Industry	5.67%	5.21%	5.23%	9.57%	5.64%	7.87%



Our Analysis

The UAE generally exhibits a lower average WACC across key non-financial sectors compared to its GCC counterparts. This is primarily due to the maturity, stability, and strategic positioning of its markets.

In the transportation sector, the UAE's lower WACC is linked to its long-established role as a global logistics hub, backed by significant government investment and a stable environment. In contrast, Saudi Arabia's higher WACC reflects the execution risks and large capital expenditures of its ambitious Vision 2030 projects.

For the healthcare and health technology sector, the UAE's lower WACC is a result of its established, technologically advanced ecosystem and focus on medical tourism, offering more predictable returns. Saudi Arabia's higher WACC, despite its rapid growth, suggests investors are pricing in higher execution risks and regulatory uncertainty associated with its ongoing transformation.

In the consumer services sector, the UAE's lower WACC is driven by a mature and diversified consumer market, bolstered by a strong tourism industry and supportive government reforms. Saudi Arabia's higher WACC is due to market perception of intense competition and the nascent stage of some sub-sectors, which demand a higher return, safety of tourism plays a huge role in this as well.

The telecommunication sector in both the UAE and Kuwait benefits from strong government ownership of major operators, which de-risks investments and leads to a significantly lower WACC. The higher WACCs in Saudi Arabia and Qatar are due to a more dynamic competitive landscape and the inherent risks of aggressive digital transformation initiatives.

For the non-energy minerals sector (cement and construction), the UAE's lower WACC is a result of its strategy as a "processing and trading hub," which presents lower operational risks. Saudi Arabia's higher WACC reflects the substantial capital expenditure and exploration risks associated with its large-scale mining sector development under Vision 2030.

The process industry sector in the UAE has a lower WACC due to established cost advantages from abundant natural gas feedstock and mature infrastructure. Saudi Arabia, despite its large-scale petrochemical ambitions, faces a higher WACC because the market is pricing in the capital-intensive nature of new projects and the complexities of integration.



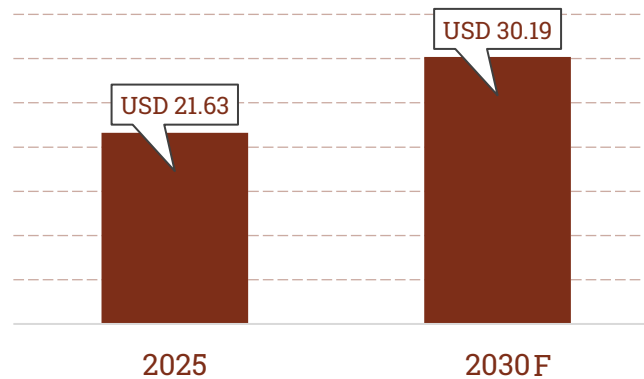
Transportation sector

Overview of the UAE's Transportation Sector (2025)

The United Arab Emirates (UAE) has evolved into a global leader in transportation and logistics, leveraging its strategic geographic location, advanced infrastructure, and robust government support to create a world class network connecting air, sea and road.

UAE's Transportation market size for freight and logistics is USD 21.63 billion, and USD 932.98 million for public transportation, combined is 4% of its GDP.

UAE Freight and Logistic market size
(Mordor Intelligence)



Geographic and Strategic Advantage

Situated at the crossroads of Europe, Asia, and Africa and near the Strait of Hormuz, one of the world's busiest shipping lanes, the UAE serves as a critical gateway for global trade. Its proximity to major shipping routes enables easy access to over 3 billion consumers within a four-hour flight radius, offering a unique platform for international business and logistics.

Logistics and Port Facilities

The UAE's port sector is anchored by state-of-the-art ports such as Jebel Ali (the largest in the Middle East), Khalifa Port, and Port Rashid. These facilities have cutting-edge infrastructure supporting high-volume container, bulk, and liquid cargo, with Jebel Ali and Khalifa ports handling millions of containers annually.

Khalifa Port, with a new CMA Terminal, saw container volumes grow by 22% in early 2025, with overall container capacity utilization at about 61%. The UAE is connected by feeder container vessel services to 75 ports across 28 countries, affirming its role as a leading global logistics hub. Source: AD Ports Group, Q1 earning call

Government and private sector investment continue to drive capacity expansion, logistic free zones, and seamless multimodal connectivity, making the UAE a preferred location for multinational companies seeking efficient supply chain solutions.

Air Transport and Airport Capacity

The UAE is home to some of the busiest and most advanced airports globally:

Dubai International Airport (DXB): Retained its position as one of the top international transit hubs, renowned for high passenger volumes and connectivity.

Zayed International Airport (Abu Dhabi): Recent expansions increased capacity to over 45 million passengers annually, with planned future capacity up to 80 million. The new Terminal A features more than 780,000 square meters of floor space, advanced biometric technology, and the ability to handle simultaneous large aircraft movements.

Sharjah International Airport: Handled over 9.1 million passengers in the first half of 2025 (up 10% YoY), with ongoing expansion projects targeting 25 million passengers per year by 2027. Cargo operations are also scaling in line with rising demand.

Private Investments

Maniv Mobility, Wamda Capital, Flat6Labs, Next Gear Ventures, and others have led mobility and logistics-focused startup funding, with Maniv Mobility completing 18 transportation-related investments in the region. [source: shizune](#)

The Dubai and Abu Dhabi industrial markets have seen major private-sector-led warehouse and logistics developments: [source: knightfrank](#)

- **Terralogix in Warsan:** On track to become Dubai's largest private logistics park, with 1.8 million sqft delivered in three phases, Phase 1 (550,000 sqft) completing in Q3 2026.
- **Radius Group and Aldar:** Radius Group will provide nearly half of 2025's new logistics stock in Dubai, and Aldar, partnered with DP World, will deliver 1.55 million sqft at National Industries Park by 2028.

DP World's Al Rawdah Special Economic Zone: Major UAE-based private firms, such as Al Bayader, Apparel Group, Camtech Manufacturing, Indu Kishore Logistic, Palmon Group, and others, have done significant investment in the newly launched logistics and industrial hub on the UAE-Oman border, aiming to bolster cross-border trade and unlock regional growth opportunities. [source: dpworld](#)

Masdar City's Smart and Autonomous Vehicle Industry (SAVI) cluster is attracting global firms and OEMs, including advanced local start-ups focused on electric air taxis and autonomous logistics. This innovation hub is driven by public-private partnerships and leverages private sector R&D and venture capital.

Transportation sector - Cost of Capital Analysis

The transportation sector is vital for regional trade and logistics. The UAE's transportation sector generally shows a lower average WACC compared to GCC (Gulf Cooperation Council).

Qatar's WACCs are mixed, with some companies comparable to the UAE, while others are higher. Kuwait also presents a varied picture, with some companies exhibiting WACCs similar to the UAE and others showing higher figures.

The UAE's consistently lower WACC in transportation, despite some company-specific outliers, reflects its established maturity, strategic infrastructure investments, and role as a global trade hub, which collectively reduce perceived operational and financial risks for investors.

UAE (7 companies)				
	Beta	Ke	Kd	WACC
Average	0.70	6.94%	5.39%	6.19%
Median	0.67	6.82%	5.11%	6.20%

GCC (11 companies)				
	Beta	Ke	Kd	WACC
Average	0.92	8.50%	5.96%	7.39%
Median	1.00	8.82%	5.38%	7.07%

} Saudi Arabia, Qatar and Kuwait

The UAE government allocated USD 203 billion to the transportation sector in its 2021-2030 budget, emphasizing improvements in logistics capabilities. This robust investment and growth potential contribute to a lower risk profile.

In contrast, Saudi Arabia's higher average WACC in this sector may indicate that the market is pricing in the execution risk and significant capital requirements associated with its ambitious Vision 2030 transformation into a major transport and logistics hub. While this plan is promising, it implies substantial ongoing investment and potential for higher operational and financing risks during the transformation phase.

For investors, the UAE offers a relatively stable and predictable environment for transportation investments, with lower capital costs, reflecting a mature, well-functioning ecosystem. Saudi Arabia, while offering high growth potential, comes with a higher risk premium due to the transformative nature and scale of its investments.

Qatar's hosting of the FIFA World Cup 2022 was a significant achievement; since securing the hosting rights in 2010, the country has developed new cities, expanded metro lines, and constructed airports and accommodation facilities to support the event. In contrast, the UAE does not depend exclusively on such major events to drive economic growth or advance its transportation sector.



Healthcare and Health Technology sector

Overview of the UAE's Healthcare and Technology Sector (2025)

The UAE remains at the forefront of regional healthcare transformation by integrating technology, prioritizing patient-centric care, expanding insurance coverage, and investing in public health infrastructure:

UAE's healthcare market is valued at USD 22 billion and projected to reach USD 33.8 billion by 2027 with a projected compound annual growth rate (CAGR) of 4.8%. Source: [Nexdigm](#)

Digital Health and AI Integration: The Ministry of Health and Prevention (MoHAP) and Emirates Health Services (EHS) showcase advanced digital platforms, AI powered diagnostics, national health records, and smart auditing systems.

The digital health market is expected to reach USD 2.62 billion by 2030, with a CAGR of 23.5% and IoT in healthcare market was valued at USD 186.3 million in 2023 and is projected to reach USD 754.6 million by 2030, with a CAGR of 22.1%. Source: [Grand View Research](#)

Recent initiatives highlighted at Arab Health 2025 include an AI-driven biometric analysis project for preventive healthcare, the launch of smart auditing for facilities, and the "Voice of the Customer" portal within the Zero Government Bureaucracy program. Source: [MoHAP](#), [EHS](#)

Comprehensive Health Insurance Reforms: Starting January 2025, mandatory health insurance now covers all private sector employees, further boosting access to care and financial protection. Source: [LinkedIn](#)

Medical Tourism and Specialized Facilities: The UAE is investing in hospitals and clinics that position it as a hub for medical tourism across the Middle East and beyond. Public-private partnerships attract global healthcare players and foster innovation. Source: [Fitch Solutions](#)

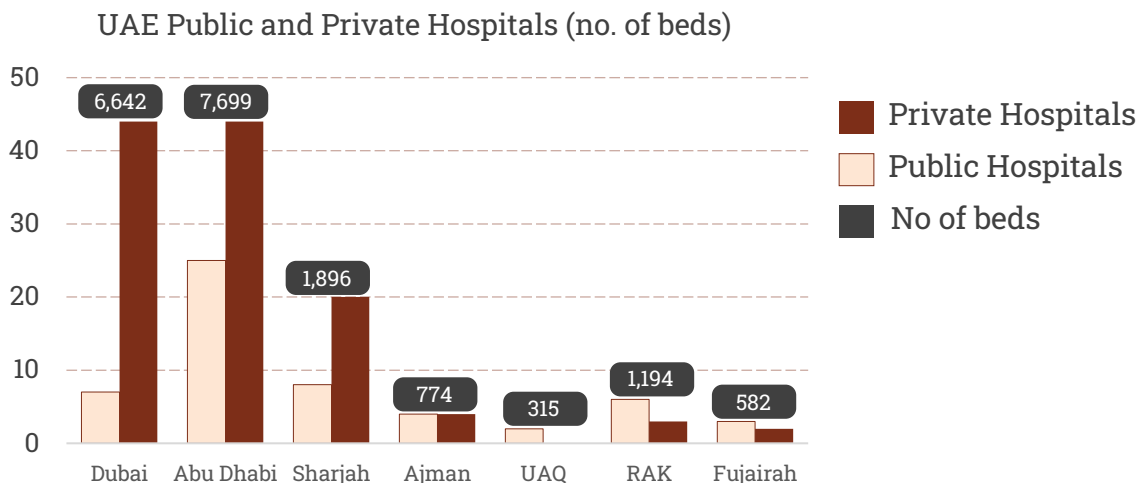
Emphasis on Preventive and Personalized Care: National campaigns (e.g., Masar for schools, Hayat for organ donation) and the 2030 Industrial Strategy focus on shifting the sector towards preventive medicine, personalized care models, and healthy lifestyles. Source: [Tern Group](#)

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Budget and Funding

Federal Health Budget: The UAE’s 2025 federal budget allocates USD 1.56 billion towards healthcare and community prevention, up 10.4% from the previous year. Annual healthcare spending is targeted to grow at a compound rate of 7.7%, reflecting sustained commitment to sectoral expansion and quality improvement. Source: [Healthcare budget](#)

Long-Term Vision: The budget directly supports Centennial 2071 health objectives, high-quality universal care, improved system accessibility, and the UAE’s status as a global health destination.

Supplementary Funding via Health Taxes: New tax policies (e.g., excise taxes on tobacco and sugary drinks) generate additional healthcare funding, potentially contributing up to 8.39% of sector expenditure in an ambitious revenue scenario. Source: UNDP

Private Investments

Abu Dhabi’s HELM Cluster: The Health, Endurance, Longevity, and Medicine (HELM) cluster launched in 2025 aims to attract major international and regional investors. Projected to attract USD 11.4 billion in investments by 2045, HELM is designed to foster biotech and MedTech manufacturing, advanced laboratory facilities, and a globally connected innovation ecosystem. Source: Economic Time

Pure Health: As one of the UAE’s leading private healthcare conglomerates, PureHealth reported USD 3.70 billion in revenue for H1 2025 (up 9% YoY), reflecting aggressive investments into hospital acquisitions, diagnostics, and digital health platforms. PureHealth’s strategy includes large-scale facility upgrades and expansion into telemedicine and AI-powered diagnostics. Source: PR Newswire

Investment in Health tech: Investment in healthcare technology in the UAE is projected to exceed USD 1.3 billion, encompassing telemedicine, AI-driven diagnostics, health data management, and treatment protocol innovation. The establishment of health technology parks and digital health platforms is a particular focus in both Abu Dhabi and Dubai. Source: Nexdigm

Dubai’s Health tech Initiatives: Over USD 2 billion has been invested in AI-based healthcare applications and digital transformation efforts, spearheaded by public-private partnerships and driven by Dubai’s Health Strategy. This includes the deployment of blockchain for secure patient data and the expansion of the “Doctor for Every Citizen” telehealth initiative. Source: Tern Group

Healthcare and Health Technology sector - Cost of Capital Analysis

The healthcare sector is undergoing significant development across the GCC. The UAE's Healthcare sector exhibits a significantly lower average WACC compared to Saudi Arabia and Qatar, suggesting a more favorable risk profile for healthcare investments in the UAE.

UAE (4 companies)				
	Betas	Ke	Kd	WACC
Average	0.54	6.22%	5.29%	5.60%
Median	0.57	6.35%	5.24%	5.52%

GCC (15 companies)				
	Betas	Ke	Kd	WACC
Average	1.07	9.16%	5.58%	8.08%
Median	1.01	8.92%	5.38%	8.07%

} Saudi Arabia and Qatar

Despite Saudi Arabia's healthcare market being significantly larger and projected for much higher growth (9.3% CAGR for KSA vs. UAE's 3% CAGR), its average WACC is substantially higher than the UAE's.

This apparent contradiction suggests that the market is pricing in higher execution risk, regulatory uncertainty, or competitive intensity in Saudi Arabia, or that the UAE's established, mature healthcare ecosystem offers more predictable returns and lower perceived risk for investors.

Saudi Arabia's healthcare system is mainly government-funded but is increasingly integrating private sector players and Public-Private Partnerships (PPPs) under Vision 2030. This rapid transformation, while aiming for growth, could introduce uncertainties regarding policy implementation, competitive landscape shifts, or the ability of the private sector to effectively integrate and deliver services at scale. The sheer ambition and speed of change might be perceived as higher risk.

In contrast, the UAE's healthcare market is characterized by established modern facilities, a strong focus on medical tourism, and consistent government support. Its high internet penetration (98%) and focus on telehealth indicate a technologically advanced and potentially more efficient system, which could lead to more predictable cash flows and lower operational risks, thus commanding a lower cost of capital.

Investors may view the UAE healthcare sector as a "safer bet" with more stable, albeit slower growth, leading to a lower discount rate. Saudi Arabia, while offering explosive growth opportunities, might be perceived as having higher inherent risks associated with its rapid transformation and the scale of its Vision 2030 projects, demanding a higher return on capital.



Consumer service sector

Overview of the UAE's Consumer Service Sector (2025)

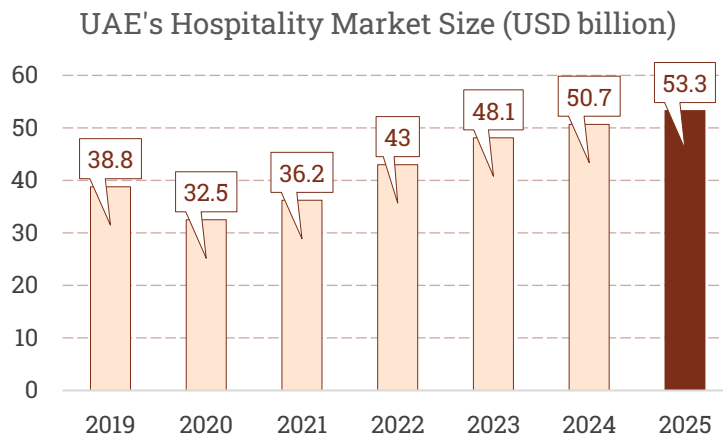
The UAE's consumer service sector, encompassing hospitality, leisure, restaurants, hotels, tech devices and sports companies, remains a vibrant cornerstone of the national economy in 2025. Robust tourism growth, innovative government policy, and a dynamic private sector have positioned the UAE as a global benchmark for service excellence and experiential offerings across these industries.

Hospitality and Hotels

The UAE hospitality market is forecast to reach about USD 53.3 billion in revenue in 2025, expanding at an annual rate of 5.5% towards 2030. Tourism's direct contribution to GDP is set to break records at USD 73 billion for 2025, about 13% of the national GDP. Source: Restaurants Times

In 2024 alone, hotel guests reached 24.9 million for the first ten months, a 9.5% year-on-year growth. Dubai, in particular, welcomed 18.72 million international visitors and expects to surpass 25 million annual visitors by 2025.

Premium Focus: The sector boasts rapid upscale expansion, with over 130 premium hotel projects underway. About 64% of planned sites are positioned within the five-star category, catering to discerning global and regional travelers. Source: Mordor Intelligence



Restaurants and Food Services

Food services and dining in the UAE are seeing record spending, with retail and eating-out activity especially robust during high seasons like Ramadan, where total sector retail sales are projected to hit USD 10 billion in 2025. Source: Redseer

The UAE's foodservice market is forecast to reach USD 41.8 billion by 2033, spurred by innovation, digitalization, health-conscious offerings, and a record number of restaurants and outlets nationwide. [Source: Renub](#)

UAE diners demand innovative menus, wellness focused options, and experiential dining. There is a surge in internationally inspired outlets alongside a push for locally sourced, sustainable ingredients. Social media and digital platforms continue to shape dining choices and drive engagement, particularly among younger visitors and residents. [Source: Seven rooms](#)

Despite adding jobs in the sector, 45% of restaurant operators report continued labor shortages to meet surging consumer demand. [Source: ftsg](#)

Leisure and Experience-Driven Offerings

The UAE's strategic investments in entertainment venues, theme parks, and leisure attractions underscore its reputation as a destination for unique experiences. This is enhanced by world-class infrastructure and a proactive regulatory environment that encourages public-private partnerships to launch new projects and events.

Sports Companies and Ecosystem

Sports are prioritized within the 'We the UAE 2031' vision, with significant public and private investment to build both elite sporting infrastructure and broad-based community programs.

Abu Dhabi Sports Council secured multiple prestigious awards in 2025, including for major international events such as the Abu Dhabi HSBC Golf Championship and grassroots programs like the ADNOC Abu Dhabi Marathon. [Source: adsc](#)

In recent time, UAE has hosted some of the most extravagant sports events such as, Formula 1 Etihad Airways Abu Dhabi Grand Prix, UFC Fight Night 321, Abu Dhabi HSBC Golf Championship and ICC Champions Trophy.

Private Investments

Recent investments include sizeable rounds in technology platforms such as GrubTech (SaaS for kitchens) and Epik Foods, which secured USD 15.5 million from Ruya Partners in 2024. UAE-based food and beverage IPOs (e.g., Talabat Holding, ADNH Catering) also create liquidity events and raise the profile of the sector for private investors. [Source: Grant Thornton](#)

Luxury hotel investors are buoyed by robust profit margins, occupancy rates for UAE luxury hotels remain above 85%, and average daily rates have risen by nearly 9% year-on-year, reinforcing ongoing private investment in upscale segments. [Source: Hot stats](#)

Consumer service sector - Cost of Capital Analysis

The consumer services sector, encompassing hospitality, leisure, and various personal services, displays varying risk profiles across the region. The UAE's Consumer Services sector generally shows a lower average WACC compared to Saudi Arabia. Kuwait's WACCs are varied, with some companies comparable to the UAE.

The lower WACC in UAE's consumer services sector reflects a more mature, diversified, and stable consumer market, bolstered by a strong tourism sector and high disposable incomes.

The UAE hospitality market reached USD 23.9 billion in 2024 with a 5.2% CAGR, significantly boosted by international events like Expo 2020, government initiatives such as visa reforms, and extensive cultural and entertainment developments.

UAE (5 companies)				
	Betas	Ke	Kd	WACC
Average	0.69	6.92%	5.01%	5.68%
Median	0.36	5.44%	5.11%	5.27%

GCC (10 companies)				
	Betas	Ke	Kd	WACC
Average	0.92	8.50%	6.23%	7.04%
Median	0.88	8.33%	5.83%	6.63%

} Saudi Arabia, Bahrain and Kuwait

The growing on-demand home services industry, supported by high internet penetration and favorable foreign ownership laws, further contributes to this stability.

In contrast, Saudi Arabia's higher WACC, despite its rapid growth in consumer finance (projected to reach USD 973.97 billion by 2030 with an 18.28% CAGR), may indicate that the market perceives higher competition, an evolving regulatory landscape, or the nascent stage of some consumer service sub-sectors, demanding a higher return on capital.

While Saudi Arabia's growth is driven by Vision 2030 and digital transformation, rapid expansion can attract intense competition and involve higher marketing and operational costs to capture market share.

The market may be factoring in the uncertainties associated with such rapid growth and the competitive dynamics of a developing consumer market. The UAE's consumer services sector appears to offer a more stable investment environment with lower perceived risk due to its established market and strong tourism foundation.

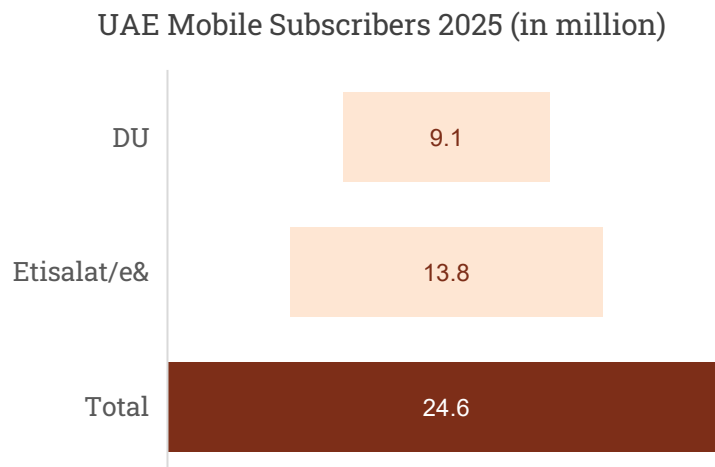


Telecommunication sector

Overview of the UAE's Telecommunication Sector (2025)

The UAE has established itself as a regional and increasingly global leader in the telecom sector by prioritizing advanced telecommunications infrastructure, seamless digital transformation, and robust regulatory support. The sector's dynamism is underpinned by strong public-private collaboration, continual technology upgrades, and a focus on facilitating smart services for residents, businesses, and government.

The UAE telecom market was valued at approximately USD 12.2 billion in 2024 and is projected to grow at a CAGR of 6.2%, reaching an estimated USD 21.5 billion by 2033. The sector is dominated by two major operators, Etisalat (now e& UAE) and du, who maintain high market shares across mobile, fixed-line, and broadband services. Source: [IMARC Group](#)



The UAE is at the forefront of 5G deployment and fiber-optic network expansion in the Middle East, with comprehensive nationwide 5G coverage targeted for completion by 2026. Nationwide fiber connections suit both consumer and enterprise needs, supporting smart cities, IoT, and future-centric applications. Source: [Mordor Intelligence](#)

Strategic collaborations, such as the multi-year partnership between e& UAE and Mavenir (US telecom software company), are accelerating the evolution towards cloud-native, AI-enabled, and converged 5G network environments. These are foundational for enabling smart city projects, autonomous vehicles, and cutting-edge enterprise solutions. Source: [Mavenir](#)

Government Initiatives and Regulation

Leadership and Policy: The Telecommunications and Digital Government Regulatory Authority (TDRA) continues to drive sector excellence, recently hosting the SAMENA Council Leaders' Summit 2025 to chart collaborative paths for intelligent and sustainable digital economies. Source: [Samena Council](#), [TDRA](#)

MoHRE reported over 24 million digital interactions in the first half of 2025, a testament to the efficiency of platforms like Tawasul for customer engagement, transparency, and efficient labor market services. Source: [MoHRE](#)

The government launched the National Radiation Monitoring System in August 2025 to ensure telecom safety and maintain public trust as networks expand and diversify. Source: [Tech African News](#)

The UAE ranks first globally in telecommunications infrastructure and digital government frameworks according to recent UN indices, reflecting the impact of sustained investment and a robust policy environment. Source: [Wam](#)

Emerging Trends and Stakeholder Perspectives

The communication sector is rapidly integrating artificial intelligence within network management, service delivery, and customer experience. Stakeholders emphasize the shift toward "techcos" (technology-driven telecoms) leveraging smart and efficient networks and advanced analytics. Source: [Mavenir](#)

Interviews and keynotes from leaders at government summits consistently note that effective public-private partnerships and ecosystem-wide engagement are central to achieving digital transformation and infrastructure resilience. Source: [TDRA](#)

The rapid growth of over-the-top (OTT) content providers, rising cloud adoption, and new digital service bundles are transforming how value is created for both consumers and enterprises. Source: [Data Insights Market](#)

Private Investments

Leading international firms such as KKR, EQT, and Eurazeo, have recently established and expanded operations in the UAE, attracted by opportunities in telecom infrastructure. Notably, KKR's strategic partnership with Gulf Data Hub scaled one of the region's largest independent data center platforms, reflecting major appetite for telecom-adjacent infrastructure. Source: [PwC](#)

Mubadala Investment Company (Abu Dhabi) stands out as a prolific investor, deploying capital in telecom and technology infrastructure within the UAE and across emerging markets. Multiply Group, another Abu Dhabi-based giant, also seeks investments in digital and communication assets that capitalize on rapid connectivity growth. Source: [Multiply](#)

Telecommunication sector - Cost of Capital Analysis

The communication sector is a rapidly evolving industry driven by digital transformation. The UAE's Communication sector has a significantly lower average WACC compared to Saudi Arabia and Qatar. Kuwait's WACCs are notably low for its listed companies, even lower than the UAE's average.

UAE (2 companies)				
	Betas	Ke	Kd	WACC
Average	0.46	5.87%	4.99%	5.34%
Median	0.46	5.87%	4.99%	5.34%

GCC (8 companies)				
	Betas	Ke	Kd	WACC
Average	0.69	7.44%	5.63%	6.63%
Median	0.77	7.81%	5.41%	7.04%

} Saudi Arabia, Qatar and Kuwait

Kuwait's notably low WACC in the Communication sector, even lower than the UAE's, could be attributed to the strong presence of government-owned or heavily regulated entities, providing perceived stability and potentially lower risk premiums due to implicit sovereign backing.

The UAE also benefits from government ownership, leading to a low WACC. Major operators in the UAE, such as Etisalat and Du, are mostly government-owned. This direct government backing and control likely de-risks these investments significantly, leading to a lower cost of capital.

The UAE also boasts 99% internet penetration, indicating a highly mature and stable market. Kuwait's telecom infrastructure is well-developed, with a focus on mobile and 5G, and the government is actively strengthening its resilience.

Higher WACCs in Saudi Arabia and Qatar might reflect more dynamic competitive landscapes, rapid market development, and the inherent risks of aggressive digital transformation initiatives. Saudi Arabia's ICT market is the largest and fastest-growing in MENA, driven by massive digital transformation efforts, giga-projects, and smart cities.

Qatar's ICT sector is also undergoing substantial investments. While these offer high growth, the rapid pace of change, adoption of new technologies (AI, IoT), and potentially higher competitive intensity could lead to higher perceived risk and thus higher WACC.

Government ownership and strong regulatory oversight in essential services like telecommunications can significantly de-risk investments, leading to a lower cost of capital, whereas in markets undergoing rapid, large-scale digital transformation, even with government support, the inherent complexities and uncertainties can translate into a higher WACC.



Non-Energy Minerals sector

Overview of the UAE's Non-Energy Minerals Sector (2025)

The UAE's non-energy minerals sector, primarily encompassing cement and construction industries, is a vital pillar of the country's economic diversification and infrastructure growth strategy.

Cement Sector

The UAE cement market is projected to reach approximately USD 1.21 billion in value in 2025, demonstrating a consistent annual growth rate of around 5.3%. From 2020 to 2024, the cement sector grew at a CAGR of 6.1%, with continued positive momentum forecasted through 2029, expanding towards USD 1.48 billion. Source: [Business wire](#)

There is a focus on sustainability and decarbonization. Manufacturers are investing in eco-friendly cement formulations and production methods. For instance, EMSTEEL (UAE's largest steel and building materials manufacturer) has partnered on producing decarbonized cement using steel slag, aiming to reduce cement-related emissions by 30% by 2030. Additionally, Exeed Industries is collaborating to introduce carbon-negative cement technologies into the UAE market. Source: [ADI Summit](#)

The UAE imports clinker mainly from Oman, Iran, and Turkey to supplement domestic production and ensure supply stability. Source: [Imarc Group](#)

Construction Sector

The UAE construction industry is poised for growth with a projected value of USD 51.6 billion in 2025, growing annually at around 6.2%, and expected to continue expanding at a CAGR of 4.8% through 2029, reaching USD 66 billion. Source: [Business wire](#)

Growth is fueled by residential, commercial, infrastructure, and transport projects, with strong support from government mega-projects, such as Dubai's USD 4.36 billion road development plan spanning 2024-2027, and extensive metro, airport, and urban development initiatives. Source: [Globe news wire](#)

Contractors' awards in the UAE construction market are expected to reach about USD 92.38 billion in 2025, with building construction accounting for nearly 62% of this value, reflecting high confidence and substantial capital flows within the sector. Contractors' awards in the UAE construction market refer to the total value of contracts officially awarded to construction companies for executing various projects within the sector. Source: [LinkedIn](#)

Private Investments

Private investments include new plant developments and capacity expansions to meet rising demand from infrastructure, real estate, and industrial projects. For instance, Al Ghurair Investments announced plans to build a new cement plant with a USD 200 million investment, illustrating private sector confidence in the sector's growth. Source: [Business wire](#)

There is heightened investor interest in sustainable and low-carbon cement technologies. Such initiatives attract private equity focused on environmental impact alongside profitability. Source: [Imarc Group](#)

The UAE's position as a regional industrial hub and financial center facilitates mature investment approaches, including venture capital and buyouts in construction and minerals. Sophisticated legal and financial ecosystems (e.g., DIFC, ADGM) support complex deals, attracting global and regional private investors.

Non-energy sector - Cost of Capital Analysis

The non-energy minerals sector presents an interesting case; It includes mostly cement and construction companies. The UAE has a significantly lower average WACC in Non-Energy Minerals compared to Saudi Arabia. Bahrain and Kuwait show very high WACCs for some companies, indicating high risk.

Across the GCC region, the cement market is projected to grow by 5.0% annually, reaching USD 16.3 billion in 2025.

UAE (2 companies)				
	Betas	Ke	Kd	WACC
Average	0.56	6.31%	4.79%	6.31%
Median	0.56	6.31%	4.79%	6.31%

GCC (19 companies)				
	Betas	Ke	Kd	WACC
Average	1.04	9.77%	6.12%	8.59%
Median	0.87	8.28%	5.83%	7.69%

} Saudi Arabia, Qatar and Bahrain

The UAE's lower WACC in non-energy minerals, despite lacking indigenous reserves, highlights a successful strategy of positioning itself as a low-risk "processing and trading hub" rather than an extraction-focused economy. The UAE has no proven reserves of critical minerals but leverages its strategic edge in logistics, financial services, and re-export to position itself as a critical node in the global value chain for mineral processing, trading, and logistics.

This "processing arbitrage" and financial hub strategy likely presents lower operational and geological risks compared to direct extraction, leading to a lower cost of capital.

In contrast, Saudi Arabia's higher WACC reflects the market pricing in the substantial capital expenditure, exploration risks, and the transformative nature of developing a large-scale mining sector under Vision 2030, even with significant government incentives.

Mining is a core pillar of Vision 2030, with estimated unexploited mineral resources valued at USD 2.5 trillion. The Mining Investment Law (2020) offers 100% foreign ownership to attract investment. This involves significant greenfield exploration, large-scale projects, and the inherent risks of mining which are geological issues, operational risks and commodity price volatility.

The market demands a higher return for these higher-risk, capital-intensive ventures. This illustrates a fundamental difference in strategic approach: the UAE leverages existing strengths, while Saudi Arabia undertakes a more ambitious, higher-risk, but potentially higher-reward, direct development of its natural resources.



Process Industry sector

Overview of the UAE's Process Industry Sector (2025)

The UAE's process industry sector, with a strong focus on chemicals and petrochemicals, stands as a cornerstone of national economic diversification and industrial policy.

Operation 300bn: The UAE's industrial strategy ("Operation 300bn") aims to double the sector's GDP contribution from AED 133 billion to AED 300 billion by 2031. The strategy specifically targets chemicals, petrochemicals, plastics, and heavy industry, driving R&D, sustainability, advanced manufacturing, and in-country value. Source: [u](#)

Chemical sector

The sector is a major pillar of the UAE's sustainable growth and is prioritized in federal budgets. For 2025, government reports highlight robust industrial revenues and the allocation of a portfolio of USD 8.17 billion to industrial sector financing including chemicals and related industries. Source: [MoF](#)

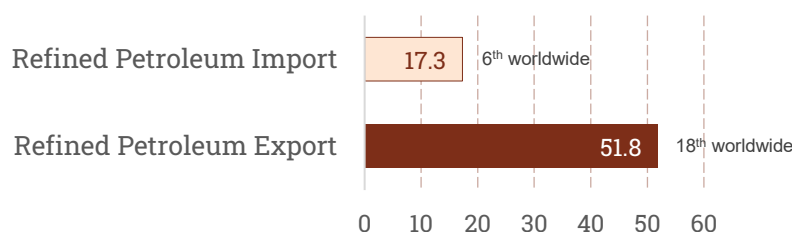
The TA'ZIZ Chemicals Zone in Al Ruwais Industrial City is leading a new wave of domestic production, including first time local manufacture of chemicals such as caustic soda, ethylene dichloride, vinyl chloride monomer, polyvinyl chloride, ammonia, and methanol. The inaugural methanol plant awarded a USD 1.7 billion EPC contract in 2025 which will produce 1.8 million tons pe year and be powered by clean energy, positioning the UAE for global leadership in sustainable chemicals. Source: [ADNOC](#)

Petrochemical sector

The UAE's petrochemical industry is forecast to grow at an 8–10% annual rate over the next five years, with production capacity set to reach 20 million tons annually, led by expansions in polyolefins and advanced chemicals in Abu Dhabi. Source: [Sahm Capital](#)

Major companies include ADNOC and Borouge, with Borouge posting record profits (USD 1.23 billion in 2024, up 24% YoY) and sales of 5.3 million tons a company milestone. ADNOC's massive investments, such as a USD 13 billion acquisition of Covestro, enhance UAE's technical capabilities and global market presence. Source: [Sahm Capital](#)

UAE's Refined Petroleum Import & Export 2023



Strategic projects like TA'ZIZ and ADNOC Gas's Rich Gas Development (USD 5 billion awarded in 2025) underpin new product streams, boost liquid and gas exports, and create feedstock for local industry. TA'ZIZ aims for production of 4.7 million tons per year chemicals by 2028; low-carbon ammonia and methanol plants are core components, supporting decarbonization and export. Source: [ADNOC Gas](#)

The UAE leverages its geographic location close to global shipping lanes and key export markets in Asia, Europe, and Africa to facilitate rapid logistics and supply chain connections for chemicals and petrochemical exports.

Investments

ADNOC's supply chain partners have committed USD 817 million in new and expanded manufacturing facilities across key free zones including ICAD, KEZAD, Dubai Industrial Park, JAFZA, SAIF Zone, and Umm Al Quwain.

These facilities manufacture industrial products such as pressure vessels, pipe coatings, and fasteners, generating over 3,500 high-skill private sector jobs and advancing the UAE's local manufacturing base. These investments leverage ADNOC's In-Country Value (ICV) program, designed to localize strategic capabilities via commercial agreements. Source: [Indian Chemical News](#)

Privately-owned UAE investor, Shaheen, has joined the TA'ZIZ and Reliance JV for a USD 2 billion project in Ruwais, marking a landmark private investment in the TA'ZIZ Industrial Chemicals Zone. This project will enable the first domestic production of several high-demand chemicals, boost job creation and R&D, and is indicative of the UAE's push for more private participation in new industrial zones and advanced materials manufacturing. Source: [Indian Chemical News](#)

The UAE's national oil company, ADNOC, recently launched an USD 80 billion investment arm (XRG), focused on lower-carbon energy and chemicals. It also created Borouge Group International, now a USD 60 billion global plastics giant with access to European and North American markets. Borouge's expansion supported by commercial partners and global institutional investors, is set to nearly triple its capacity and open new international markets. Source: [AGBI](#)

Private investment is vital to Borouge's expansion at Ruwais, with the Borouge 4 project and ADNOC Gas' new USD 3 billion growth pipeline for 2025. These projects drive ethylene, polyolefins, and ammonia output, enhancing downstream integration and unlocking global partnerships, M&A, and operational synergies. Sources: [Zawya](#)

Major banks (Emirates Development Bank, First Abu Dhabi Bank, Mashreq, and others) are providing competitive loans and investment platforms, such as the Emirates Growth Fund (AED1 billion), to support SMEs and strategic industrial innovators, covering chemicals, advanced materials, and sustainable production. The UAE's Operation 300bn strategy and regional industrial partnerships further incentivize cross-border joint ventures and greenfield investments in chemical innovation. Source: [Invest UAE](#)

Process Industry – Cost of Capital Analysis

The process industry, particularly chemicals and petrochemicals, is a cornerstone of the GCC economies. The UAE's Process Industry sector has a significantly lower average WACC compared to Saudi Arabia and Qatar. Kuwait's WACCs are mixed, with one company comparable to the UAE.

The UAE's lower WACC in the Process Industry reflects its established cost advantages from abundant natural gas feedstock and strategic investments in world-class production facilities, positioning it as a mature and efficient player.

The UAE is placing significant emphasis on expanding its petrochemical industry to add value to its hydrocarbon resources and diversify its economy, with substantial investments in refining capabilities and strategic infrastructure.

Access to vast natural gas deposits provides cost advantages, enabling companies to produce petrochemicals at lower costs compared to regions dependent on more expensive feedstocks.

UAE (3 companies)				
	Betas	Ke	Kd	WACC
Average	0.41	5.67%	5.21%	5.23%
Median	0.41	5.67%	5.29%	5.33%

All Companies (18)				
	Betas	Ke	Kd	WACC
Average	1.16	9.57%	5.64%	7.87%
Median	1.18	9.69%	5.78%	7.52%

} Saudi Arabia, Qatar and Kuwait

Saudi Arabia's higher WACC, despite its large-scale petrochemical ambitions and major players like SABIC, may indicate the market's pricing of the sheer scale of new projects, integration complexities, and the cyclical nature of the global petrochemical industry, demanding a higher return for the significant capital deployed.

While Saudi Arabia is investing heavily in downstream petrochemical processing and has ambitious plans under Vision 2030, the capital-intensive nature and cyclicity of the global petrochemical industry, combined with the scale of new projects, inherently carry higher execution and market integration risks.

The UAE offers a more stable and cost-efficient environment for process industries due to its inherent feedstock advantages and mature infrastructure. Saudi Arabia, while a dominant force, faces higher capital costs due to the scale and transformative nature of its industrial expansion, which the market prices as higher risk.



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