

## Emaar Properties

**Current Price**  
AED 14.65

**Target Price**  
AED 16.00

**Upside/Downside (%)**  
+9%

**Rating**  
HOLD

### 2Q25 Net Profit lower than our estimate

- Emaar Properties' revenue grew 26.7% YOY to AED 9.7 Bn in 2Q25, mainly driven by a solid rise in property sales and recognition of backlog, along with robust performance across retail, hospitality, and international operations
- The Company's cost of revenue increased 30.2% YOY to AED 4.3 Bn in 2Q25. This is higher than the growth in revenue owing to a change in the revenue mix.
- As a result, gross profit increased 24.0% YOY to AED 5.4 Bn in 2Q25. However, gross profit margin declined from 119 bps YOY to 55.5% in 2Q25, mainly due to higher revenue contribution from residential and commercial unit sales
- Revenue backlog from property sales grew 62% YOY to AED 146.3 Bn in 2Q25, providing revenue visibility
- EBITDA rose significantly, 38.1% YOY to AED 5.0 Bn in 2Q25, while EBITDA margin improved from 46.7% in 2Q24 to 51.0% in 2Q25
- Emaar's property development business sales in the UAE rose 37% YOY to AED 40.6 Bn in 1H25, attributed to 25 project launches across all master plans in the region. Additionally, revenue backlog from property sales in the UAE reached AED 128.6 Bn in 2Q25
- Emaar Properties recorded a tax expense of AED 746 Mn in 2Q25 compared to AED 354 Mn in 2Q24
- The Company's non-controlling interest increased 21.9% YOY to AED 873 Mn in 1Q25
- Net profit attributable to equity shareholders rose 39.3% YOY to AED 3.4 Bn in 2Q25, driven by solid growth in property sales and growing revenue backlog

### Earnings Call Summary

- Emaar anticipates the strong property sales momentum from 1H25 to carry through into 2H25 and, if sustained, to drive solid growth in 2026 as well
- Emaar Properties set up a contracting business, which is being shifted under Emaar Development at book value
- The top five nationalities as top buyers for Emaar are India, UK, China, Pakistan, and UAE nationals
- Emaar is increasing its prices after every project due to solid off-plan sales
- Generates 20% of its sales from repeat customers, while the 80% sales come from first-time buyers
- Rising rates didn't hurt Emaar's sales, and with over 90% of buyers paying cash, lower rates would mainly act as an added catalyst to support demand and offset supply pressures
- Despite an increase in construction cost inflation in the last 12 months, Emaar's scale advantages help control contractor costs, and price increases are passed on to customers, keeping margins intact for future awards
- Emaar has 10 active master plans, of which 8-9 launches are expected in 2025
- Plans to invest c. AED 30 Bn in land acquisitions over the next 5-6 years, with a portion already spent this year, including AED 3 Bn spent on the recent Ras Al Khor land purchase. Land capex makes up about half of total capex, planned evenly over five years, but adjusted if sales exceed plans or special opportunities arise
- Emaar is on track to generate USD 10 Bn in non-built-to-sell revenue, with a significant portion back-ended from 2028 onwards, driven by major mall projects
- Emaar's inland luxury projects, Oasis and Grand Polo, saw strong absorption and margins compared to beachfront projects. Oasis, despite higher land costs, achieved top pricing, which reflects Emaar's ability to deliver differentiated projects with premium pricing and margins

- Dubai Mall witnessed a slight impact from the Fountain renovation and regional conflict, which briefly reduced visitors. The renovation is expected to be completed by 3Q25, and normal activity is predicted from October onwards
- Demand for villas and townhouses remains strong with limited supply risk, while apartments may see imbalances from 4Q25 onwards
- In Egypt, Emaar is investing in hospitality and community retail within its master plans, with no major standalone retail projects outside these areas
- The Dubai Creek Harbour Mall is planned to open by 2029, while the tower is still under design review and won't be completed before 2029
- Emaar is expected to maintain dividends of AED 1 per share for 2025 and 2026

**Emaar Properties – P&L**

<b>AED Mn</b>	<b>2Q24</b>	<b>1Q25</b>	<b>2Q25</b>	<b>2Q25F</b>	<b>Var</b>	<b>YOY Ch</b>	<b>QOQ Ch</b>
Revenue	7,684	10,098	9,736	10,483	-7.1%	26.7%	-3.6%
Operating costs	-3,327	-4,368	-4,331	-4,551	-4.8%	30.2%	-0.9%
<b>Gross profit</b>	<b>4,357</b>	<b>5,730</b>	<b>5,405</b>	<b>5,932</b>	<b>-8.9%</b>	<b>24.0%</b>	<b>-5.7%</b>
Selling & G&A expenses	-803	-719	-748	-849	-11.9%	-6.8%	4.1%
<b>EBITDA</b>	<b>3,592</b>	<b>5,402</b>	<b>4,962</b>	<b>5,240</b>	<b>-5.3%</b>	<b>38.1%</b>	<b>-8.1%</b>
<b>EBIT</b>	<b>3,314</b>	<b>4,761</b>	<b>4,370</b>	<b>4,847</b>	<b>-9.8%</b>	<b>31.9%</b>	<b>-8.2%</b>
<b>Profit before tax</b>	<b>3,489</b>	<b>5,433</b>	<b>4,990</b>	<b>5,490</b>	<b>-9.1%</b>	<b>43.0%</b>	<b>-8.2%</b>
Income tax expense	-354	-797	-746	-796	-6.3%	110.9%	-6.4%
<b>Profit attributable to equity</b>	<b>2,419</b>	<b>3,709</b>	<b>3,371</b>	<b>3,631</b>	<b>-7.2%</b>	<b>39.3%</b>	<b>-9.1%</b>

*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%

### FAB Securities Contacts:

---

#### Research Analyst

Ahmad Banihani                      +971-2-6161629                      [ahmad.banihani@Bankfab.com](mailto:ahmad.banihani@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 authorized 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.