

Emaar Properties

Solid property sales and strong recurring revenues boosted profitability

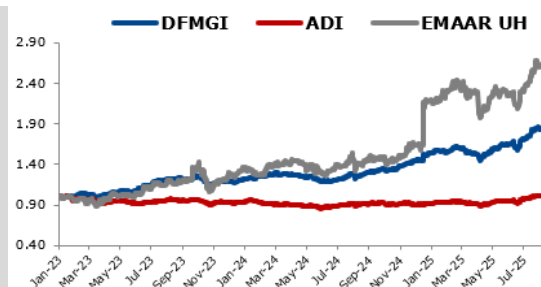
Current Price
AED 14.95

Target Price
AED 17.40

Upside/Downside (%)
+16.4%

Rating
BUY

- Emaar's revenue backlog from property sales in the UAE rose AED 128.6 Bn in 2Q25 with a total backlog of AED 146.3 Bn.
- Emaar's UAE hotels' average occupancy rate stood at 80% in 1H25, while the mall assets average occupancy rate stood at 98%.
- The Company plans a total capital expenditure of AED 60–70 Bn over the next five years.
- Successfully launched 25 projects across all master plans in the UAE during 1H25.
- Emaar Properties aims to maintain AED 1 per share dividends for 2025 and 2026.



Stock Information

Market Cap (AED, Mn)	132,139.91
Paid Up Capital (Mn)	8,838.79
52 Week High	15.90
52 Week Low	7.99
3M Avg. daily value (AED)	183,723,800

2Q25 Net Profit lower than our estimate

Emaar Properties PJSC (Emaar/the Company) reported a 39.3% YOY increase in net profit to AED 3,371 Mn in 2Q25, lower than our estimate of AED 3,631 Mn. The increase in net profit is primarily attributable to a rise in revenue due to solid growth in property sales, execution of backlog, lower operating expenses, and a decline in net finance cost, partially offset by an increase in cost of sales, tax charge, and share of NCI.

P&L Highlights

Emaar Properties' revenue boosted 26.7% YOY AED 9,736 Mn 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. Revenue from the sale of residential units increased 29.9% YOY to AED 6,852 Mn in 2Q25, supported by the launch of 25 projects across the UAE, with property sales rising 37% YOY to AED 40.6 Bn in 1H25. Additionally, revenue backlog from property sales rose to AED 146.3 Bn, as of 2Q25. Revenue from the sale of Commercial units rose significantly 53.6% YOY to AED 366 Mn in 2Q25. The hospitality segment reported a 21.7% YOY increase in revenue to AED 525 Mn in 2Q25, driven by strong tourism activity and high domestic demand. Additionally, average hotel occupancy across Emaar's UAE properties reached 80% in 1H25. Revenue from leased properties, retail and related income grew 14.5% YOY to AED 1,993 Mn in 2Q25, primarily driven by continued growth in tenant sales and consistently strong occupancy across key assets. Emaar's cost of revenue increased 30.2% YOY to AED 4,331 Mn in 2Q25. This is higher than the growth in revenue owing to a change in the revenue mix. As a result, gross profit rose 24.0% YOY to AED 5,405 Mn in 2Q25. Other operating income increased 20.3% YOY to AED 180 Mn in 2Q25, while other operating expenses rose 35.4% YOY to AED 63 Mn.

2Q25 Result Review (AED, Mn)

Total Assets	167,746
Total Liabilities	73,459
Total Equity	94,287
EBITDA	4,962
Net Profit	3,371

Financial Ratios

Dividend Yield (12m)	6.76
Dividend Pay-out (%)	65.40
Price-Earnings Ratio(x)	8.58
Price-to-Book Ratio (x)	1.57
Book Value (AED)	9.44
Return-on Equity (%)	18.98

Stock Performance

5 Days	0.00%
1 Months	-0.66%
3 Months	11.15%
6 Months	4.55%
1 Year	84.34%
Month to Date (MTD%)	-1.97%
Quarter to Date (QTD%)	9.93%
Year to Date (YTD%)	16.34%

SG&A expenses fell 6.8% YOY to AED 748 Mn in 2Q25. Emaar's total EBITDA grew 38.2% YOY to AED 4,962 Mn in 2Q25. Moreover, EBITDA margin improved from 46.7% in 2Q24 to 51.0% in 2Q25. The Company's operating profit boosted 31.9% YOY to AED 4,370 Mn in 2Q25. Depreciation on PPE grew 8.4% YOY to AED 175 Mn in 2Q25, while depreciation on investment properties rose 25.8% YOY to AED 229 Mn. Meanwhile, finance income rose 31.0% YOY to AED 697 Mn in 2Q25 due to higher returns from bank deposits and securities, whereas finance costs declined 12.3% YOY to AED 226 Mn in 2Q25. Furthermore, the Company reported a profit from associates of AED 82 Mn in 2Q25 compared to a loss of AED 61 Mn in 2Q24. Other income improved to AED 67 Mn in 2Q25 compared to a loss of AED 38 Mn in 2Q24. Income tax expense more than doubled from AED 354 Mn in 2Q24 to AED 746 Mn in 2Q25. Additionally, the share of profit attributable to non-controlling interest holders increased 21.9% YOY to AED 873 Mn in 2Q25.

Balance Sheet Highlights

The Company's cash and bank balance increased from AED 58.4 Bn in 1Q25 to AED 57.5 Bn in 2Q25. Emaar's total debt, including advances from customers, rose from AED 44.9 Bn in 1Q25 to AED 50.2 Bn in 2Q25. Additionally, the Company generated AED 9.9 Bn in cash flow from operations in 2Q25, compared to AED 9.0 Bn in 1Q25.

Target Price and Rating

We maintain our BUY rating on Emaar Properties with a revised target price of AED 17.40. The Company's stock price increased 10% since our last rating. Emaar delivered strong financial and operational performance in 2Q25, driven by solid product launches, which resulted in robust property sales along with strong execution of backlog and sustained recurring revenues. Emaar's property sales rose 37% YOY to AED 40.6 Bn in 2H25. This was underpinned by the successful launch of 25 projects across all master plans in the UAE. The revenue backlog from property sales reached AED 146.3 Bn in 2Q25, recording 62% YOY growth. Of this, AED 128.6 Bn is attributed to UAE-based projects, indicating strong domestic demand. 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. Recurring revenue streams, including malls, hospitality, leisure, entertainment, and commercial leasing, witnessed solid growth in 2Q25 due to healthy tourism activity and strong occupancy levels. Mall assets maintained a healthy average occupancy rate of 98% in 1H25, while hotel occupancy in the UAE averaged 80%. The hospitality segment saw strong performance, supported by the addition of two new hotels comprising over 600 keys. Shopping malls, retail, and commercial leasing operations contributed AED 1.7 Bn in revenue, with EBITDA reaching AED 1.5 Bn during 2Q25. Emaar's international real estate operations generated AED 2.5 Bn in property sales and AED 517 Mn in revenue during 2Q25, driven by strong demand in India and Egypt. Looking ahead, Emaar plans a total capital expenditure of AED 60–70 Bn over the next five years, of which c. AED 30 Bn will be spent on land acquisitions, with a portion already spent this year, including AED 3 Bn spent on the recent Ras Al Khor land purchase. Meanwhile, 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. Additionally, Emaar is expected to maintain dividends of AED 1 per share for 2025 and 2026. Thus, based on our analysis, we assign a BUY rating on the stock.

Emaar Properties - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	50.75	32.18	19.34	11.36	9.78	9.03
PB	1.93	1.98	2.03	1.70	1.55	1.45
EV/EBITDA	41.40	17.66	15.82	8.66	6.90	6.38
EPS	0.29	0.46	0.77	1.32	1.53	1.66
BVPS	7.75	7.54	7.37	8.79	9.67	10.32
DPS (in AED)	0.10	0.15	0.25	0.50	1.00	1.00
Dividend yield	0.7%	1.0%	1.7%	3.3%	6.7%	6.7%

FABS Estimates & Co Data

Emaar Properties – P&L

AED mn	2Q24	1Q25	2Q25	2Q25F	Var	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	7,684	10,098	9,736	10,483	-7.1%	26.7%	-3.6%	35,505	41,541	17.0%
Cost of revenue	-3,327	-4,368	-4,331	-4,551	-4.8%	30.2%	-0.9%	-15,124	-18,074	19.5%
Gross profit	4,357	5,730	5,405	5,932	-8.9%	24.0%	-5.7%	20,381	23,467	15.1%
Other operating income	150	145	180	210	-14.2%	20.3%	24.1%	654	706	7.9%
Other operating expenses	-47	-39	-63	-52	20.4%	35.4%	61.6%	-239	-249	4.1%
Selling, G&A expenses	-803	-719	-748	-849	-11.9%	-6.8%	4.1%	-3,232	-3,323	2.8%
EBITDA	3,592	5,402	4,962	5,240	-5.3%	38.2%	-8.1%	19,277	20,601	6.9%
EBIT	3,314	4,761	4,370	4,847	-9.8%	31.9%	-8.2%	16,136	19,047	18.0%
Depreciation of PPE	-161	-161	-175	-170	2.7%	8.4%	8.8%	-625	-682	9.1%
Depreciation of IP	-182	-195	-229	-223	2.8%	25.8%	17.2%	-802	-872	8.8%
Finance income	532	648	697	713	-2.3%	31.0%	7.6%	2,102	2,700	28.4%
Finance cost	-258	-221	-226	-229	-1.0%	-12.3%	2.3%	-941	-914	-2.8%
Other income	-38	136	67	126	-46.6%	NM	NM	1,596	831	-48.0%
Share of associates	-61	110	82	33	NM	NM	-25.2%	6	285	NM
Profit before tax	3,489	5,433	4,990	5,490	-9.1%	43.0%	-8.2%	18,900	21,949	16.1%
Income tax	-354	-797	-746	-796	-6.3%	NM	-6.4%	-1,451	-3,183	NM
Profit for the period	3,136	4,636	4,244	4,694	-9.6%	35.3%	-8.5%	17,449	18,766	7.5%
Non-controlling interests	-716	-927	-873	-1,063	-17.8%	21.9%	-5.8%	-3,935	-4,129	4.9%
Net Profit	2,419	3,709	3,371	3,631	-7.2%	39.3%	-9.1%	13,514	14,638	8.3%

FABS estimate & Co Data

Emaar Properties - Margins

	2Q24	1Q25	2Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross margin	56.7%	56.7%	55.5%	-119	-122	57.4%	56.5%	-91
EBITDA margin	46.7%	53.5%	51.0%	423	-253	54.3%	49.6%	-470
Operating margin	43.1%	47.1%	44.9%	175	-226	45.4%	45.9%	40
Net profit margin	31.5%	36.7%	34.6%	313	-211	38.1%	35.2%	-283

FABS estimate & Co Data

Valuation:

We use Discounted Free Cash flow (DCF), Relative Valuation (RV) and Dividend Discount Model (DDM) to value Emaar Properties. We have assigned 70% weight to DCF, 20% to the RV and 10% to the DDM method.

Valuation Method	Target	Weight	Weighted Value
DCF Method	18.49	70.0%	12.94
Relative Valuation (RV)	15.79	20.0%	3.16
DDM	13.05	10.0%	1.31
Weighted Average Valuation (AED)			17.40
Current market price (AED)			14.95
Upside/Downside (%)			+16.4%

1) DCF Method:

Emaar Properties is valued using free cash flow to firm. We have discounted the cash flow using the weighted average cost of capital of 9.4%. It is arrived after using cost of equity of 9.6% and cost of debt of 8.7%. Cost of equity is calculated by using 10-year government bond yield of 4.4%, beta of 1.00 and equity risk premium of 4.0%. Government bond yield is calculated after adding Dubai 10-year spread over 10-year US risk free rate. Cost of debt of 7.4% is calculated after adjusting a tax rate of 14.5%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	39,183
Terminal value (AED, Mn)	123,491
FV to Common shareholders (AED, Mn)	163,402
No. of share (Mn)	8,839
Current Market Price (AED)	14.95
Fair Value per share (AED)	18.49

DCF Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
NOPAT	16,285	16,215	17,323	18,581	19,807
D&A	1,650	1,680	1,746	1,794	1,849
Change in working capital	-7,589	-8,568	-6,124	-5,852	-6,407
(-) Capex	-1,291	-1,351	-1,484	-1,674	-1,883
Free Cash Flow to Firm (FCFF)	9,055	7,976	11,462	12,849	13,367
Discounting Factor	0.97	0.88	0.81	0.74	0.67
Discounted FCFF	4,380¹	7,050	9,257	9,482	9,013

Source: FAB Securities, ¹Adjusted for partial year

2) Relative Valuation:

We have used local as well as international peers to value Emaar Properties and it is valued using the median PB and EV/EBITDA multiple. It is valued at a 2025 PB multiple of 0.8x and EV/EBITDA multiple of 9.9x in line with its peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/B (x)	
		2025F	2026F	2024F	2025F
China Overseas Land & Investment Limited	20,116	11.7	10.9	0.4	0.4
China Resources Land Limited	30,167	10.4	10.0	0.8	0.7
Aldar Properties	20,870	8.9	7.4	1.9	1.6
Tecom	4,560	9.5	9.4	2.3	2.1
CK Asset Holdings Limited	16,702	9.1	9.2	0.3	0.3
Dubai Investment	3,320	17.3	16.0	0.9	0.9
Average		11.1x	10.5x	1.1x	1.0x
Median		9.9x	9.7x	0.8x	0.8x
Max		11.3x	10.7x	1.6x	1.4x
Min		9.2x	9.2x	0.5x	0.5x

Source: FAB Securities

3) DDM Method:

Emaar Properties pays regular dividends to its shareholders. Thus, we have valued Emaar Properties using the DDM valuation method. The dividend is discounted at the cost of equity of 9.6%.

Sum of PV (AED, Mn)	35,851
Terminal value (AED, Mn)	79,502
FV to Common shareholders (AED, Mn)	115,353
No. of share (Mn)	8,839
Current Market Price (AED)	14.95
Fair Value per share (AED)	13.05

DDM Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Total Dividend	8,839	8,839	8,839	8,839	8,839
Discounting Factor	0.97	0.88	0.80	0.73	0.67
Present Value of Dividend	8,540	7,792	7,110	6,487	5,919

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%

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