

Emaar Properties

Current Price
AED 13.40

Target Price
Under review

Upside/Downside (%)
Under review

Rating
BUY

3Q25 Net Profit higher than our estimate

- Emaar Properties reported a 41.4% YOY increase in revenue, reaching AED 13.3 Bn in 3Q25, reflecting steady demand for its developments, robust revenue backlog, and strong recurring revenue operations.
- The Company's cost of revenue increased 52.5% YOY to AED 6.3 Bn in 3Q25. This is higher than the growth in revenue, due to the revenue mix.
- As a result, gross profit increased 32.7% YOY to AED 7.0 Bn in 3Q25. However, gross profit margin declined from 345 bps YOY to 52.5% in 3Q25, mainly due to higher revenue contribution from residential and commercial unit sales.
- The property sales revenue backlog remains exceptionally robust at c. AED 150.3 Bn globally, of which c. AED 130 Bn pertains to UAE projects, providing multi-year revenue visibility
- EBITDA rose significantly, 34.5% YOY to AED 6.3 Bn in 3Q25; however, EBITDA margin declined from 49.8% in 3Q24 to 47.3% in 3Q25.
- Emaar's property development business sales in the UAE rose 10% YOY to AED 52.9 Bn in 9M25, driven by robust property sales, timely project execution, and successful new launches across flagship master communities. Emaar Properties recorded a tax expense of AED 554 Mn in 3Q25 compared to AED 461 Mn in 3Q24.
- The Company's share of profit from non-controlling interest increased 35.5% YOY to AED 1,395 Mn in 3Q25.
- Net profit attributable to equity shareholders rose 37.4% YOY to AED 4.4 Bn in 3Q25, driven by solid growth in property sales and growing revenue backlog.

Earnings Call Summary

- Emaar has introduced an ultra-luxury residential community called Emaar Hills, located next to Dubai Hills Estate. Within Emaar Hills, the Dubai Mansions development is underway, expected to be launched in the next 9-12 months.
- Emaar Hills project is an AED 100 Bn ultra luxury masterplan with 40,000 units, which is a 50-50 JV with a private landowner with a development timeline of 10-15 years.
- The top five nationalities as top buyers for Emaar are India, UK, China, Pakistan, and UAE nationals with Indian buyers highest at 20%.
- Generates 20% of its sales from repeat customers, while the 80% sales come from first-time buyers.
- Under the UAE Development segment, the Company has 47,000+ units under development valued at AED 182 Bn; 94% of the value has already been sold.
- The Company achieved highest-ever property sales in the UAE of c. AED 52.9 Bn in 9M25, with the backlog reaching AED 130 Bn as of 9M25, is expected to boost further revenue.
- Emaar is focusing on the expansion of the Dubai Mall, which is expected to open in 2H28. This project, with an investment of AED 1.5 Bn, will feature 240 new luxury stores and dining outlets. Additionally, the Company plans to expand the Dubai Expo Mall, set to open in the 2H27, which will feature over 190 retail and dining options.
- Emaar Hospitality added three new hotels featuring 650+ keys and one VEO gym in the portfolio in 9M25 with strong ADR's and occupancy compared to the average of Dubai's market.
- The Company has a healthy pipeline of 23 hotels, with more than 75% of the hotels under management contracts with a focus on the UAE, Saudi Arabia, Bahrain, Egypt and Turkey.

- Over 59,800 residential units are expected to be delivered between 2025 and 2029 in both domestic and international markets, with mid to high single-digit growth projected until 2028 when new assets mature.
- Emaar has a land bank of c. 660 Mn sqft in 3Q25, with c. 369 Mn sqft in the UAE and c. 291 Mn sqft spread across key international markets, providing 10-15 years of development visibility, and with the recent Emaar Hills deal, the Company plans to acquire additional land to maintain a 12–15-year inventory.
- Focusing on expanding recurring portfolio, strengthening hospitality and retail assets, and disciplined international growth.
- The decline in tax expense in 3Q25 compared to previous periods in 2025 reflects the benefit from MD120, a one-time tax relief that allows the fair value of development assets as of 1 January 2020 to be used as the cost base for tax purposes. A lower-than-expected provision led to a reversal, contributing to the reduced tax charge.
- Pays an average commission of 4% to its external brokers.
- Emaar has delivered over 123,500 units globally since inception, with c. 79,000 units completed in the UAE.
- Cash position strengthened to AED 61.7 Bn in 3Q25, including AED 44 Bn in project escrow accounts, emphasizing strong liquidity and prudent financial management.
- Active master developments in UAE include Downtown Dubai, Emaar Beachfront, The Valley, Arabian Ranches III, The Oasis, Emaar South, Dubai Creek Harbour, and Dubai Hills, ensuring portfolio diversity.

Emaar Properties – P&L

AED Mn	3Q24	2Q25	3Q25	3Q25F	Var	YOY Ch	QOQ Ch
Revenue	9,385	9,736	13,273	10,614	25.1%	41.4%	36.3%
Operating costs	-4,133	-4,331	-6,302	-4,589	37.3%	52.5%	45.5%
Gross profit	5,253	5,405	6,971	6,025	15.7%	32.7%	29.0%
Selling & G&A expenses	-799	-748	-916	-838	9.4%	14.7%	22.5%
EBITDA	4,671	4,962	6,282	5,303	18.5%	34.5%	26.6%
EBIT	4,201	4,370	5,799	4,909	18.1%	38.1%	32.7%
Profit before tax	4,673	4,990	6,322	5,572	13.5%	35.3%	26.7%
Income tax expense	-461	-746	-554	-808	-31.5%	20.1%	-25.8%
Profit attributable to equity	3,183	3,371	4,373	3,624	20.7%	37.4%	29.7%

FABS estimate & Co Data

