FAB أبوظبـي الأول للأوراق المالية SECURITIES

Earnings Call Insight | 2Q26

UAE Equity Research | Sector: Real Estate | Market: DFM

Emaar Properties

Current Price	Target Price	Upside/Downside (%)	Rating
AED 11.12	AED 17.00	+53%	BUY

2Q26 Net Profit lower than our estimate

- Emaar Properties revenue increased 18.2% YOY to AED 11,510 Mn in 2Q26, primarily driven by higher sales of Residential Units and Commercial Units. Revenue from Residential Units increased 30.5% YOY to AED 8,940 Mn, while revenue from Commercial Units rose 3.3% YOY to AED 379 Mn in 2Q26.
- Emaar Properties cost of revenue increased 17.4% YOY to AED 5,084 Mn in 2Q26. As a result, gross profit increased 18.9% YOY to AED 6,426 Mn in 2Q26, gross profit margin increased 31 bps YOY to 55.8% in 2Q26.
- The Company's total EBITDA grew 13.5% YOY to AED 5,631 Mn in 2Q26. However, EBITDA margin declined 205 bps YOY to 48.9% in 2Q26.
- The Company's share of profit attributable to non-controlling interest increased 21.9% YOY to AED 1,064 Mn in 2Q26, and income tax charges increased from AED 746 Mn in 2Q25 to AED 815 Mn in 2Q26.
- Net profit attributable to equity shareholders rose 9.0% YOY to AED 3,673 Mn in 2Q26, lower than our estimate of AED 4,328 Mn. The growth in net profit growth was driven by higher revenue, finance income, and higher profit share from associates/JVs, partially offset by higher cost of revenue, opex, finance costs, lower other income and higher income tax charges.

Earnings Call Summary

- Emaar maintained its leadership position in the MENA region, with revenue backlog reaching AED 164.9 Bn in 1H26 and remaining the largest company by market capitalization among emerging market real estate developers (excluding China).
- The Company's total property sales reached a record AED 26.6 Bn in 1H26, down 42.0% YOY from 1H25.
- Emaar launched 11 new projects and announced an AED 200 Bn master plan, with UAE property sales reaching AED 22.4 Bn in 1H26.
- Emaar Properties, UAE development segment backlog stood at AED 135.7 Bn in 1H26, supported by approximately 67,100 units under development and around 92% of launched units sold across six key countries, reinforcing strong long-term revenue visibility.
- Emaar Properties mall business remains resilient, supported by 98% overall occupancy and a largely fixed rental income base, while hospitality continues to improve with recovery dependent on the return of international tourism.
- During 2Q26, the Company recognized a AED 135 Mn impairment charge related to the Storm Coaster ride at Dubai Hills Mall.
- The AED 3-4 Mn average ticket size in 2Q26 was lower because the Company sold more smaller apartments at Emaar South, while villas remained priced at around AED 5-5.5 Mn.
- The regional conflict slowed property sales from March as buyers became cautious, but lower sales were mainly due to fewer new launches. Existing project revenue was not affected.
- Two to three launches took place in 2Q26 and continue to launch at a moderate pace, as the recent launches received an 80% absorption rate.
- New launches will only be made once existing inventory is absorbed sufficiently, and product mix will remain unchanged between apartments and villas.
- The Company does not plan to reduce prices or offer attractive payment plans to incentivise sales.

- Emaar plans to invest around AED 7.3 Bn over the next five years in land, malls, residential assets and international acquisitions, funded entirely through its own balance sheet.
- Management said lower sales and the AED 9 Bn dividend payment reduced cash, but cash generation remains strong.
- The Company expects sales to normalize following recent strong growth, with the seasonally slower summer period weighing on activity. Visibility is expected to improve by September-October as trends across hospitality, malls and real estate strengthen.
- Management remains comfortable with the current inventory strategy, having reduced UAE inventory by c.25% to AED 15 Bn, while the strong backlog provides visibility on revenue and cash flows for the next 18-20 months.
- Emaar Properties construction margins remain well protected, supported by managed supply chain pressures and predominantly fixed-price contracts, with gross margins expected to remain comfortably above 50%.
- Residential leasing projects are still in the design stage, with earnings contribution expected from around 2029 and becoming more meaningful by 2030.
- International development, mainly driven by India and Egypt, recorded AED 4.2 Bn in property sales and 8% YOY revenue growth to AED 1.1 Bn in 1H26.
- The entertainment and commercial leasing business continued to enhance mall footfall through a diversified portfolio of attractions, despite softer international visitor volumes in 1H26 due to regional travel disruptions that began in Mar-26.
- The Company introduced its Net Zero 2050 strategy, aligned with the UAE's national climate goals, targeting a 63% reduction in Scope 1 and Scope 2 emissions by 2035 and Net Zero operations by 2050.
- The Company continues to maintain strong collection momentum, with over 50% of backlog value collected on average, while deliveries in 2027-29 are expected to provide further support to free cash flow.
- The Company remains focused on converting its AED 165 billion backlog into profitable growth, while maintaining disciplined launches, timely project deliveries and selective investment to support long-term value creation.
- Management confirmed there are no plans to introduce interim dividends. The company has historically paid dividends on an annual basis only, and this approach remains unchanged going forward.

Emaar Properties – P&L

AED Mn	2Q25	1Q26	2Q26	2Q26F	Var	YOY Ch	QOQ Ch
Revenue	9,736	12,398	11,510	12,339	-6.7%	18.2%	-7.2%
Operating costs	-4,331	-5,445	-5,084	-5,560	-8.6%	17.4%	-6.6%
Gross profit	**5,405**	**6,953**	**6,426**	**6,779**	**-5.2%**	**18.9%**	**-7.6%**
Selling & G&A expenses	-748	-882	-1,036	-962	7.6%	38.4%	17.5%
EBITDA	**4,962**	**7,239**	**5,631**	**5,940**	**-5.2%**	**13.5%**	**-22.2%**
EBIT	**4,370**	**5,730**	**4,962**	**5,501**	**-9.8%**	**13.6%**	**-13.4%**
Profit before tax	**4,990**	**7,246**	**5,552**	**6,489**	**-14.5%**	**11.3%**	**-23.4%**
Income tax expense	-746	-834	-815	-941	-13.4%	9.3%	-2.2%
Non-controlling interests	-873	-1,415	-1,064	-1,221	-12.8%	21.9%	-24.8%
Profit attributable to equity	**3,371**	**4,997**	**3,673**	**4,328**	**-15.1%**	**9.0%**	**-26.5%**

FABS estimate & Co Data

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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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