Earnings Call Insight | 3Q26

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

Emaar Properties

Current Price	Target Price	Upside/Downside (%)	Rating
AED 12.90	-	-	Suspended

3Q26 Net Profit higher than our estimate

- Emaar Properties revenue increased 2.7% YOY to AED 13,632 Mn in 3Q26, primarily driven by higher sales of Commercial Units and Residential units. Revenue from Residential Units increased 2.9% YOY to AED 11,023 Mn, while revenue from Commercial Units rose 13.5% YOY to AED 347 Mn in 3Q26.
- Emaar Properties cost of revenue increased 1.4% YOY to AED 6,392 Mn in 3Q26. As a result, gross profit increased 3.9% YOY to AED 7,240 Mn in 3Q26, gross profit margin increased 59 bps YOY to 53.1% in 3Q26.
- The Company's total EBITDA grew 9.5% YOY to AED 6,878 Mn in 3Q26. Subsequently, EBITDA margin increased 312 bps YOY to 50.5% in 3Q26.
- The Company's share of profit attributable to non-controlling interest declined 3.7% YOY to AED 1,343 Mn in 3Q26, and income tax charges increased from AED 554 Mn in 3Q25 to AED 1,031 Mn in 3Q26.
- Net profit attributable to equity shareholders rose 5.6% YOY to AED 4,618 Mn in 3Q26, higher than our estimate of AED 4,058 Mn. The growth in net profit growth was driven by higher revenue, other operating income, finance income, other income, higher share of profit from associates coupled with lower finance costs and lower share to non-controlling interest holders, partially offset by higher cost of revenue, other operating expenses, higher G&A expenses and higher income tax expense.

Earnings Call Summary

- Group property sales reached AED 34.7 Bn in 9M26, down 43% YOY, primarily reflecting the phasing of new launches and a strong comparative base.
- Revenue backlog stood at AED 158.8 Bn at September 2026, up 6% YOY, including AED 127.2 Bn from the UAE and providing revenue visibility over the next four to five years. International revenue backlog increased to AED 31.6 Bn in 3Q26 from AED 20.5 Bn in 3Q25, supported by strong performance in Egypt, particularly the Marasi Red Sea development.
- The Company remains prepared to accelerate launches and construction activity as market conditions improve, supported by c. 10 active master plans.
- More than 4,800 units were handed over in the UAE during 9M26, with over 80% of active projects running ahead of schedule.
- Customer collections remained strong, with default rates below 1% across the existing UAE backlog and associated sales, while management reported no material signs of customer payment stress.
- The regional geopolitical situation led to a cautious approach towards launches from March 2026, although management reiterated that the slowdown in sales primarily reflected launch phasing rather than a structural deterioration in demand.
- Five launches have been undertaken since March 2026, with Dubai Creek Harbour achieving over 80% sales absorption and Emaar South also recording strong demand.
- Management remains optimistic about the UAE property market, expecting activity to recover strongly once geopolitical uncertainties ease, while retaining flexibility to increase launch activity.
- Construction margins remain well protected, with the majority of existing projects awarded under fixed-price, lump-sum contracts, limiting exposure to construction cost inflation.
- Mall occupancy remained around 98%, with rental rates increasing on renewals and Dubai Mall continuing to be fully leased. Mall footfall improved sequentially during 3Q26, with the YOY decline narrowing from double digits in 2Q26 to single digits.

- Hospitality, leisure and entertainment revenue declined 18% YOY to AED 2.4 Bn during 9M26, reflecting lower international tourist arrivals and UAE hotel occupancy of 63% in 9M26, compared with 80% in 9M25.
- Hotel occupancy recovered to c. 70% in September 2026, with management highlighting continued MOM improvement, although average daily rates remained under pressure.
- Management reiterated its target of doubling recurring income over the next five years, supported by the expansion of its retail portfolio and residential leasing business.
- Dubai Mall expansion and Dubai Square at Dubai Creek Harbour remain on track, while Expo Mall is scheduled for completion in 2028.
- Additional commercial office developments are planned across Dubai Hills, Dubai Creek Harbour and Dubai Estate, supported by healthy rental demand.
- The Board approved a voluntary cash offer of AED 15 per share for the remaining 19.84% stake in Emaar Development, with the offer open until 10 December 2026. The proposed transaction aims to consolidate UAE development operations under a unified capital allocation framework, while integrating the Group's development and recurring income businesses.
- Management reiterated its minimum dividend guidance of AED 1.0 per share over the coming years, with scope for higher distributions subject to cash generation and Board approval.
- The Board also approved a special dividend of AED 0.50 per share, amounting to AED 4.4 Bn, in addition to the Company's existing dividend policy.
- No land payments are expected in 2027, with management indicating that existing land commitments are largely settled.

Emaar Properties – P&L

AED Mn	**3Q25**	**2Q26**	**3Q26**	**3Q26F**	**Var**	**YOY Ch**	**QOQ Ch**
Revenue	13,273	11,510	13,632	12,057	13.1%	2.7%	18.4%
Cost of revenue	-6,302	-5,084	-6,392	-5,400	18.4%	1.4%	25.7%
Gross profit	**6,971**	**6,426**	**7,240**	**6,657**	**8.8%**	**3.9%**	**12.7%**
Selling & G&A expenses	-916	-1,036	-1,043	-1,206	-13.5%	13.8%	0.7%
EBITDA	**6,282**	**5,631**	**6,878**	**5,542**	**24.1%**	**9.5%**	**22.2%**
EBIT	**5,799**	**4,962**	**5,930**	**5,085**	**16.6%**	**2.3%**	**19.5%**
Profit before tax	**6,322**	**5,552**	**6,992**	**6,043**	**15.7%**	**10.6%**	**25.9%**
Income tax expense	-554	-815	-1,031	-906	13.8%	86.2%	26.5%
Non-controlling interests	-1,395	-1,064	-1,343	-1,079	24.5%	-3.7%	26.2%
Net Profit attributable to shareholders	**4,373**	**3,673**	**4,618**	**4,058**	**13.8%**	**5.6%**	**25.7%**

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%

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