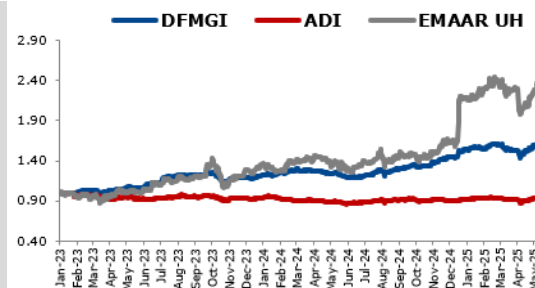


## Emaar Properties

Rise in real estate sales with healthy revenue backlog recognition drove top line

Current Price	Target Price	Upside/Downside (%)	Rating
AED 13.55	AED 16.00	+18%	BUY

- Emaar's revenue backlog from property sales in the UAE rose to AED 112 Bn in 1Q25 with a total backlog of AED 127 Bn.
- Emaar's UAE hotels' average occupancy rate stood at 82%, while the mall assets average occupancy rate stood at 98% in 1Q25.
- The Company plans a total capital expenditure of AED 60-70 Bn over the next five years.
- The Company maintained a strong presence in Dubai South through projects such as Emaar South and Oasis.
- Emaar Properties aims to maintain AED 1 per share dividends through 2026, and likely in 2027.



### 1Q25 Net Profit lower than our estimate

Emaar Properties PJSC (Emaar/the Company) reported a 27.0% YOY increase in net profit to AED 3,709 Mn in 1Q25, lower than our estimate of AED 4,083 Mn. The increase in net profit is primarily attributable to an increase in revenue, other operating income, net finance income, and higher Share of assoc. profits, partially offset by rise in direct costs, selling and G&A expenses, depreciation expenses, lower other income, higher income tax expenses and non-controlling interest.

### P&L Highlights

Emaar Properties' revenue boosted from AED 6,723 Mn in 1Q24 to AED 10,098 Mn in 1Q25, mainly driven by robust growth in revenue from Real Estate, followed by Hospitality segment and Leasing, Retail segments. Revenue from the sale of Residential units increased from AED 4,167 Mn in 1Q24 to AED 7,090 Mn in 1Q25, supported by the launch of 12 projects across the UAE, with a property sale increased 28% YOY to AED 16.5 Bn in 1Q25. Additionally, revenue backlog from property sales rose to AED 127 Bn, as of 1Q25. Revenue from the sale of Commercial units rose from AED 289 Mn in 1Q24 to AED 540 Mn in 1Q25. The hospitality segment reported a 9.8% YOY increase in revenue to AED 573 Mn in 1Q25, driven by strong tourism activity and high domestic demand. Additionally, hotel occupancy across Emaar's UAE properties reached 82% in 1Q25. Revenue from leased properties, retail and related income grew 8.6% YOY to AED 1,894 Mn in 1Q25, primarily driven by higher lease rentals upon renewals, continued growth in tenant sales and consistently strong occupancy across key assets. Cost of revenue increased from AED 2,702 Mn in 1Q24 to AED 4,368 Mn in 1Q25 due to higher costs associated with residential and commercial units. As a result, gross profit rose 42.5% YOY to AED 5,730 Mn in 1Q25.

### Stock Information

Market Cap (AED, Mn)	119,765.60
Paid Up Capital (Mn)	8,838.79
52 Week High	14.45
52 Week Low	7.37
3M Avg. daily value (AED)	175,382,100

### 1Q25 Result Review (AED, Mn)

Total Assets	168,324
Total Liabilities	77,001
Total Equity	80,286
EBITDA	5,402
Net Profit	3,709

### Financial Ratios

Dividend Yield (12m)	7.38
Dividend Pay-out (%)	65.40
Price-Earnings Ratio(x)	8.39
Price-to-Book Ratio (x)	1.49
Book Value (AED)	9.08
Return-on Equity (%)	17.93

### Stock Performance

5 Days	0.37%
1 Months	11.52%
3 Months	-4.91%
6 Months	39.55%
1 Year	75.06%
Month to Date (MTD%)	3.44%
Quarter to Date (QTD%)	1.50%
Year to Date (YTD%)	5.45%

Other operating income increased 10.2% YOY to AED 145 Mn, while other operating expenses rose 11.9% YOY to AED 39 Mn in 1Q25. SG&A expenses rose 10.3% YOY to AED 719 Mn in 1Q25. Emaar's total EBITDA grew 23.5% YOY to AED 5,402 Mn in 1Q25. However, EBITDA margins contracted from 65.1% in 1Q24 to 53.5% in 1Q25. The Company's operating profit boosted from AED 3,127 Mn in 1Q24 to AED 4,761 Mn, while operating profit margin increased 64 bps to 47.1% in 1Q25. Depreciation on PPE grew 6.5% YOY to AED 161 Mn, while depreciation on investment properties grew 3.8% YOY to AED 195 Mn in 1Q25. Moreover, finance income rose 30.9% YOY to AED 648 Mn in 1Q25 due to higher returns from bank deposits and securities, whereas finance costs declined 5.1% YOY to AED 221 Mn in 1Q25. Furthermore, the Company reported a profit from associates of AED 110 Mn in 1Q25 compared to a profit of AED 36 Mn in 1Q24. Other income decreased significantly from AED 840 Mn in 1Q24 to AED 136 Mn in 1Q25. Income tax expenses rose 40.9% YOY to AED 797 Mn in 1Q25. Additionally, the share of profit attributable to non-controlling interest holders increased 19.1% YOY to AED 927 Mn in 1Q25.

### Balance Sheet Highlights

The Company's cash and bank balance increased from AED 50.1 Bn in 4Q24 to AED 58.4 Bn in 1Q25. Emaar's total debt, including advances from customers, rose from AED 42.2 Bn in 4Q24 to AED 44.9 Bn in 1Q25. Additionally, the Company generated AED 9.0 Bn in cash flow from operations in 1Q25, compared to AED 2.7 Bn in 1Q24. Meanwhile, receivable days grew from 119 days in 4Q24 to 126 days in 1Q25.

### Target Price and Rating

We maintain our BUY rating on Emaar Properties with a revised target price of AED 16.00. The Company's stock price grew 9.4% since our last rating. Emaar delivered strong financial and operational performance in 1Q25, driven by continued demand for high-quality residential developments, robust recurring revenue streams, and international expansion. The Company recorded a notable increase in revenue, supported by successful new project launches across the UAE, resilient tourism activity, and rising lease rentals. Emaar's property development segment maintained its growth momentum, achieving record quarterly property sales of AED 16.5 Bn, reflecting a 28% YOY increase. This was underpinned by the successful launch of 12 projects across all master plans in the UAE. The revenue backlog from property sales reached AED 127 Bn, as of 31 March 2025, recording 62% YOY growth. Of this, c. AED 112 Bn is attributed to UAE-based projects, highlighting continued strong local demand. Recurring revenue streams, including malls, hospitality, leisure, entertainment, and commercial leasing, also recorded healthy growth in 1Q25. Mall assets maintained a healthy average occupancy rate of 98%, while hotel occupancy reached 82%. The hospitality segment saw strong performance, supported by the addition of two new hotels comprising over 600 keys. Emaar continued its focus on improving RevPAR by balancing occupancy rates with average daily rates (ADRs). Shopping malls, retail, and commercial leasing operations contributed AED 1.5 Bn in revenue, with EBITDA reaching AED 1.3 Bn during 1Q25. Emaar's international real estate operations generated AED 2.8 Bn in property sales and AED 626 Mn in revenue during 1Q25, driven by strong performance in India and Egypt. International revenue contributed c. 6% to Emaar's total revenue for the quarter. Looking ahead, Emaar plans a total capital expenditure of AED 60–70 Bn over the next five years. This includes AED 30 Bn for land acquisition and replenishment, AED 12.5 Bn for development and retail acquisitions, AED 12 Bn for residential leasing, and AED 7–8 Bn for the development of a new tower in Dubai Creek Harbor, expected to begin construction in 2026. AED 5 Bn is earmarked for international operations in Egypt, funded through internal resources with minimal borrowings. The Company remains confident in Dubai's real estate fundamentals and anticipates continued strong performance, with 2025 deliveries expected to match 2024 levels at c. 4,500 units, followed by a ramp-up from 2026 onwards. The Company distributed a dividend of AED 8.9 Bn (AED 1.0 per share) for 2024 with a dividend yield of 7.4%. Emaar Properties aims to maintain AED 1 per share dividends through 2026, and likely in 2027. Thus, based on our analysis, we maintain our BUY rating on the stock.

**Emaar Properties - Relative valuation**

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	45.32	28.73	17.27	10.15	8.73	8.05
PB	1.72	1.77	1.81	1.52	1.38	1.29
EV/EBITDA	37.79	15.98	14.30	7.78	6.16	5.81
DPS (in AED)	0.10	0.15	0.25	0.50	1.00	1.00
Dividend yield	0.7%	1.1%	1.9%	3.7%	7.4%	7.4%

*FABS Estimates & Co Data*
**Emaar Properties - P&L**

AED Mn	1Q24	4Q24	1Q25	1Q25F	Var.	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	6,723	11,712	10,098	10,735	-5.9%	50.2%	-13.8%	35,505	42,009	18.3%
Cost of revenue	-2,702	-4,963	-4,368	-4,568	-4.4%	61.7%	-12.0%	-15,124	-18,121	19.8%
<b>Gross profit</b>	<b>4,021</b>	<b>6,749</b>	<b>5,730</b>	<b>6,168</b>	<b>-7.1%</b>	<b>42.5%</b>	<b>-15.1%</b>	<b>20,381</b>	<b>23,888</b>	<b>17.2%</b>
Other operating income	131	188	145	193	-25.0%	10.2%	-23.1%	654	798	22.0%
Other operating expenses	-35	-63	-39	-54	-27.3%	11.9%	-38.4%	-239	-286	19.3%
Selling, G&A expenses	-652	-979	-719	-945	-23.9%	10.3%	-26.6%	-3,232	-3,949	22.2%
<b>EBITDA</b>	<b>4,374</b>	<b>6,641</b>	<b>5,402</b>	<b>5,362</b>	<b>0.7%</b>	<b>23.5%</b>	<b>-18.7%</b>	<b>19,277</b>	<b>20,452</b>	<b>6.1%</b>
<b>EBIT</b>	<b>3,127</b>	<b>5,494</b>	<b>4,761</b>	<b>4,971</b>	<b>-4.2%</b>	<b>52.3%</b>	<b>-13.4%</b>	<b>16,136</b>	<b>18,888</b>	<b>17.1%</b>
Depreciation of PPE	-151	-163	-161	-170	-5.6%	6.5%	-1.6%	-625	-682	9.1%
Depreciation of IP	-188	-238	-195	-221	-11.5%	3.8%	-17.8%	-802	-882	10.1%
Finance income	495	523	648	508	27.5%	30.9%	23.9%	2,102	2,100	-0.1%
Finance cost	-233	-271	-221	-235	-5.9%	-5.1%	-18.3%	-941	-914	-2.8%
Other income	840	683	136	429	-68.3%	-83.8%	-80.1%	1,596	1,890	18.4%
Share of assoc. profits/(-loss)	36	43	110	22	NM	NM	NM	6	6	1.0%
<b>Profit before tax</b>	<b>4,265</b>	<b>6,473</b>	<b>5,433</b>	<b>5,695</b>	<b>-4.6%</b>	<b>27.4%</b>	<b>-16.1%</b>	<b>18,900</b>	<b>21,970</b>	<b>16.2%</b>
Income tax	-566	-70	-797	-513	55.5%	40.9%	NM	-1,451	-3,186	NM
<b>Profit for the period</b>	<b>3,699</b>	<b>6,403</b>	<b>4,636</b>	<b>5,183</b>	<b>-10.6%</b>	<b>25.3%</b>	<b>-27.6%</b>	<b>17,449</b>	<b>18,785</b>	<b>7.7%</b>
Non-controlling interests	-778	-1,412	-927	-1,100	-15.7%	19.1%	-34.3%	-3,935	-4,133	5.0%
<b>Net Profit</b>	<b>2,921</b>	<b>4,991</b>	<b>3,709</b>	<b>4,083</b>	<b>-9.2%</b>	<b>27.0%</b>	<b>-25.7%</b>	<b>13,514</b>	<b>14,652</b>	<b>8.4%</b>

*FABS estimate & Co Data*
**Emaar Properties - Margins**

	1Q24	4Q24	1Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross margin	59.8%	57.6%	56.7%	-307	-88	57.4%	56.9%	-54
EBITDA margin	65.1%	56.7%	53.5%	-1,156	-320	54.3%	48.7%	-561
Operating margin	46.5%	46.9%	47.1%	64	24	45.4%	45.0%	-49
Net profit margin	43.4%	42.6%	36.7%	-671	-588	38.1%	34.9%	-318

*FABS estimate & Co Data*

## Valuation:

We use Discounted Free Cash flow (DCF) and Relative Valuation (RV) to value Emaar Properties. We have assigned 70% weight to DCF and 30% to RV method.

Valuation Method	Target	Weight	Weighted Value
DCF Method	17.44	70.0%	12.21
Relative Valuation (RV)	12.65	30.0%	3.79
<b>Weighted Average Valuation (AED)</b>			<b>16.00</b>
Current market price (AED)			13.55
Upside/Downside (%)			+18%

### 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)	39,748
Terminal value (AED, Mn)	109,602
<b>FV to Common shareholders (AED, Mn)</b>	<b>154,168</b>
No. of share (Mn)	8,839
Current Market Price (AED)	13.55
<b>Fair Value per share (AED)</b>	<b>17.44</b>

### DCF Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
NOPAT	16,149	16,141	17,124	18,187	19,140
D&A	1,650	1,681	1,747	1,795	1,850
Change in working capital	-7,478	-7,904	-6,093	-5,781	-6,997
(-) Capex	-1,301	-1,360	-1,488	-1,671	-1,870
<b>Free Cash Flow to Firm (FCFF)</b>	<b>9,021</b>	<b>8,558</b>	<b>11,289</b>	<b>12,530</b>	<b>12,123</b>
Discounting Factor	0.95	0.86	0.79	0.72	0.66
<b>Discounted FCFF</b>	<b>6,399<sup>1</sup></b>	<b>7,397</b>	<b>8,916</b>	<b>9,042</b>	<b>7,994</b>

Source: FAB Securities, <sup>1</sup>Adjusted 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 PB multiple. It is valued at 2025 PB multiple of 1.2x in line with its peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/B (x)	
		2025F	2026F	2024F	2025F
Aldar Properties	17,703	8.3	7.0	1.7	1.3
Tecom	4,261	9.9	9.4	2.2	2.0
China Resources Land Limited	23,087	9.7	9.3	0.6	0.6
Arabian Centers	2,533	12.7	10.0	0.6	0.6
Mitsubishi Estate	21,594	14.9	14.2	1.2	1.2
<b>Average</b>		<b>11.1x</b>	<b>10.0x</b>	<b>1.3x</b>	<b>1.2x</b>
<b>Median</b>		<b>9.9x</b>	<b>9.4x</b>	<b>1.2x</b>	<b>1.2x</b>
<b>Max</b>		<b>12.7x</b>	<b>10.0x</b>	<b>1.7x</b>	<b>1.3x</b>
<b>Min</b>		<b>9.7x</b>	<b>9.3x</b>	<b>0.6x</b>	<b>0.6x</b>

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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