

Emaar Development (EMAARDEV)

Strong project execution and operational efficiencies fuelled bottom line growth

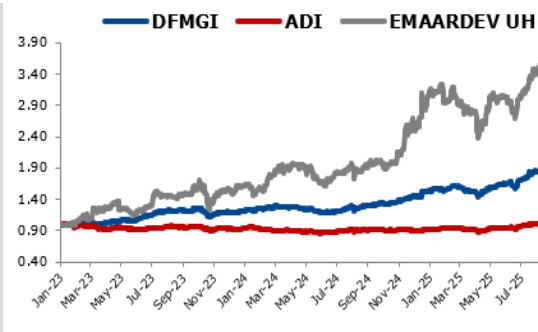
Current Price
AED 14.85

Target Price
AED 16.00

Upside/Downside (%)
+7.7%

Rating
HOLD

- Property sales rose 36.8% YoY to AED 40.6 Bn in 1H25, supported by the launch of 25 new projects, driving sales backlog up 59% YoY to AED 117.7 Bn to be recognized over next 4-5 years.
- EMAARDEV sold 6,746 units and delivered 3,382 units in 1H25, with delivery targets of 1,017 units in 2H25 and a record 7,649 units in 2026.
- Maintained a strong balance sheet with AED 32.4 Bn cash (as of 2Q25), negligible debt, and a net cash position, ensuring high financial flexibility.
- Large UAE land bank of 316 Mn sqft, including the newly acquired 2.4 Mn sqft Ras Al Khor plot in 2025 to strengthen long-term development prospects.



Stock Information

Market Cap (AED, mn)	59,400.00
Paid Up Capital (mn)	4,000.00
52 Week High	15.60
52 Week Low	8.07
3M Avg. daily value (AED)	50,488,960

2Q25 Result Review (AED, Mn)

Total Assets	67,409
Total Liabilities	34,814
Total Equity	32,595
EBITDA	2,464
Net Profit	1,838

Financial Ratios

Dividend Yield (12m)	4.58
Dividend Pay-out (%)	35.63
Price-Earnings Ratio(x)	6.67
Price-to-Book Ratio (x)	2.02
Book Value (AED)	7.36
Return on Equity (%)	33.74

Stock Performance

5 Days	-1.66%
1 Months	0.34%
3 Months	11.24%
6 Months	10.41%
1 Year	82.43%
Month to Date (MTD%)	-1.33%
Quarter to Date (QTD%)	10.00%
Year to Date (YTD%)	8.39%

2Q25 Net Profit lower than our estimate

Emaar Development PJSC (EMAARDEV/The Company) reported a 52.2% YOY increase in net profit attributable to equity holders to AED 1,838 Mn in 2Q25, below our projected estimate of AED 2,234 Mn. The growth in net profit is primarily driven by a substantial rise in revenue due to strong project execution and operational efficiencies, supported by an increase in net finance income, partially offset by a rise in costs of revenue, selling and general expenses, and tax charges along with a higher contribution to NCI.

P&L Highlights

Emaar Development's revenue surged 28.0% YOY to AED 4,905 Mn in 2Q25, primarily driven by a significant increase in the sale of property, as well as the sale of residential units, commercial units, plots of land, and development services. Revenue from the sale of residential units rose substantially from AED 3,595 Mn in 2Q24 to AED 4,560 Mn in 2Q25, while revenue from commercial unit sales, plots of land, and development services grew from AED 236 Mn in 2Q24 to AED 345 Mn in 2Q25. The Company's cost of revenue increased 19.7% YOY to AED 2,169 Mn in 2Q25. As a result, gross profit rose sharply 35.5% YOY to AED 2,737 Mn in 2Q25, while gross margins expanded from 52.7% in 2Q24 to 55.8% in 2Q25. Selling and general expenses rose 7.8% YOY to AED 400 Mn in 2Q25. Operating profit surged by 41.8% YOY to AED 2,336 Mn in 2Q25. Operating margin also expanded from 43.0% in 2Q24 to 47.6% in 2Q25. Moreover, EBITDA rose sharply 45.6% YOY to AED 2,464 Mn in 2Q25. EBITDA margin improved from 44.2% in 2Q24 to 50.2% in 2Q25. Finance income increased 22.5% YOY to AED 331 Mn in 2Q25, while finance costs strongly declined from AED 150 Mn in 2Q24 to AED 46 Mn in 2Q25. Other income increased significantly from AED 26 Mn in 2Q24 to AED 47 Mn in 2Q25.

The share of results from JVs jumped from AED 17 Mn in 2Q24 to AED 74 Mn in 2Q25. Meanwhile, the share of profit attributable to non-controlling interest holders rose 16.1% YOY to AED 511 Mn in 2Q25. Additionally, the Company recorded a tax charge of AED 393 Mn in 2Q25, compared to AED 162 Mn in 2Q24.

Balance Sheet Highlights

Emaar Development's total debt remained unchanged at AED 3.7 Mn in 2Q25 compared to 1Q25. Cash and cash equivalents rose sharply from AED 29.8 Bn in 1Q25 to AED 32.4 Bn in 2Q25, with AED 27.7 Bn of this amount held in escrow accounts against advances received from customers for the sale of development properties. The value of development properties marginally increased from AED 16.3 Bn in 1Q25 to AED 16.5 Bn in 2Q25.

Target Price and Rating

We revise our rating on Emaar Development from BUY to HOLD with an unchanged target price of AED 16.00. The stock price increased 12.9% since our last rating. The Company delivered a robust performance during 1H25, underpinned by solid sales momentum, strong project launches, and healthy profitability. Property sales surged 36.8% YOY to AED 40.6 Bn in 1H25, compared to AED 29.7 Bn during 1H24, driven by sustained demand across master communities and the successful launch of 25 new projects during YTD 2025. This translated into a 59% YOY increase in sales backlog to AED 117.7 Bn, as of June 2025, offering exceptional revenue visibility over the next four to five years. EMAARDEV sold 6,746 units during 1H25. In 1H25 alone, the Company delivered 3,382 units and has a delivery target of 1,017 units during 2H25. Emaar Development also plans to deliver a record 7,649 units during 2026. Long-term development prospects are supported by a substantial land bank of 316.3 Mn sqft across the UAE (as of 2Q25). Notably, in 1H25 EMAARDEV acquired a 2.4 Mn sqft plot in Ras Al Khor, strategically located near Dubai Creek Harbour and suited for residential developments. Demand dynamics remain healthy, with 65% of buyers in 1H25 being UAE residents, while 35% were international investors, led by Indians, followed by UK and Chinese buyers, highlighting the continued appeal of Dubai real estate to both domestic and overseas segments. The Company's balance sheet remains strong, with AED 32.4 Bn of cash and negligible debt, as of 2Q25, resulting in a net cash position that provides ample financial flexibility. Since its inception, EMAARDEV has delivered over 77,800 units, with over 45,600 units currently under construction, ensuring a steady delivery pipeline. Emaar Development operates a de-risked business model that supports long-term, self-sustaining growth. The Company minimizes cash requirements for land acquisition by utilizing its sizable land bank and forming joint ventures where partners provide land as their economic contribution. Project construction is primarily financed through pre-sales, with c. 60-70% of units sold in advance and 20-30% of cash collected before construction begins, reducing dependence on external funding. The model is further strengthened by a low default rate of about 0.5%. In comparison, existing regulations permit forfeiture of up to 40% of sales value in default cases, allowing properties to be resold and protecting profitability. The Company distributed the annual cash dividend of AED 2.7 Bn for 2024, equating to AED 0.68 per share. Given these factors, we assign a HOLD rating on the stock.

Emaar Development - Relative valuation

(at CMP)	2021	2022	2023	2024	2025F
PE	18.31	15.60	8.96	7.78	6.85
PB	4.1	3.4	2.6	2.09	1.73
EV/EBITDA	13.42	12.00	5.59	4.14	5.14
EPS	0.811	0.952	1.657	1.908	2.168
BVPS	3.623	4.332	5.710	7.097	8.585
DPS	NM	0.520	0.521	0.680	0.730
Dividend yield	NM	3.5%	3.5%	4.6%	4.9%

FABS Estimates & Co Data

Emaar Development – P&L

AED Mn	2Q24	1Q25	2Q25	2Q25F	Var	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	3,831	5,024	4,905	5,821	-15.7%	28.0%	-2.4%	19,147	22,848	19.3%
Cost of Revenue	-1,812	-2,246	-2,169	-2,608	-16.8%	19.7%	-3.4%	-8,490	-10,099	18.9%
Gross Profit	2,019	2,778	2,737	3,213	-14.8%	35.5%	-1.5%	10,657	12,749	19.6%
S&G Expenses	-372	-380	-400	-437	-8.3%	7.8%	5.5%	-1,609	-1,942	20.7%
Operating Profit	1,648	2,399	2,336	2,776	-15.9%	41.8%	-2.6%	9,047	10,807	19.4%
EBITDA	1,692	2,508	2,464	2,883	-14.5%	45.6%	-1.8%	9,424	11,263	19.5%
Finance Income	270	304	331	304	8.9%	22.5%	8.7%	1,160	1,204	3.8%
Finance Cost	-150	-45	-46	-74	-37.1%	-69.2%	3.1%	-402	-155	-61.4%
Other Income	26	37	47	41	15.2%	80.3%	25.4%	174	183	5.3%
Share of results of JVs	17	70	74	63	18.1%	NM	6.3%	194	262	35.0%
Profit for the year	1,810	2,765	2,742	3,110	-11.8%	51.5%	-0.8%	10,173	12,301	20.9%
Tax	-162	-410	-393	-451	-12.8%	NM	-4.2%	-486	-1,784	NM
NCI	440	437	511	425	20.1%	16.1%	17.0%	2,053	1,845	-10.1%
Net Profit	1,208	1,918	1,838	2,234	-17.7%	52.2%	-4.2%	7,633	8,672	13.6%

FABS estimate & Co Data

Emaar Development - Margins

	2Q24	1Q25	2Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	52.7%	55.3%	55.8%	309	49	55.7%	55.8%	14
EBITDA	44.2%	49.9%	50.2%	605	31	49.2%	49.3%	8
Operating Profit	43.0%	47.7%	47.6%	463	-11	47.3%	47.3%	5
Net Profit	31.5%	38.2%	37.5%	594	-71	39.9%	38.0%	-191

FABS estimate & Co Data

Valuation:

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

Valuation Method	Target	Weight	Weighted Value
DCF Method	16.83	70.0%	11.78
Relative Valuation (RV)	14.06	30.0%	4.22
Weighted Average Valuation (AED)			16.00
Current market price (AED)			14.85
Upside/Downside (%)			+7.7%

1) DCF Method:

Emaar Development is valued using free cash flow to Equity since there is negligible debt in the company. We have discounted the cash flow using the cost of equity of 9.6%. The cost of equity is calculated by using a 10-year government bond yield of 5.6%, a beta of 1.00 and an equity risk premium of 4.0%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	18,678
Terminal value (AED, Mn)	47,106
FV to Common shareholders (AED, Mn)	65,559
Net debt as of 30 June 2025	1,535
Equity Value	67,319
No. of share (Mn)	4,000
Current Market Price (AED)	14.85
Fair Value per share (AED)	16.83

DCF Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Cash flow from operations	9,256	4,199	4,423	4,784	5,180
(-) Capex	-14	-15	-16	-17	-18
Free Cash Flow to Equity (FCFE)	9,243	4,185	4,407	4,767	5,162
Discounting Factor	0.97	0.88	0.81	0.74	0.67
Discounted FCFE	4,467¹	3,692	3,549	3,505	3,464

Source: FAB Securities, ¹Adjusted for partial year

2) Relative Valuation:

We have considered both domestic and international peers to value Emaar Development. The Company is valued at a 2025 PB multiple of 1.6x, higher than the peers' median multiple of 1.2x, as all the domestic peers are trading at a higher multiple compared to international peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/B (x)	
		2025F	2026F	2025F	2026F
Peers					
Dar Al Arkan	5,569	15.8	15.3	1.0	0.9
Aldar Properties	20,870	8.9	7.4	1.9	1.6
Palm Hills Developments	484	3.2	2.5	1.2	0.8
Sixth of October for Development Company	118	4.3	2.9	1.2	0.9
Saudi Real Estate Company	1,803	NA	NA	1.2	1.1
Tecom	4,560	9.5	9.4	2.3	2.1
Average		8.3x	7.5x	1.5x	1.3x
Median		8.9x	7.4x	1.2x	1.0x
Max		9.5x	9.4x	1.7x	1.5x
Min		4.3x	2.9x	1.2x	0.9x

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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