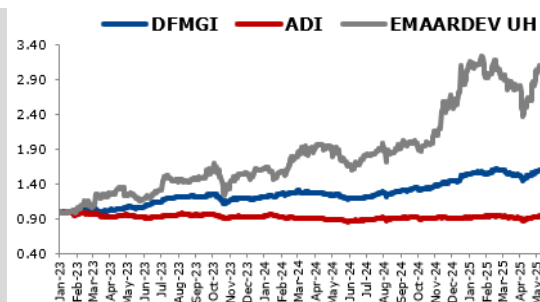


Emaar Development

Robust growth in sales driven by the launch of new projects boosted the top-line

| Current Price | Target Price | Upside/Downside (%) | Rating |
|---------------|--------------|---------------------|--------|
| AED 13.25 | AED 16.00 | +21% | BUY |

- EMAARDEV recorded the highest-ever property sales of AED 16.5 Bn in 1Q25 compared to AED 12.9 Bn in 1Q24.
- The Company's sales backlog reached at AED 100.1 Bn in 1Q25, indicating strong revenue visibility in the upcoming period.
- Emaar Development reported revenue of AED 5.0 Bn (USD 1.4 Bn) and an EBITDA of AED 2.5 Bn during 1Q25.
- Emaar Development's launch 12 projects across all the masterplan.
- The Company distributed highest ever cash dividend of AED 2.7 Bn for 2024, equating to AED 0.68 per share.
- EMAARDEV reported a low default rate of c. 0.5% in 2024, indicating strong customer payment discipline and healthy cash flow visibility.



1Q25 Net Profit lower than our estimate

Emaar Development PJSC (EMAARDEV/The Company) reported a 48.3% YOY increase in net profit to AED 1,918 Mn in 1Q25, below our projected estimate of AED 2,502 Mn. The growth in net profit is primarily driven by a substantial rise in revenue supported by lower finance cost, partially offset by a rise in costs of revenue, selling and general expenses, and tax charges.

P&L Highlights

Emaar Development's revenue surged 43.3% YOY to AED 5,024 Mn in 1Q25, primarily driven by a significant increase in the sale of property, as well as the sale of residential unit, commercial units, plots of land, and development services. Revenue from the sale of residential units rose substantially from AED 3,181 Mn in 1Q24 to AED 4,639 Mn in 1Q25, while revenue from commercial unit sales, plots of land, and development services grew 18.3% YOY to AED 386 Mn in 1Q25. The Company's cost of revenue rose from AED 1,619 Mn in 1Q24 to AED 2,246 Mn in 1Q25. As a result, gross profit rose sharply 47.1% YOY to AED 2,778 Mn in 1Q25, though gross margins expanded from 53.8% in 1Q24 to 55.3% in 1Q25. Selling and general expenses rose 22.3% YOY to AED 380 Mn in 1Q25. Operating profit surged by 52.0% YOY to AED 2,399 Mn in 1Q25. Moreover, EBITDA also inclined 48.2% YOY to AED 2,508 Mn in 1Q25. EBITDA margin improved from 48.3% in 1Q24 to 49.9% in 1Q25. Finance income increased 17.3% YOY to AED 304 Mn in 1Q25, while finance costs strongly declined from AED 91 Mn in 1Q24 to AED 45 Mn in 1Q25. Other income declined significantly from AED 88 Mn in 1Q24 to AED 37 Mn in 1Q25. The share of results from JVs jumped from AED 25 Mn in 1Q24 to AED 70 Mn in 1Q25. Meanwhile, the share of profit attributable to non-controlling interest holders rose 9.0% YOY to AED 437 Mn in 1Q25. Additionally, the Company recorded a tax of AED 410 Mn in 1Q25.

Stock Information

| | |
|---------------------------|------------|
| Market Cap (AED, mn) | 53,000.00 |
| Paid Up Capital (mn) | 4,000.00 |
| 52 Week High | 14.90 |
| 52 Week Low | 7.08 |
| 3M Avg. daily value (AED) | 72,020,580 |

1Q25 Result Review (AED, Mn)

| | |
|-------------------|--------|
| Total Assets | 64,488 |
| Total Liabilities | 33,241 |
| Total Equity | 27,583 |
| EBITDA | 2,508 |
| Net Profit | 1,918 |

Financial Ratios

| | |
|-------------------------|-------|
| Dividend Yield (12m) | 5.13 |
| Dividend Pay-out (%) | 35.63 |
| Price-Earnings Ratio(x) | 6.41 |
| Price-to-Book Ratio (x) | 1.92 |
| Book Value (AED) | 6.90 |
| Return on Equity (%) | 31.94 |

Stock Performance

| | |
|------------------------|--------|
| 5 Days | 0.38% |
| 1 Months | 15.22% |
| 3 Months | -1.12% |
| 6 Months | 16.23% |
| 1 Year | 70.09% |
| Month to Date (MTD%) | -0.75% |
| Quarter to Date (QTD%) | 8.16% |
| Year to Date (YTD%) | -3.28% |

Balance Sheet Highlights

Emaar Development's total debt remained unchanged at AED 3.7 Mn in 1Q25 compared to 4Q24. Cash and cash equivalents rose sharply from AED 23.5 Bn in 4Q24 to AED 29.8 Bn in 1Q25, with AED 25.1 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 declined from AED 16.5 Bn in 1Q24 to AED 16.3 Bn in 1Q25.

Target Price and Rating

We maintain our BUY rating on Emaar Development with a revised target price of AED 16.00. EMAAR Development reported a significant improvement in profitability during 1Q25, underpinned by a 28.0% YOY increase in property sales, which rose from AED 12.9 Bn in 1Q24 to AED 16.5 Bn in 1Q25. This strong performance reflects both high demand and the successful launch of 12 new projects across all its masterplans during the quarter. As a result, the Company's sales backlog grew 52% YOY, reaching AED 100.1 Bn, providing robust revenue visibility. EMAARDEV also announced plans to allocate AED 30 Bn for land acquisition and replenishment in the next five years, with AED 5 Bn allocated in 2025, reinforcing its long-term development pipeline. Since inception, EMAARDEV has handed over approximately 74,000 residential units, with over 42,000 units currently under construction, including projects developed for its parent company, Emaar Properties. In 2024 alone, the Company delivered 4,242 units and has similar delivery targets set for 2025. The Company retains a significant strategic advantage through its 367 Mn sq. ft. of remaining land bank (GLA) in the UAE as of December 2024. This substantial land reserve supports long-term development flexibility and scalability. In terms of customer demographics, 65% of buyers in 2024 were UAE residents, while 35% were international investors, with Indians leading among overseas buyers, followed by Chinese and UK nationals. Additionally, EMAARDEV reported a low default rate of c. 0.5% in 2024, indicating strong customer payment discipline and healthy cash flow visibility. The Company distributed highest ever annual cash dividend of AED 2.7 Bn for 2024, equating to AED 0.68 per share. Given these factors, we assign BUY rating on the stock.

Emaar Development - Relative valuation

| (at CMP) | 2021 | 2022 | 2023 | 2024 | 2025F |
|----------------|-------|-------|-------|-------|-------|
| PE | 16.46 | 14.02 | 8.06 | 7.00 | 5.15 |
| PB | 3.7 | 3.1 | 2.3 | 1.88 | 1.48 |
| EV/EBITDA | 12.05 | 10.58 | 4.83 | 3.51 | 4.01 |
| DPS | 0.00 | 0.520 | 0.520 | 0.680 | 0.730 |
| Dividend yield | NA | 3.9% | 3.9% | 5.1% | 5.5% |

FABS Estimates & Co Data

Emaar Development – P&L

| AED Mn | 1Q24 | 4Q24 | 1Q25 | 1Q25F | Var | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|----------------------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | 3,507 | 6,668 | 5,024 | 6,491 | -22.6% | 43.3% | -24.7% | 19,147 | 26,844 | 40.2% |
| Cost of Revenue | -1,619 | -2,858 | -2,246 | -2,921 | -23.1% | 38.8% | -21.4% | -8,490 | 11,409 | 34.4% |
| Gross Profit | 1,888 | 3,811 | 2,778 | 3,570 | -22.2% | 47.1% | -27.1% | 10,657 | 15,435 | 44.8% |
| S&G Expenses | -311 | -524 | -380 | -558 | -32.0% | 22.3% | -27.5% | -1,609 | -2,416 | 50.1% |
| Operating Profit | 1,578 | 3,287 | 2,399 | 3,012 | -20.4% | 52.0% | -27.0% | 9,047 | 13,019 | 43.9% |
| EBITDA | 1,693 | 3,421 | 2,508 | 3,135 | -20.0% | 48.2% | -26.7% | 9,424 | 13,808 | 46.5% |
| Finance Income | 259 | 275 | 304 | 308 | -1.2% | 17.3% | 10.7% | 1,160 | 1,233 | 6.4% |
| Finance Cost | -91 | -75 | -45 | -86 | -47.7% | -50.7% | -39.9% | -402 | -313 | -22.2% |
| Other Income | 88 | 21 | 37 | 97 | -61.5% | -57.6% | 74.6% | 174 | 591 | NM |
| Share of results of JVs | 25 | 110 | 70 | 22 | NM | NM | -36.7% | 194 | 184 | -5.0% |
| Profit for the year | 1,859 | 3,619 | 2,765 | 3,353 | -17.5% | 48.8% | -23.6% | 10,173 | 14,715 | 44.6% |
| Tax | -165 | 96 | -410 | -302 | 36.0% | NM | NM | -486 | -2,134 | NM |
| NCI | 400 | 652 | 437 | 549 | -20.5% | 9.0% | -33.0% | 2,053 | 2,207 | 7.5% |
| Net Profit | 1,293 | 3,063 | 1,918 | 2,502 | -23.3% | 48.3% | -37.4% | 7,633 | 10,374 | 35.9% |

FABS estimate & Co Data
Emaar Development - Margins

| | 1Q24 | 4Q24 | 1Q25 | YOY Ch | QOQ Ch | 2024 | 2025F | Change |
|------------------|-------------|-------------|-------------|---------------|---------------|-------------|--------------|---------------|
| Gross Profit | 53.8% | 57.1% | 55.3% | 146 | -184 | 55.7% | 57.5% | 184 |
| EBITDA | 48.3% | 51.3% | 49.9% | 165 | -139 | 49.2% | 51.4% | 222 |
| Operating Profit | 45.0% | 49.3% | 47.7% | 275 | -155 | 47.3% | 48.5% | 125 |
| Net Profit | 36.9% | 45.9% | 38.2% | 130 | -775 | 39.9% | 38.6% | -122 |

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 | 16.79 | 70.0% | 11.76 |
| Relative Valuation (RV) | 14.15 | 30.0% | 4.24 |
| Weighted Average Valuation (AED) | | | 16.00 |
| Current market price (AED) | | | 13.25 |
| Upside/Downside (%) | | | +21% |

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%, beta of 1.00 and equity risk premium of 4.0%. Also, assumed a terminal growth rate of 2.0%.

| | |
|--|---------------|
| Sum of PV (AED, Mn) | 20,760 |
| Terminal value (AED, Mn) | 45,345 |
| FV to Common shareholders (AED, Mn) | 66,105 |
| Net debt as of 31st Mar 2025 | 1,064 |
| Equity Value | 67,169 |
| No. of share (Mn) | 4,000 |
| Current Market Price (AED) | 13.25 |
| Fair Value per share (AED) | 16.79 |

DCF Method

| (All Figures in AED Mn) | FY 2025E | FY 2026E | FY 2027E | FY 2028E | FY 2029E |
|--|--------------------------|--------------|--------------|--------------|--------------|
| Cash flow from operations | 11,352 | 2,857 | 4,273 | 4,972 | 5,156 |
| (-) Capex | -16 | -17 | -19 | -19 | -20 |
| Free Cash Flow to Equity (FCFE) | 11,336 | 2,839 | 4,254 | 4,953 | 5,136 |
| Discounting Factor | 0.95 | 0.86 | 0.79 | 0.72 | 0.66 |
| Discounted FCFE | 8,036¹ | 2,449 | 3,349 | 3,558 | 3,368 |

Source: FAB Securities, ¹Adjusted for partial year

2) Relative Valuation:

We have considered the domestic as well as international peers to value Emaar Development. The Company is valued at a 2025 PB multiple of 1.6x, in line with peers.

| Company | Market | EV/EBITDA (x) | | P/B (x) | |
|--|----------|---------------|-------|---------|-------|
| | (USD Mn) | 2025F | 2026F | 2025F | 2026F |
| Peers | | | | | |
| Dar Al Arkan | 5,989 | 18.2 | 16.4 | 1.0 | 0.9 |
| Aldar Properties | 17,488 | 8.2 | 6.9 | 1.6 | 1.3 |
| Palm Hills Developments | 394 | 2.8 | 1.9 | 1.1 | 0.8 |
| Sixth of October for Development Company | 440 | NA | 4.3 | 1.5 | 1.2 |
| Saudi Real Estate Company | 2,369 | NA | NA | 1.6 | 1.5 |
| Tecom Group | 4,193 | 9.8 | 9.3 | 2.1 | 2.0 |
| Average | | 9.8x | 7.7x | 1.5x | 1.3x |
| Median | | 9.0x | 6.9x | 1.6x | 1.3x |
| Max | | 11.9x | 9.3x | 1.6x | 1.5x |
| Min | | 6.8x | 4.3x | 1.2x | 1.0x |

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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