

## Emaar Development (EMAARDEV)

Execution-led revenue growth underpins improved profitability

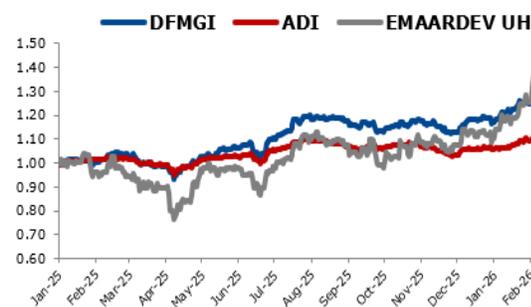
**Current Price**  
AED 19.05

**Target Price**  
AED 21.00

**Upside/Downside (%)**  
+10%

**Rating**  
**ACCUMULATE**

- Property sales rose 8.7% YOY to AED 71.1 Bn in 2025, supported by over 48 new residential launches, driving sales backlog up 38% YOY to AED 125.2 Bn as of December 2025.
- EMAARDEV revenue grew substantially from AED 6,668 Mn in 4Q24 to AED 9,842 Mn in 4Q25.
- Maintained a strong balance sheet with AED 41.3 Bn cash and cash equivalents incl. fixed deposits (as of December 2025), negligible debt, and a net cash position.
- Since inception, Emaar Development has delivered over 80,500 residential units across the UAE, reflecting a strong execution track record.
- Company proposed a dividend of AED 4.0 Bn for 2025, equivalent to AED 1 per share.



### 4Q25 Net Profit higher than our estimate

Emaar Development PJSC (EMAARDEV/The Company) reported a 40.7% YOY increase in net profit to AED 4,310 Mn in 4Q25, higher than our estimate of AED 2,717 Mn. The growth in net profit is primarily driven by a substantial rise in revenue due to strong project execution and operational efficiencies, coupled with an increase in net finance income, other income, share of results of joint ventures, and a decline in NCI, partially offset by a rise in costs of revenue, SG&A expenses, finance cost, and tax charges.

### P&L Highlights

Emaar Development's revenue surged 47.6% YOY to AED 9,842 Mn in 4Q25, primarily driven by higher revenue recognition from sale of residential units and sale of commercial units, plots of land & development services. Revenue from the sale of residential units rose 49.4% YOY to AED 9,140 Mn in 4Q25, while revenue from commercial unit sales, plots of land, and development services increased 27.9% YOY to AED 702 Mn in 4Q25. The Company's cost of revenue increased substantially from AED 2,858 Mn in 4Q24 to AED 4,178 Mn in 4Q25. As a result, gross profit grew sharply 48.6% YOY to AED 5,664 Mn in 4Q25, while gross margins expanded from 57.1% in 4Q24 to 57.5% in 4Q25. Selling and general expenses expanded 47.1% YOY to AED 770 Mn in 4Q25. Thus, operating profit surged 48.9% YOY to AED 4,894 Mn in 4Q25. Operating margin grew 43 bps YOY to 49.7% in 4Q25. Moreover, EBITDA rose sharply 57.6% YOY to AED 5,389 Mn in 4Q25. EBITDA margin improved 347 bps YOY to 54.8% in 4Q25. Finance income increased significantly 66.9% YOY to AED 459 Mn in 4Q25, similarly finance costs rose strongly 87.8% YOY to AED 141 Mn in 4Q25. Other income increased from AED 21 Mn in 4Q24 to AED 31 Mn in 4Q25. Share of results from JVs rose from AED 110 Mn in 4Q24 to AED 461 Mn in 4Q25.

### Stock Information

Market Cap (AED, mn)	76,200.00
Paid Up Capital (mn)	4,000.00
52 Week High	19.70
52 Week Low	9.86
3M Avg. daily value (AED)	52,165,600

### 4Q25 Result Review (AED, Mn)

Total Assets	80,894
Total Liabilities	39,609
Total Equity	41,285
EBITDA	5,389
Net Profit	4,310

### Financial Ratios

Dividend Yield (12m)	3.62
Dividend Pay-out (%)	35.35
Price-Earnings Ratio(x)	6.77
Price-to-Book Ratio (x)	2.06
Book Value (AED)	9.32
Return on Equity (%)	34.47

### Stock Performance

5 Days	2.70%
1 Months	16.87%
3 Months	30.03%
6 Months	27.00%
1 Year	41.64%
Month to Date (MTD%)	10.76%
Quarter to Date (QTD%)	25.74%
Year to Date (YTD%)	25.74%

Meanwhile, the share of profit attributable to non-controlling interest holders declined 8.7% YOY to AED 595 Mn in 4Q25. Additionally, the Company recorded a tax charge of AED 799 Mn in 4Q25, compared to tax reversal of AED 96 Mn in 4Q24.

### Balance Sheet Highlights

Emaar Development's total debt remained unchanged at AED 3.7 Mn in 4Q25 compared to 3Q25. Cash and cash equivalent rose sharply from AED 35.1 Bn in 3Q25 to AED 41.3 Bn in 4Q25 incl. fixed deposits, with AED 33.0 Bn of this amount held in escrow accounts against advances received from customers for the sale of development properties. The value of development properties increased from AED 19.6 Bn in 3Q25 to AED 21.5 Bn in 4Q25.

### Target Price and Rating

We revise our rating on Emaar Development from BUY to ACCUMULATE with a revised target price of AED 21.00. Emaar Development reported strong net income growth in 2025, supported by strong sales growth in residential units and commercial units. During 4Q25, EMAARDEV added new projects across key master communities, including Mareva and Mareva 2 under The Oasis ED, Ovelle and Avelia under The Valley, and Equestra, Equiterra and Equiterra 2 under Grand Polo Club and Resort. Mareva and Mareva 2 have project values of AED 6.1 Bn and AED 6.5 Bn, respectively, while Ovelle and Avelia have project values of AED 1.2 Bn and AED 1.3 Bn, respectively. Moreover, Equestra, Equiterra and Equiterra 2 have project values of AED 1.7 Bn, AED 2.5 Bn and AED 1.5 Bn, respectively. The Company announced Emaar Hills, a new master-planned destination during 2025 that will be home to the Dubai Mansions ultra-luxury residential project, strengthening its presence in the ultra-luxury segment. Property sales rose by 8.7% YOY to AED 71.1 Bn in 2025, driven by solid demand in both established neighborhoods and newly introduced communities. As a result, Sales backlog rose 38% YOY to AED 125.2 Bn as of December 2025, providing four to five years of revenue visibility, with around 51,000 residential units currently under construction. During 2025, more than 48 residential projects were launched across master-planned developments, including Grand Polo Club and Resort, a new phase of The Valley, and Bristol at Emaar Beachfront. Emaar also expanded its development pipeline by acquiring 36 Mn SQFT of land, with a total development value of AED 120 Bn in 2025. The Company's construction model continues to minimise financial risk supported by a strong land bank and JV/JDA structure requiring limited upfront capital investment, while pre-sales fund construction with 60-70% of units pre-sold and 20-30% cash collected before construction commencement. With 93% of off-plan projects sold and a minimal default rate of c. 0.5%, the model supports strong cash flow visibility, while regulations allow forfeiture of up to 40% of sales value in default cases enabling resale of properties. EMAARDEV had delivered over 80,500 residential units since 2002, demonstrating a strong execution track record. It also holds a substantial land bank of 305 Mn sqft (gross land area) in the UAE, supporting future development. Demand dynamics remain healthy, with 60% of buyers in 2025 being UAE residents, while 40% were international investors, led by Indian buyers, followed by UK and Chinese buyers, highlighting the continued appeal of Dubai real estate to both domestic and overseas segments. Emaar Development proposed a dividend of AED 4.0 Bn for 2025, equivalent to AED 1 per share. The Company's financial position remained robust at December 2025, supported by AED 41.3 Bn (incl. fixed deposits) in cash and cash equivalents and negligible debt, providing significant flexibility. Given these factors, we assign an ACCUMULATE rating on the stock.

#### Emaar Development - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	24.04	20.48	11.77	10.22	6.89	5.81
PB	5.38	4.50	3.41	2.75	2.09	1.67
EV/EBITDA	17.66	16.41	7.91	6.12	2.95	2.37
BVPS	3.623	4.332	5.710	7.097	9.318	11.677
EPS	0.811	0.952	1.657	1.908	2.829	3.358
DPS	NM	0.520	0.521	0.680	1.000	1.000
Dividend yield	NM	2.7%	2.7%	3.5%	5.1%	5.1%

FABS Estimates & Co Data

#### Emaar Development - P&L

AED Mn	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch	QOQ Ch	2024	2025	Change
Revenue	6,668	7,714	9,842	6,507	51.3%	47.6%	27.6%	19,147	27,486	43.6%
Cost of Revenue	-2,858	-3,356	-4,178	-2,856	46.3%	46.2%	24.5%	-8,490	-11,948	40.7%
<b>Gross Profit</b>	<b>3,811</b>	<b>4,358</b>	<b>5,664</b>	<b>3,651</b>	<b>55.1%</b>	<b>48.6%</b>	<b>30.0%</b>	<b>10,657</b>	<b>15,537</b>	<b>45.8%</b>
S&G Expenses	-524	-569	-770	-535	44.0%	47.1%	35.5%	-1,609	-2,119	31.7%
<b>Operating Profit</b>	<b>3,287</b>	<b>3,790</b>	<b>4,894</b>	<b>3,116</b>	<b>57.1%</b>	<b>48.9%</b>	<b>29.1%</b>	<b>9,047</b>	<b>13,419</b>	<b>48.3%</b>
<b>EBITDA</b>	<b>3,420</b>	<b>3,970</b>	<b>5,389</b>	<b>3,246</b>	<b>66.0%</b>	<b>57.6%</b>	<b>35.7%</b>	<b>9,423</b>	<b>14,331</b>	<b>52.1%</b>
Finance Income	275	365	459	350	31.0%	66.9%	25.5%	1,160	1,459	25.8%
Finance Cost	-75	-52	-141	-63	NM	87.8%	NM	-402	-284	-29.3%
Other Income	21	67	31	54	-42.1%	46.1%	-53.1%	174	182	5.1%
Share of results of JVs	110	112	461	74	NM	NM	NM	194	717	NM
<b>Profit for the year</b>	<b>3,619</b>	<b>4,281</b>	<b>5,704</b>	<b>3,531</b>	<b>61.6%</b>	<b>57.6%</b>	<b>33.2%</b>	<b>10,173</b>	<b>15,493</b>	<b>52.3%</b>
Tax	96	-283	-799	-246	NM	NM	NM	-486	-1,885	NM
NCI	652	748	595	568	4.7%	-8.7%	-20.4%	2,053	2,291	11.6%
<b>Net Profit</b>	<b>3,063</b>	<b>3,250</b>	<b>4,310</b>	<b>2,717</b>	<b>58.6%</b>	<b>40.7%</b>	<b>32.6%</b>	<b>7,633</b>	<b>11,316</b>	<b>48.2%</b>

FABS estimate & Co Data

#### Emaar Development - Margins

	4Q24	3Q25	4Q25	YOY Ch	QOQ Ch	2024	2025	Change
Gross Profit	57.1%	56.5%	57.5%	40	105	55.7%	56.5%	87
EBITDA	51.3%	51.5%	54.8%	347	329	49.2%	52.1%	293
Operating Profit	49.3%	49.1%	49.7%	43	59	47.3%	48.8%	157
Net Profit	45.9%	42.1%	43.8%	-214	166	39.9%	41.2%	130

FABS estimate & Co Data

#### Key Developments:

- **30 May 2025** - Emaar Development PJSC discloses its agreement to acquire land plots in Ras Al Khor for AED 2.9 Bn, aiming to expand its land bank and initiate new projects, with the transaction expected to close by 31st July 2025.

## 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	24.06	70.0%	16.84
Relative Valuation (RV)	13.88	30.0%	4.16
<b>Weighted Average Valuation (AED)</b>			<b>21.00</b>
Current market price (AED)			19.05
Upside/Downside (%)			+10%

### 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 9.3%. The cost of equity is calculated by using a 10-year government bond yield of 5.1%, a beta of 1.00 and an equity risk premium of 4.2%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	32,581
Terminal value (AED, Mn)	60,850
<b>FV to Common shareholders (AED, Mn)</b>	<b>93,431</b>
Net debt as of Dec 2025	2,795
<b>Equity Value</b>	<b>96,225</b>
No. of share (Mn)	4,000
Current Market Price (AED)	19.05
<b>Fair Value per share (AED)</b>	<b>24.06</b>

### DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Cash flow from operations	8,985	9,670	9,614	6,178	6,742
(-) Capex	-23	-37	-36	-29	-25
<b>Free Cash Flow to Equity (FCFE)</b>	<b>8,962</b>	<b>9,633</b>	<b>9,578</b>	<b>6,149</b>	<b>6,717</b>
Discounting Factor	0.93	0.85	0.77	0.71	0.65
<b>Discounted FCFE</b>	<b>8,294</b>	<b>8,156</b>	<b>7,419</b>	<b>4,357</b>	<b>4,355</b>

## 2) Relative Valuation:

We have considered both domestic and international peers to value Emaar Development. The Company is valued at a 2026 P/B multiple of 1.2x, higher than the peers median multiple of 0.9x, 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)	
		2026F	2027F	2026F	2027F
<b>Peers</b>					
Dar Al Arkan	5,135	16.6	15.7	0.8	0.8
Aldar Properties	24,103	7.9	7.1	1.8	1.5
Palm Hills Developments	540	2.9	2.0	0.9	0.6
Sixth of October for Development Company	540	2.9	NA	0.9	NA
Saudi Real Estate Company	1,430	NA	NA	0.9	0.9
Tecom	5,418	10.3	10.1	2.2	2.2
<b>Average</b>		<b>8.1x</b>	<b>8.7x</b>	<b>1.3x</b>	<b>1.2x</b>
<b>Median</b>		<b>7.9x</b>	<b>8.6x</b>	<b>0.9x</b>	<b>0.9x</b>
<b>Max</b>		<b>10.3x</b>	<b>11.5x</b>	<b>1.6x</b>	<b>1.5x</b>
<b>Min</b>		<b>2.9x</b>	<b>5.8x</b>	<b>0.9x</b>	<b>0.8x</b>

Source: FAB Securities

