

## Emaar Development

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

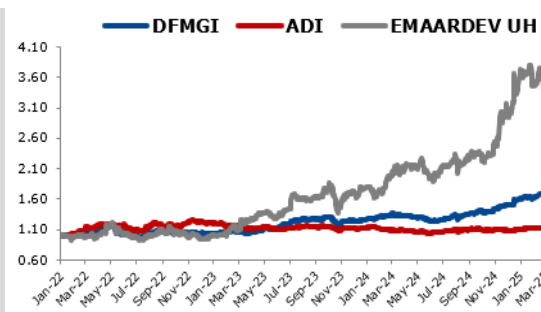
**Current Price**  
AED 13.00

**Target Price**  
AED 15.00

**Upside/Downside (%)**  
+15.4%

**Rating**  
BUY

- EMAARDEV recorded the highest-ever property sales of AED 65.4 Bn in FY2024 compared to AED 37.4 Bn in FY2023.
- The Company's sales backlog stood at AED 90.9 Bn in FY2024, indicating strong revenue visibility in the upcoming period.
- EMAARDEV introduced "Lavita" at The Oasis, its first community of luxury mansions in 3Q24.
- Emaar Development reported the highest-ever revenue of AED 19.1 Bn (USD 5.2 Bn) and an EBITDA of AED 9.4 Bn (USD 2.6 Bn) during FY2024.
- Emaar Development's board has proposed its highest-ever dividend of AED 2.7 Bn for FY2024 (AED 0.68 per share), subject to the approval of shareholders.



### 4Q24 Net Profit higher than our estimate

Emaar Development PJSC (EMAARDEV/The Company) reported a 19.2% YOY increase in net profit to AED 3,063 Mn in 4Q24, surpassing our estimate of AED 2,090 Mn. The growth in net profit is primarily driven by a substantial rise in revenue and property sales supported by lower NCI, partially offset by a rise in costs of revenue, selling and general expenses.

### P&L Highlights

Emaar Development's revenue surged 46.5% YOY to AED 6,668 Mn in 4Q24, primarily driven by a significant increase in the sale of residential units, as well as the sale of commercial units, plots of land, and development services. Revenue from the sale of residential units rose substantially from AED 4,414 Mn in 4Q23 to AED 6,120 Mn in 4Q24, while revenue from commercial unit sales, plots of land, and development services grew from AED 138 Mn in 4Q23 to AED 549 Mn in 4Q24. EMAARDEV's total property sales increased from AED 8.5 Bn in 4Q23 to AED 17.4 Bn in 4Q24. The Company's cost of revenue recorded a sharp rise from AED 826 Mn in 4Q23 to AED 2,858 Mn in 4Q24. As a result, gross profit increased 2.3% YOY to AED 3,811 Mn in 4Q24, though gross margins contracted from 81.9% in 4Q23 to 57.1% in 4Q24. Selling and general expenses rose 24.6% YOY to AED 524 Mn in 4Q24. Operating profit declined marginally by 0.6% YOY to AED 3,287 Mn in 4Q24. Moreover, EBITDA fell 3.2% YOY to AED 3,421 Mn in 4Q24. EBITDA margin contracted from 77.6% in 4Q23 to 51.3% in 4Q24. Finance income increased 1.9% YOY to AED 275 Mn in 4Q24, while finance costs rose 4.9% YOY to AED 75 Mn in 4Q24. Other income declined from AED 180 Mn in 4Q23 to AED 21 Mn in 4Q24. The share of results from JVs rose from AED 46 Mn in 4Q23 to AED 110 Mn in 4Q24. Meanwhile, the share of profit attributable to non-controlling interest holders declined from AED 1,160 Mn in 4Q23 to

### 4Q24 Result Review (AED, Mn)

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Total Assets	59,421
Total Liabilities	27,806
Total Equity	31,615
EBITDA	3,421
Net Profit	3,063

### Financial Ratios

Dividend Yield (12m)	4.00
Dividend Pay-out (%)	35.63
Price-Earnings Ratio(x)	6.81
Price-to-Book Ratio (x)	1.83
Book Value (AED)	7.10
Return on Equity (%)	29.80

### Stock Performance

5 Days	0.78%
1 Months	-0.76%
3 Months	16.59%
6 Months	46.23%
1 Year	58.92%
Month to Date (MTD%)	0.78%
Quarter to Date (QTD%)	-5.11%
Year to Date (YTD%)	-5.11%

AED 652 Mn in 4Q24. Additionally, the Company recorded a tax reversal of AED 96 Mn in 4Q24.

### Balance Sheet Highlights

Emaar Development's total debt remained unchanged at AED 3.7 Mn in 4Q24 compared to 3Q24. Cash and cash equivalents declined from AED 27.3 Bn in 3Q24 to AED 23.8 Bn in 4Q24, with AED 22.9 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 to AED 16.5 Bn in 4Q24 from AED 16.8 Bn in 3Q24.

### Target Price and Rating

We revise our rating on Emaar Development from HOLD to BUY with an unchanged target price of AED 15.00. EMAARDEV reported a significant increase in profit, driven by robust growth in property sales and strong demand in the UAE's real estate sector. Property sales grew from AED 8.5 Bn in 4Q23 to AED 17.4 Bn in 4Q24, driven by new project launches within existing masterplans. This Company launched 62 development projects during FY2024. The Company's sales backlog rose to AED 90.9 Bn in FY2024, indicating a strong revenue recognition outlook in the coming period. In 4Q24, EMAARDEV launched 'Farm Grove 1 & 2' and Velora 2 at the Valley, an idyllic new township. Additionally, the Company has handed over c. 74,500 residential units since its inception, with over 42,000 residential units currently under development. The continued project launches and strong revenue backlog ensure the Company's revenue stability in the years ahead. Emaar Development achieved its highest ever property sales of AED 65.4 Bn in FY2024 compared to AED 37.4 Bn in FY2023. Additionally, the Company recorded highest ever revenue of AED 19.1 Bn in FY2024. The Company also acquired 141 Mn SQFT of development land in prime area with a total development value of AED 96 Bn during FY2024. Emaar Development also sold record 19,058 units during FY2024 compared to 11,293 units during FY2023. The Company also owns remaining c. 367 Mn SQFT land bank (GLA) in the UAE. Emaar Development's board has proposed its highest ever dividend of AED 2.7 Bn for FY2024, subject to approval of shareholders. Given these factors, we assign BUY rating on the stock.

### Emaar Development - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
PE	31.62	16.15	13.76	7.90	6.86	6.03
PB	4.7	3.6	3.0	2.3	1.85	1.53
EV/EBITDA	23.73	11.82	10.35	4.71	5.56	5.16
Dividend yield	NM	NM	4.0%	4.0%	5.2%	5.2%

FABS Estimates & Co Data

**Emaar Development – P&L**

AED Mn	4Q23	3Q24	4Q24	4Q24F	Var.	YOY Ch	QOQ Ch	2023	2024	Change
Revenue	4,552	5,140	6,668	5,180	28.7%	46.5%	29.7%	11,921	19,147	60.6%
Cost of Revenue	-826	-2,202	-2,858	-2,235	27.9%	NM	29.8%	-3,513	-8,490	NM
<b>Gross Profit</b>	<b>3,726</b>	<b>2,938</b>	<b>3,811</b>	<b>2,946</b>	<b>29.4%</b>	<b>2.3%</b>	<b>29.7%</b>	<b>8,408</b>	<b>10,657</b>	<b>26.7%</b>
S&G Expenses	-420	-403	-524	-416	25.9%	24.6%	29.9%	-1,183	-1,609	36.0%
<b>Operating Profit</b>	<b>3,306</b>	<b>2,535</b>	<b>3,287</b>	<b>2,530</b>	<b>29.9%</b>	<b>-0.6%</b>	<b>29.6%</b>	<b>7,225</b>	<b>9,047</b>	<b>25.2%</b>
<b>EBITDA</b>	<b>3,533</b>	<b>2,618</b>	<b>3,421</b>	<b>2,659</b>	<b>28.7%</b>	<b>-3.2%</b>	<b>30.7%</b>	<b>7,987</b>	<b>9,424</b>	<b>18.0%</b>
Finance Income	270	355	275	369	-25.5%	1.9%	-22.7%	843	1,160	37.6%
Finance Cost	-71	-86	-75	-78	-4.1%	4.9%	-12.6%	-333	-402	20.6%
Other Income	180	38	21	69	-68.9%	-88.1%	-43.1%	626	174	-72.3%
Share of results of JVs	46	43	110	57	93.7%	142.3%	159.8%	124	194	57.1%
<b>Profit for the year</b>	<b>3,730</b>	<b>2,885</b>	<b>3,619</b>	<b>2,947</b>	<b>22.8%</b>	<b>-3.0%</b>	<b>25.4%</b>	<b>8,484</b>	<b>10,173</b>	<b>19.9%</b>
Tax	0	-255	96	-263	-136.5%	NM	-137.6%	0	-486	NM
NCI	1,160	561	652	594	9.7%	-43.8%	16.2%	1,855	2,053	10.7%
<b>Net Profit</b>	<b>2,570</b>	<b>2,069</b>	<b>3,063</b>	<b>2,090</b>	<b>46.5%</b>	<b>19.2%</b>	<b>48.0%</b>	<b>6,629</b>	<b>7,633</b>	<b>15.1%</b>

FABS estimate & Co Data

**Emaar Development - Margins**

	4Q23	3Q24	4Q24	YOY Ch	QOQ Ch	2023	2024	Change
Gross Profit	81.9%	57.2%	57.1%	-2,471	-2	70.5%	55.7%	-1,487
EBITDA	77.6%	50.9%	51.3%	-2,632	38	67.0%	49.2%	-1,778
Operating Profit	72.6%	49.3%	49.3%	-2,332	-3	60.6%	47.3%	-1,335
Net Profit	56.4%	40.3%	45.9%	-1,052	568	55.6%	39.9%	-1,574

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	15.75	70.0%	11.03
Relative Valuation (RV)	13.24	30.0%	3.97
<b>Weighted Average Valuation (AED)</b>			<b>15.00</b>
Current market price (AED)			13.00
Upside/Downside (%)			+15.4%

### 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 5.7%, beta of 1.00 and equity risk premium of 3.9%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	24,101
Terminal value (AED, Mn)	41,457
<b>FV to Common shareholders (AED, Mn)</b>	<b>65,559</b>
Net debt as of 31st Dec 2024	(2,547)
<b>Equity Value</b>	<b>63,012</b>
No. of share (Mn)	4,000
Current Market Price (AED)	13.00
<b>Fair Value per share (AED)</b>	<b>15.75</b>

### DCF Method

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Cash flow from operations	12,895	3,235	4,269	4,376	4,783
(-) Capex	-13	-14	-15	-16	-17
<b>Free Cash Flow to Equity (FCFE)</b>	<b>12,881</b>	<b>3,221</b>	<b>4,253</b>	<b>4,360</b>	<b>4,766</b>
Discounting Factor	0.93	0.85	0.77	0.71	0.64
<b>Discounted FCFE</b>	<b>11,945</b>	<b>2,726</b>	<b>3,286</b>	<b>3,075</b>	<b>3,069</b>

Source: FAB Securities

## 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 1.5x, in line with peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/B (x)	
		2025F	2026F	2025F	2026F
<b>Peers</b>					
Dar Al Arkan	5,243	20.3	17.1	0.9	0.9
Aldar Properties	19,268	8.4	7.6	1.6	1.4
Palm Hills Developments	367	4.1	2.6	1.3	1.0
Sixth of October for Development Company	471	NA	4.3	1.5	1.2
Saudi Real Estate Company	2,497	NA	NA	1.9	1.8
Tecom Group	4,275	10.3	9.8	2.2	2.0
<b>Average</b>		<b>10.8x</b>	<b>8.3x</b>	<b>1.6x</b>	<b>1.4x</b>
<b>Median</b>		<b>9.3x</b>	<b>7.6x</b>	<b>1.5x</b>	<b>1.3x</b>
<b>Max</b>		<b>12.8x</b>	<b>9.8x</b>	<b>1.8x</b>	<b>1.7x</b>
<b>Min</b>		<b>7.3x</b>	<b>4.3x</b>	<b>1.4x</b>	<b>1.0x</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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