

Emaar Properties

Current Price	Target Price	Upside/Downside (%)	Rating
AED 13.35	AED 16.00	+20%	BUY

1Q25 Net Profit lower than our estimate:

- Emaar Properties' revenue boosted from AED 6.7 Bn in 1Q24 to AED 10.1 Bn in 1Q25, mainly driven by robust growth in revenue from Real Estate, followed by Hospitality and Leasing, Retail segments.
- The Company's cost of revenue boosted from AED 2.7 Bn in 1Q24 to AED 4.4 Bn in 1Q25.
- As a result, gross profit of Emaar properties increased 42.5% YOY to AED 5.7 Bn in 1Q25. However gross profit margin declined from 59.8% in 1Q24 to 56.7% in 1Q25.
- Emaar Properties revenue backlogs from property sales grew 62% YOY to AED 127 Bn in 1Q25.
- The Company's EBITDA boosted 23.5% YOY to AED 5.4 Bn, while EBITDA margin declined from 65.1% in 1Q24 to 53.5% in 1Q25.
- Emaar's property development business sales in the UAE rose 28% YOY to AED 16.5 Bn in 1Q25, attributed to successful start of 12 projects across all master plans in the region. Additionally, revenue backlog from property sale in UAE boosted AED 112 Bn in 1Q25.
- The Company's profit before tax increased 27.4% YOY to AED 5.4 Bn in 1Q25.
- Emaar properties recorded a tax expense of AED 797 Mn in 1Q25 compared to AED 566 Mn in 1Q24.
- The Company's non-controlling interest increased 19.1% YOY to AED 927 Mn in 1Q25.
- Emaar properties distributed a dividend of AED 8.9 Bn (resulting in dividend of AED 1.0 per share) to its shareholders for the period of 2024.

Earnings Call Summary:

- The Company targeted to achieve USD 10 Bn in EBITDA by 2030 from its Recurring Portfolio.
- Sales commissions, tied to real estate revenue recognition, significantly influenced the SG&A decline. Since 1Q25 had lower recognition compared to 4Q24, commissions and thus SG&A dropped accordingly.
- Emaar reported a decline in both revenue and net profit on a QOQ basis, mainly due to lower real estate revenue recognition in 1Q25 compared to stronger 4Q24. This was driven by fewer handovers and associated sales commission expenses. The decline reflects typical seasonality and project timing, not a structural weakness, with management expecting a strong ramp-up in development revenue in the coming quarters.
- Additionally, the Company's tax rate will not revert to 9%. Furthermore, a slight reduction in the effective rate is possible; but it is expected to remain below 14.7% of 1Q25.
- Emaar's recurring revenue-generating portfolio, encompassing malls, hospitality, leisure, entertainment, and commercial leasing revenue boosted 11% YOY to AED 2.6 Bn in 1Q25, due to strong performance from malls and hotels.
- New additions to the top 10 property buyers by nationality include the U.S., Egypt, Canada, and Iran, while India continues to lead, contributing over 20% of total purchases.
- Additionally, the group has c. AED 5 Bn in pipeline deals, surpassed its planned levels.
- Emaar plans a total capital expenditure of AED 60–70 Bn over the next five years, with c. AED 30 Bn allocated for land acquisition for Emaar Development and land bank replenishment, including AED 5 Bn investment expected in 2025.
- Additionally, c. AED 12.5 Bn will be allocated for expansion, new developments, and third-party retail acquisitions. Furthermore, AED 12 Bn set aside for residential leasing and AED 7–8 Bn is expected to allocate for developing a tower in Dubai Creek Harbor, with construction tentatively scheduled to begin in 2026.

- The Company plans to invest AED 5 Bn in its international operations in Egypt, which will be self-funded through internal resources or minimal borrowings.
- Emaar expects Dubai's supply-demand balance to remain stable over the next 2–3 years. Furthermore, delivery for 2025 is anticipated to match 2024 levels at c. 4,500 units, followed by a ramp-up in deliveries starting from 2026.
- The Company has added new hotels and expects further growth to be driven by higher average daily rates and potential occupancy rate to be increase over the medium term.
- The Company anticipates single-digit base rent income from mall revenue segment, with turnover rent expected to be the key contributor to rental income improvement.
- The Company's Hospitality segment focused on increasing RevPAR through a balanced approach on occupancy and average daily rates (ADRs).
- Emaar international strategy includes active land bank expansion in East Cairo and North Coast of Egypt, where the Company holds premium positioning, with strong pricing power. In the India region, the focus is on delivery and execution, and new launches are anticipated in 4Q25, as 1Q25 gained strong momentum, supported by the Company's UAE-linked brand strength.
- While Emaar owns 20% of a listed Saudi firm and has HMA presence, there are no plans for significant capital deployment in Saudi until the market becomes more compatible with its offerings.
- The Company maintained a strong presence in Dubai South through projects such as Emaar South and Oasis, with the Oasis project scheduled for launch in 2H25. Additionally, several villa developments were launched in March 2025, and future launches will be strategically timed.
- Despite macroeconomic uncertainties, Emaar expects full-year 2025 sales to match or even surpass record 2024 levels, driven by strong project launches and sustained market demand.
- Emaar Properties aims to maintain AED 1 per share dividends through 2026, and likely in 2027.

Emaar Properties – P&L

AED Mn	1Q24	4Q24	1Q25	1Q25F	Var.	YOY Ch	QOQ Ch
Revenue	6,723	11,712	10,098	10,735	-5.9%	50.2%	-13.8%
Operating costs	-2,702	-4,963	-4,368	-4,568	-4.4%	61.7%	-12.0%
Gross profit	4,021	6,749	5,730	6,168	-7.1%	42.5%	-15.1%
Administrative and other expenses	-652	-979	-719	-945	-23.9%	10.3%	-26.6%
EBITDA	4,374	6,641	5,402	5,362	0.7%	23.5%	-18.7%
EBIT	3,127	5,494	4,761	4,971	-4.2%	52.3%	-13.4%
Profit before tax	4,265	6,473	5,433	5,695	-4.6%	27.4%	-16.1%
Income tax expense	-566	-70	-797	-513	55.5%	40.9%	NM
Profit for the period	3,699	6,403	4,636	5,183	-10.6%	25.3%	-27.6%
Profit attributable to equity holders	2,921	4,991	3,709	4,083	-9.2%	27.0%	-25.7%

FABS estimate & Co Data

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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