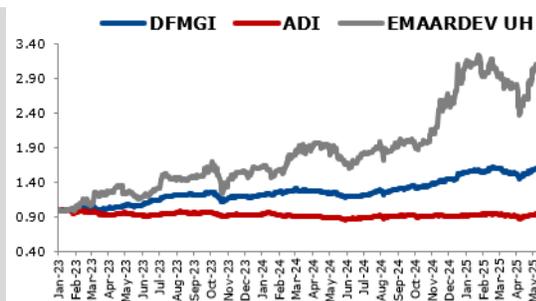


Emaar Development

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 (USD Mn)	EV/EBITDA (x)		P/B (x)	
		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

