

Emaar Properties P.J.S.C. (Emaar) – 4Q23 Results Review

Analyst: Neetika Gupta

Previous Recommendation:

Buy

Target Price (AED):

9.70

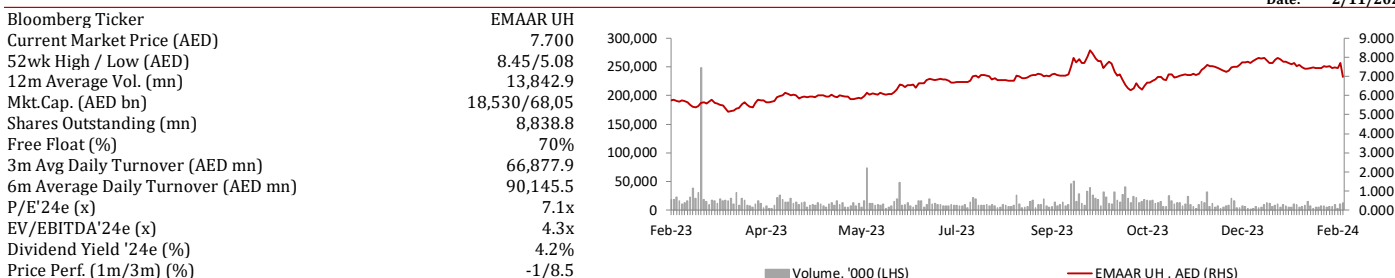
Previous Reco. & Date:

TP: AED 9.7 per share; Buy on 6-Dec-2023

Upside / (Downside):

26.0%

Date: 2/11/2024



Revenue increased 39% YoY, ahead of our expectations and Bloomberg consensus

The company's 4Q23 revenue was reported at AED 8.4bn, (39% YoY and 37% QoQ), ahead of our projected AED 6.5bn. For FY23, Emaar recorded a revenue rise of 7% YoY to reach AED 26.8bn driven by increased tenant sales, and robust tourism. Recurring revenue increased by 26% in FY23. Emaar's property sales backlog reached AED 71.8bn which provides strong revenue visibility over the medium term.

Operating profit and net profit came ahead of U-Capital estimates and Bloomberg consensus

For 4Q23, the company's gross profit grew 81% YoY to reach AED 5.5bn, while operating profit increased by about 2.5x to reach AED 5.0bn, both came ahead of U Capital estimates and Bloomberg Consensus. For the recent quarters, the company's gross margin came at about ~45-50%, however, for 3Q23 and 4Q23 it has rose to 75% and 65% respectively. This has resulted in around 200% YoY growth in net income for 4Q23, which came below U-Capital estimates and the Bloomberg consensus. For FY23, gross profit rose by 34% YoY to reach AED 16.9bn and the corresponding margin improved by 13% to reach 63%. Also, EBITDA increased by 63% YoY to reach AED 16bn driven by the growth in tourism, higher retail sales, rise in real estate demand, and increase in other income (66%). Subsequently, net profit rose by 70% to reach AED 11.6bn during FY23.

Maintaining target price

We believe that the real estate sector in the UAE is poised for strong growth, driven by the key positives factors, such as robust UAE off-plan sales and improving occupancy levels. Aided by a stable macro-economic outlook along the resilient real-estate segment in the GCC region, Emaar is well-positioned to maintain its growth trajectory. As a result, we uphold our 'Buy' recommendation for the stock.

Valuation.

Emaar is trading at a 2024e estimated P/E ratio of 7.1x, which is at a 10% discount, compared to its historical average 1-year forward P/E ratio of 7.9x. Similarly, the stock's EV/EBITDA multiple, valued at 4.3x based on our FY23 estimate, is at a 18% discount from the historical average 1-year forward EV/EBITDA of 6.3x.

Income Statement												
(AED mn)	4Q22	1Q23	2Q23	3Q23	4Q23	4Q23e	YoY (%)	QoQ (%)	Var (%)	FY22	FY23	YoY (%)
Sales/Revenue	6,025	6,290	5,978	6,102	8,380	6,503	39%	37%	29%	24,926	26,750	7%
Gross Profit (Loss)	3,023	3,503	3,266	4,625	5,473	3,303	81%	18%	66%	12,587	16,866	34%
Operating Profit (Loss)	1,435	2,497	2,430	3,888	4,982	2,403	247%	28%	107%	8,401	14,498	73%
Net Profit attributable to shareholders	1,042	3,206	1,740	3,291	3,393	2,262	226%	3%	50%	6,832	11,630	70%
Balance Sheet												
(AED mn)	4Q22	1Q23	2Q23	3Q23	4Q23	4Q23e	YoY (%)	QoQ (%)	Var (%)	FY22	FY23	YoY (%)
Shareholders' Equity	68,998	71,386	70,985	74,393	77,092	76,655				68,998	77,092	
Key Ratios												
	4Q22	1Q23	2Q23	3Q23	4Q23	4Q23e	YoY (%)	QoQ (%)	Var (%)	FY22	FY23	YoY (%)
Gross Margin	50%	56%	55%	76%	65%	51%						
Operating Profit Margin	24%	40%	41%	64%	59%	37%						
Net Profit Margin	17%	51%	29%	54%	40%	35%						
Return on Equity (RoE)	6%	18%	10%	18%								

Source: Financials, Bloomberg, U Capital Research


For investment update report, please [click here](#)

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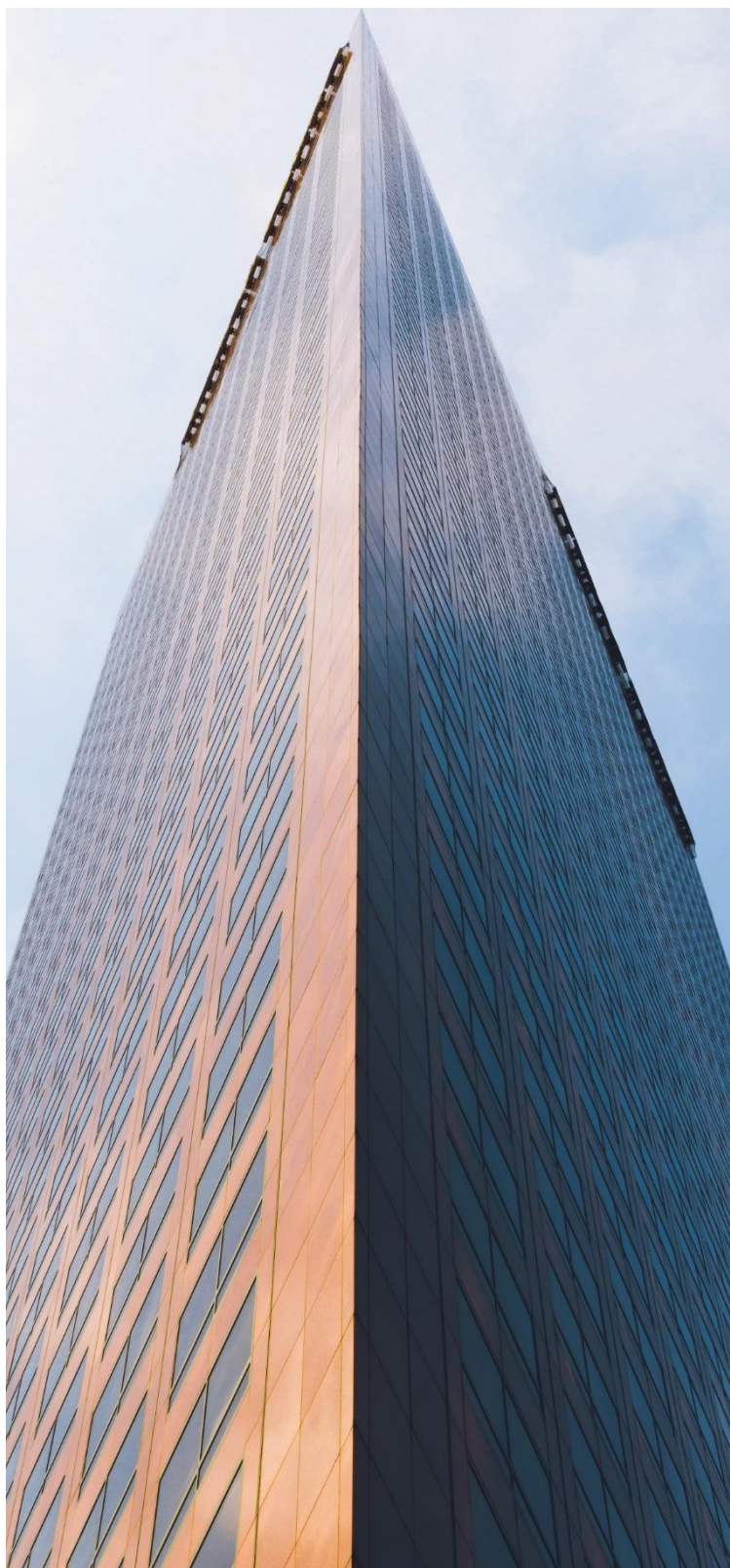
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Disclaimer

Recommendation

BUY	Greater than 20%
ACCUMULATE	Between +10% and +20%
HOLD	Between +10% and -10%
REDUCE	Between -10% and -20%
SELL	Lower than -20%

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