

Emaar Properties P.J.S.C. (Emaar) - 2Q22 Result Review

Date: 14-Aug-22

Previous Recommendation:

Buy

Reco. Date:

23-May-22

Fair Value (AED):

8.0

Upside / (Downside):

40.4%

Analyst: Ayisha Zia



Year-on-year growth in revenue driven by growth in hospitality and leased properties & retail business

Emaar Properties revenue in 1H22 stood at AED 13,574.9 mn, up by 9.8% YoY (+4.6% QoQ) underpinned by growth in revenue from hospitality by 63.6% YoY and revenue from leased properties, retail and related income by 43.6% YoY, however, partly offset by a decline in revenue from property sales by 1.2% YoY. Sequentially, topline was supported by growth in revenue from leased properties, retail and related income by 10.3% QoQ and revenue from property sales by 5.3% QoQ; however, partially offset by a decline in revenue from hospitality by 23.7% QoQ.

Net income growth underpinned by robust property sales and growth in performance of recurring revenue business

The company's net income in 1H22 stood at AED 5,106.9 mn, up by 97.2% YoY (-7.6% QoQ), underpinned by robust property sales and growth in the performance of recurring revenue businesses. Sequentially, the profitability was impacted mainly due to a higher cost structure.

Emaar Properties recorded an EBITDA margin of 42.3% in 2Q22 against 29.1% in 2Q21

Sales backlog at the end of 1H22 stood at AED 48.0 bn

Income Statement													
(AED mn)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22e	YoY (%)	QoQ (%)	Var (%)	1H21	1H22	YoY (%)
Sales	5,921	6,439	6,832	9,011	6,635	6,940	6,491	7.8%	4.6%	6.9%	12,360	13,575	9.8%
COGs	(3,262)	(3,722)	(4,242)	(5,246)	(3,241)	(3,503)	(3,366)	-5.9%	8.1%	4.1%	(6,984)	(6,744)	-3.4%
Gross profit	2,659	2,717	2,591	3,765	3,395	3,437	3,124	26.5%	1.2%	10.0%	5,376	6,831	27.1%
Operating profit	1,318	1,581	1,768	2,296	2,420	2,577	2,168	63.0%	6.5%	18.9%	2,899	4,997	72.4%
Net Profit	1,199	1,390	1,437	1,688	2,654	2,453	2,351	76.4%	-7.6%	4.3%	2,590	5,107	97.2%
Balance Sheet													
(AED mn)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22e	YoY (%)	QoQ (%)				
Total equity	64,942	65,391	66,540	68,196	69,458	69,977		7.0%	0.7%				
Key Ratios													
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22e						
Gross profit margin	44.9%	42.2%	37.9%	41.8%	51.2%	49.5%	48.1%						
Operating profit margin	22.3%	24.6%	25.9%	25.5%	36.5%	37.1%	33.4%						
Net profit margin	20.3%	21.6%	21.0%	18.7%	40.0%	35.3%	36.2%						
RoE (annualized)	7.6%	8.8%	9.0%	10.4%	16.3%	14.8%							

Source: Financials, Bloomberg, U Capital Research

For our earlier report on the company, please [click here](#)

Recommendation

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