

Emaar Properties P.J.S.C. (Emaar) – 3Q23 Results Review

Analyst: Neetika Gupta

Previous Recommendation: Buy

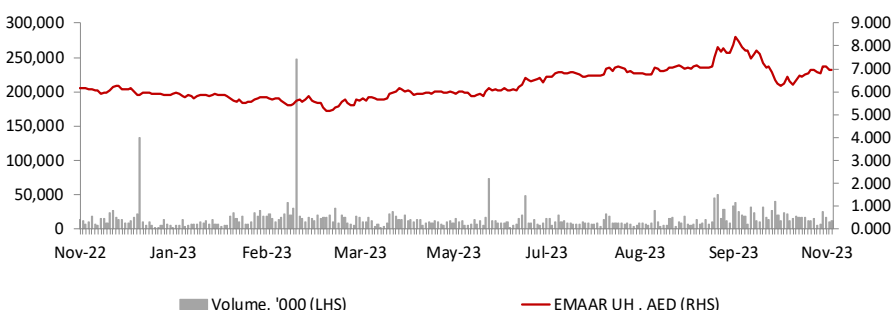
Target Price (AED): 7.30

Previous Reco. & Date: TP: AED 7.30 per share; Buy on 25-May-2023

Upside / (Downside): 4.7%

Date: 11/16/2023

Bloomberg Ticker	EMAAR UH
Current Market Price (AED)	6.970
52wk High / Low (AED)	8.45/5.08
12m Average Vol. (mn)	14,937.2
Mkt.Cap. (AED bn)	16,773/61.6
Shares Outstanding (mn)	8,838.8
Free Float (%)	70%
3m Avg Daily Turnover (AED mn)	116,396.0
6m Average Daily Turnover (AED mn)	96,806.5
P/E'23e (x)	6.2x
EV/EBITDA'23e (x)	4.9x
Dividend Yield '23e (%)	4.9%
Price Perf. (1m/3m) (%)	-1.1/2.3%



Revenue increased 15% YoY, in line with our expectations

The company's 3Q23 revenue was reported at AED 6,102mn, (15% YoY and 2% QoQ), in line with our projected AED 6,277mn. For 9M23, Emaar recorded a revenue drop of 3% YoY to reach AED 18,370mn. Recurring revenues recorded a YoY growth of 26% during 9M23, supported by increased tenant sales and robust tourism. Emaar's property sales backlog reached AED 69.5bn which provides strong revenue visibility over the medium term.

Gross and operating profit beats U-Capital estimates

For 3Q23, the company's gross profit grew 69% YoY to reach AED 4,625mn ahead of our estimates of AED 3,314mn. For 9M23, gross profit rose by 19% YoY to reach AED 11,393mn and the corresponding margin improved by 11.4% to reach 62.0%. Also, EBITDA increased by 29% YoY to reach AED 10,814mn driven by the growth in tourism, higher retail sales, rise in real estate demand, and increase in other income (88%).

Net Income beats our estimates

Net income for the quarter came in at AED 3,291mn, which was ahead our estimated figure of AED 3,030mn due to more than expected rise in net income margin (54% vs 48%).

Maintain Buy rating

We are of the opinion that the real estate sector in the UAE is positioned for substantial growth. Emaar is also benefiting from a strong order backlog and enhanced recurring revenue due to increased tenant sales, robust growth in tourism, and the rise in real estate demand. As a result, we uphold our 'Buy' recommendation for the stock.

Valuation.

Emaar is trading at a 2023e estimated P/E ratio of 6.2x, which is at a 23% discount, compared to its historical average 1-year forward P/E ratio of 7.9x. Similarly, the stock's EV/EBITDA multiple, valued at 4.9x based on our FY23 estimate, is at a 18% discount from the historical average 1-year forward EV/EBITDA of 6.0x.

Income Statement											
(AED mn)	4Q22	1Q23	2Q23	3Q23	3Q23e	YoY (%)	QoQ (%)	Var (%)	9M22	9M23	YoY (%)
Sales/Revenue	6,025	6,290	5,978	6,102	6,277	15%	2%	-3%	#####	#####	-3%
Gross Profit (Loss)	3,023	3,503	3,266	4,625	3,314	69%	42%	40%	9,564	#####	19%
Operating Profit (Loss)	1,435	2,497	2,430	4,754	2,421	159%	96%	96%	6,835	9,681	42%
Net Profit attributable to sharehold	1,042	3,206	1,740	3,291	3,030	121%	89%	9%	5,790	8,237	42%
Balance Sheet											
(AED mn)	4Q22	1Q23	2Q23	3Q23	3Q23e	YoY (%)	QoQ (%)	Var (%)	9M22	9M23	YoY (%)
Shareholders' Equity	75,426	68,998	71,385	81,919	74,415				#####	#####	
Key Ratios											
	4Q22	1Q23	2Q23	3Q23	3Q23e	YoY (%)	QoQ (%)	Var (%)	9M22	9M23	YoY (%)
Gross Margin	50%	56%	55%	76%	53%						
Operating Profit Margin	24%	40%	41%	78%	39%						
Net Profit Margin	17%	51%	29%	54%	48%						
Return on Equity (RoE)	6%	19%	10%								

Source: Financials, Bloomberg, U Capital Research


For our previous report, please [click here](#)


Investment Research

Ubhar-Research@u-capital.net

Head of Research


Neetika Gupta


 +968 2494 9036

 neetika@u-capital.net


Research Team


Ahlam Al-Harhi

 +968 2494 9024


 ahlam.harhi@u-capital.net


Said Ghawas

 +968 2494 9034

 said.ghawas@u-capital.net


Amira Al Alawi


 +968 2494 9112

 amira.alalawi@u-capital.net

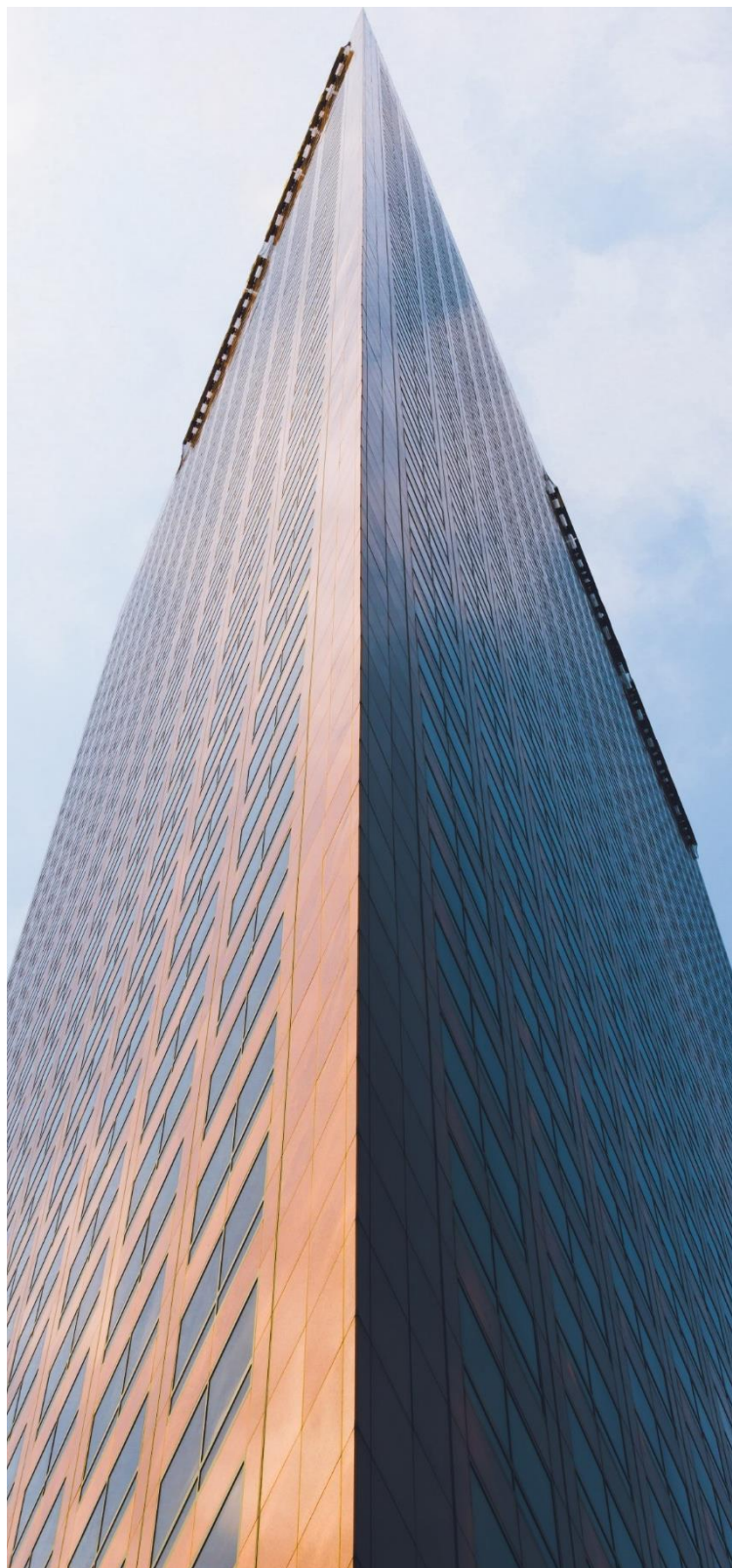
Head of Brokerage

Talal Al Balushi

 +968 2494 9051

 talal@u-capital.net

Visit us at: **www.u-capital.net**



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%

Ubhar Capital SAOC (U Capital)

Website: www.u-capital.net

PO Box 1137

PC 111, Sultanate of Oman

Tel: +968 2494 9036

Fax: +968 2494 9099

Email: research@u-capital.net

Disclaimer: This report has been prepared by Ubhar Capital (U Capital) Research and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell or solicitation of any offer to buy. While all reasonable care has been taken to ensure that the information contained therein is not untrue or misleading at the time of publication, we make no representation as to its accuracy or completeness and it should not be relied upon as such. The company accepts no responsibility whatsoever for any direct or indirect consequential loss arising from any use of this report or its contents. All opinions and estimates included in this document constitute U Capital Research team's judgment as at the date of production of this report and are subject to change without notice. This report may not be reproduced, distributed or published by any recipient for any other purpose.