Final Report

Project Title: Fundamental analysis of Emaar Properties PJSC using DCF and Multiples Valuation

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This final report and financial models were built with support from ChatGPT (OpenAI), used as a co-pilot for idea structuring, Excel logic validation, and formatting refinement. The project reflects my own financial judgment, assumptions, and execution, but benefited from AI-based structuring and iterative feedback throughout.

1. Executive Summary

This report presents a comprehensive financial and valuation analysis of Emaar Properties PJSC (Public Joint Stock Company), integrating both Discounted Cash Flow (DCF) and Multiples Valuation methodologies. The models include a fully integrated 3-statement financial forecast (Income Statement, Balance Sheet, and Cash Flow), scenario analysis, peer comparison, and valuation triangulation (use of multiple independent valuation methods to cross-validate estimated value of a company).

Key Findings:

- **Base Case DCF Enterprise Value:** AED 523.8 billion
- **Multiples-based Enterprise Value Range:** AED 120-135 billion
- **Strategic Insight:**

2. Company Overview[1][2]

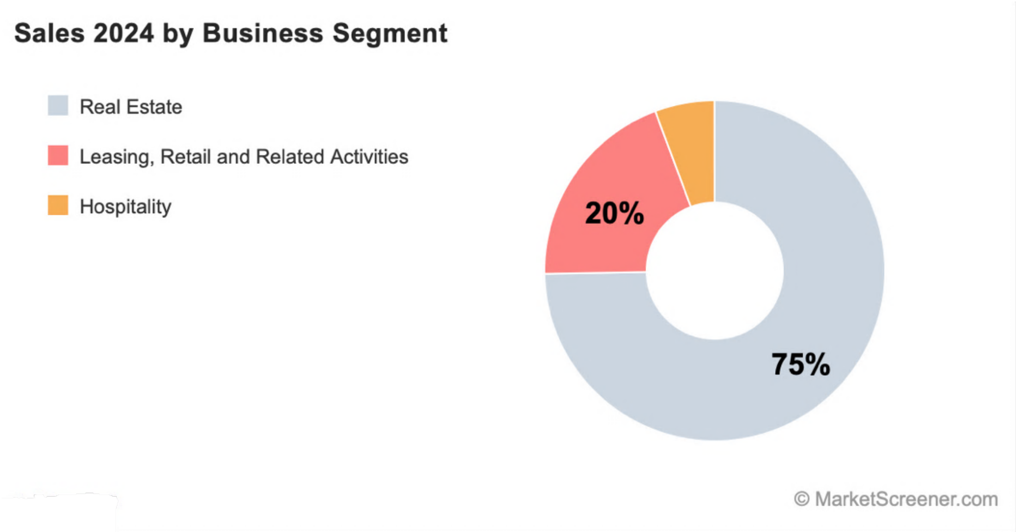
Emaar Properties PJSC is a publicly listed real estate development company headquartered in Dubai, United Arab Emirates. Founded in 1997, Emaar is one of the most prominent developers in the Middle East and a key driver of Dubai's urban transformation. The

[1] GlobalData (2025) *Emaar Properties - Company Profile*, *GlobalData*. Available at: https://www.globaldata.com/company-profile/emaar-properties/
[2] MarketScreener (2025) Emaar Properties, MarketScreener. Available at: https://www.marketscreener.com/quote/stock/EMAAR-PROPERTIES-9059234/finances-segments/

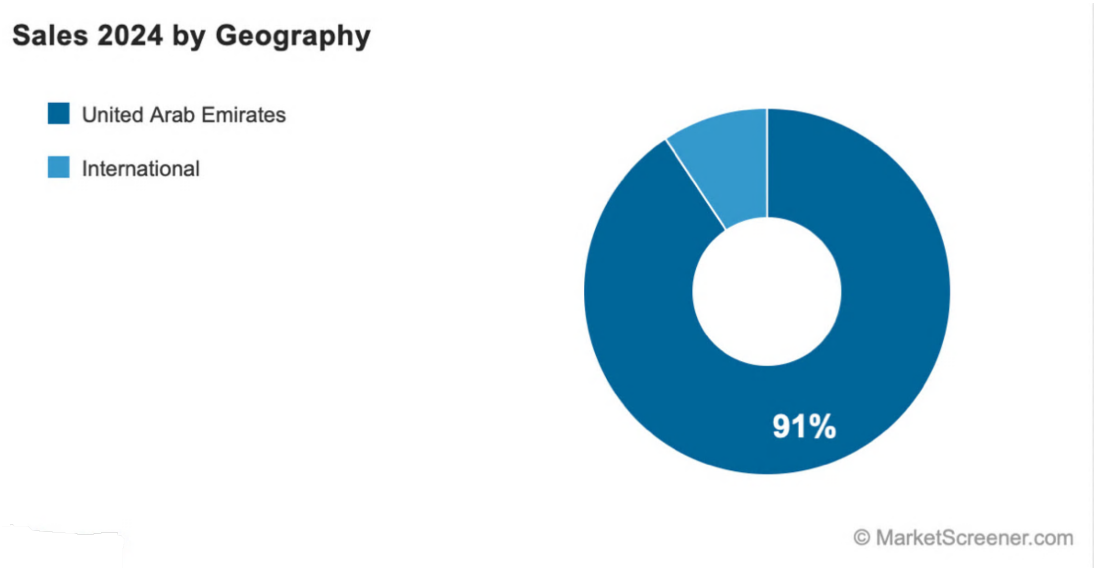
company is listed on the Dubai Financial Market (DFM) under the ticker EMAAR and led by CEO Amit Jain.

Emaar's business model is vertically integrated and spans three primary segments:

- **Real Estate Development** (74.72% of revenue): Includes residential, commercial, and mixed-use master-planned communities.
- **Retail and Leasing** (19.60%): Emaar owns and operates marquee assets such as The Dubai Mall, one of the world's largest shopping and entertainment destinations.
- **Hospitality** (5.68%): Through its Address Hotels + Resorts brand, Emaar offers luxury hotels, serviced apartments, and leisure properties.



While the majority of revenue is generated in the UAE (90.68%), Emaar also maintains operations across Egypt, Saudi Arabia, Turkey, India, Pakistan, and Lebanon.



Key Flagship Projects[3]

- **Burj Khalifa** – The tallest building in the world, a global icon of architectural innovation.
- **Dubai Mall** – Over 1,200 retail outlets, entertainment zones, and direct access to the Burj Khalifa and Dubai Fountain.

- **Dubai Creek Harbour** – A 7.4 million sqm waterfront development redefining urban living.
- **Emaar Beachfront, Dubai Hills Estate, The Valley, Emaar South** – Master communities that combine luxury living with golf courses, parks, and modern infrastructure.

[3] Emaar Properties (2025) Latest Launches, Emaar Properties PJSC. Available at: https://properties.emaar.com/en/latest-launches/



3. Financial Modeling Framework

The financial analysis of Emaar Properties is built on a fully integrated 3-statement model covering actuals from 2022-2024 and forecast assumptions through 2029. The model includes dynamic linkages between the Income Statement, Balance Sheet, and Cash Flow Statement, enabling comprehensive scenario testing and valuation.

DCF Model Architecture

The Discounted Cash Flow (DCF) valuation is based on the Free Cash Flow to Firm (FCFF) approach, and incorporates the following:

- **Forecast Period:** FY2025-FY2029, based on historical trends and strategic assumptions.
- **Dynamic Scenario Inputs:** Revenue growth, margin evolution, capital expenditures, and working capital shifts.
- **Terminal Value Calculation:** Perpetuity growth method, with customizable assumptions per scenario.
- **WACC Input:** Applied consistently across all cases at 8.5%, reflecting market-based cost of capital.
- **Working Capital Modeling:** Modeled at a component level (Receivables, Payables, Inventory which in this case are Developed Properties)

Additionally, the model includes dedicated visualization dashboards:

- Revenue and EBITDA trends
- EBITDA bridge analysis
- Free Cash Flow curves
- Key drivers of Enterprise Value (bridge charts)

Multiples Model Framework

A relative valuation model complements the intrinsic DCF analysis using trading multiples of regional and international peers. It includes:

- Peer selection across UAE, Saudi Arabia, France, Hong Kong, Japan, USA, and Germany (Final Peers are from UAE and Hong Kong)
- Standardized financial metrics (Revenue, EBIT, Net Income)
- EV/EBIT and P/E valuation methods applied to Emaar's 2024 actuals (????)
- Currency normalization and market cap adjustments for comparability

Both models are cross-linked for valuation triangulation and consistency, with a dteailed assumptions sheet and scenario summary for transparency.

4. Valuation Methodologies

4.1 Discounted Cash Flow (DCF)

The DCF valuation is based on projected Free Cash Flows to Firm (FCFF) for the forecast period 2025-2029, with a terminal value calculated using the perpetuity growth method. All scenarios use a consistent Weighted Average Cost of Capital (WACC) of 10%, terminal growth rate (g) of 2%, and a corporate tax rate of 9% in line with UAE regulations.

Table 1: Emaar's Enterprise Values in different scenarios

Source: Emaar_Financial_Model.xlsm – DCF Valuation Sheet

Scenario	Enterprise Value (AED)	Enterprise Value (USD)	% from Terminal Value
Optimistic	716.86 billion AED	206.16 billion USD	77%
Base	523.84 billion AED	153.61 billion USD	74%
Worst	221.07 billion AED	71.18 billion USD	68%

Exchange Rate Used: 1 USD = 3.673 AED

The DCF results show that the terminal value contributes approximately 79-81% of total Enterprise Value across all scenarios. This reflect the importance of long-term sustainable growth in driving Emaar's intrinsic value.

4.2Multiples Valuation

In addition to the intrinsic valuation using DCF, a relative valuation approach was conducted based on selected group of comparable publicly traded companies in the real estate development sector.

To ensure meaningful comparability, the peer group was carefully selected based on geographic relevance, business model similarity, and margin profile. The final peers used in the multiples valuation are:

- **Aldar Properties (UAE):** A regionally focused developer with a vertically integrated structure and profitability profile comparable to Emaar.
- **Sun Hung Kai Properties (Hong Kong):** A diversified international real estate developer with similar revenue scale and strong operating margins.

While Mitsui Fudosan (Japan) was initially considered in the financials comparison stage, it was excluded from the final set due to structural differences in cost base and significantly lower gross margins (25% vs Emaar's 57%), which impaired direct comparability.

To refine comparability, all financial figures were adjusted to exclude non-core items such as financial services income, rental income from non-operating assets, and equity method gains. This allowed for a more accurate calculation of core EBIT and Enterprise Value, resulting in a cleaner benchmarking of valuation multiples.

Table 2. Adjusted Peer Comparison Summary (All figures in USD millions)

Source: Company filings, analyst adjustments. Enterprise Value derived by adjusting for debt, cash, and non-operating items. EBIT adjusted to reflect core real estate operations only.

Company	Revenue	Adjusted EBIT	Enterprise Value (USD)	EV/EBIT Multiple	P/E Multiple
Emaar Properties (UAE)	9,666.5	4,412.4	18,006	4.1x	6.1x
Aldar Properties	6,261.5	1,765.1	16,722.4	9.5x	9.4x

(UAE)					
Sun Hung Kai Properties (Hong Kong)	9,221.8	3,591.3	37,561.5	10.5x	10.0x

Exchange Rate Used: 1 USD = 3.673 AED; 1 USD = 7.754 HKD

Emaar exhibits a strong adjusted EBIT margin and a conservative EV/EBIT multiple of 4.1x, suggesting potential undervaluation relative to peers. In contrast, Aldar Properties and Sun Hung Kai Properties trade at higher multiples of 9.5x and 10.5x, respectively, despite operating at smaller or comparable EBIT levels – reinforcing the upside potential highlighted in the DCF analysis.

5. Financial Performance Highlights (2022-2024)

This section will summarize Emaar's actual financial performance over the past three years. This period captures the post-pandemic recovery, margin normalization, and strong top-line growth driven by flagship developments and sustained demand in the UAE.

Table 3: Key Performance Metrics of Emaar Properties

Source: Company filings (2022-2024), consolidated by author in Emaar_Financial_Model.xlsm

Metric	FY2022	FY2023	FY2024
Revenue (AED million)	24,925.68	26,749.83	35,504.93
Net Income (AED million)	8,138.86	14,829.16	17,449.10
EBIT (AED million)	8,056.20	13,007.79	16,136.35
EBIT Margin (% of Revenue)	32.33%	48.63%	45.45%
Net Margin (% of Revenue)	32.67%	55.45%	49.14%

Exchange Rate Used: 1 USD = 3.673 AED

Revenue Growth: Compound Annual Growth Rate (CAGR) of 19.35% over 2022-2024 ($\frac{35{,}504.93}{24{,}925.68}^{1/2} - 1 = 0.1935$) , driven primarily by real estate sales and a sharp rebound in hospitality and retail segments.

EBIT & Net Income: Margins expanded significantly post-2022 due to scale effects, asset monetization, and strong performance in high-margin segments like Dubai Hills and Emaar Beachfront

Margin Trends: The sustained EBIT margin above 45% in 2023-2024 reflects operational efficiency and pricing power, positioning Emaar as a high-return developer in the region.

6. Forecast Assumptions

The model incorporates three forecast scenarios – Optimistic, Base, and Worst – to stress-test the assumptions around growth, margins, and capital allocation. Each scenario was grounded in macroeconomic conditions, real estate market dynamics, and Emaar-specific strategic developments. These scenarios shape revenue growth, margin evolution, and capital allocation from 2025 to 2029.

6.1 P&L Assumptions

Figure 1: P&L Assumptions Table

Source: Emaar_Financial_Model.xlsm – "Assumptions" sheet

P&L Assumptions			
Forecast Item	Case 1 (Optimistic)	Case 2 (Base)	Case 3 (Worst)
Revenues (y-o-y growth%)	20,0%	15,0%	5,0%
Cost of revenues (% of revenues)	40,0%	43,0%	47,0%
Operating expenses (% of revenues)	7,0%	8,0%	9,0%
D&A (% of revenues)	4,0%	4,2%	4,5%
Finance Income (% of EBIT)	14,0%	13,0%	11,0%
Finance Costs (% of average debt)	7,0%	7,5%	8,5%
Extraordinary income (y-o-y growth%)	15,0%	10,0%	0,0%
Taxes (% of EBT)	8,0%	10,0%	12,0%

Rationale behind assumptions:

- **Revenues:** Driven by macro factors, demand cycles, and pre-sales pipeline; simplified to a single growth rate for modeling efficiency.
- **Cost of revenues:** Forecasted as a % of total revenues to reflect margin dynamics; adjusted per scenario to capture operational leverage or cost pressure.
- **Operating expenses:** SG&A and other ops costs are modeled as % of revenues to account for scale efficiencies or inefficiencies.
- **D&A:** Forecasted as % of revenues for simplicity, consistent with the scale of the asset base relative to topline growth.
- **Finance income:** Tied to EBIT as a proxy for operational scale and cash-generating capacity.
- **Finance costs:** Tied to average debt balance; varies with leverage and interest rate environment.

- **Extraordinary income:** Modeled with scenario-linked growth to reflect volatility in JV contributions, revaluations, or impairments.
- **Taxes:** Forecasted as % of EBT, gradually normalizing toward UAE corporate tax guidelines.

6.2 Balance Sheet Assumptions

Figure 2: Balance Sheet Assumptions table

Source: Emaar_Financial_Model.xlsm – "Assumptions" sheet

BS Assumptions			
Forecast Item	Case 1 (Optimistic)	Case 2 (Base)	Case 3 (Worst)
Trade and unbilled receivable (DSO days)	150	180	210
Development Properties (DIO days)	950	1050	1150
PP&E and Investment Properties (% of revenues)	80,0%	90,0%	100,0%
Intangible & JV Assets (y-o-y growth%)	5,0%	2,0%	0,0%
Other assets (% of revenues)	26,0%	27,0%	29,0%
Trade and other payable (DPO days)	500	450	400
Income Tax payable (flat)	Flat	Flat	Flat
Retentions payable (% of Development Properties)	4,5%	4,0%	3,5%
Advances from Customers (% of revenues)	92,0%	88,0%	75,0%
Debt (y-o-y growth%)	-15,0%	-10,0%	0,0%
Other liabilities (as a % of EBT)	7,0%	8,0%	10,0%

Rationale behind assumptions:

- **Trade and unbilled receivable:** DSO has consistently decreased over the past three years, from 325 to 159 days, indicating improved collections. Base and Optimistic scenarios continue this trend, while the Worst case assumes a reversal due to weaker payment discipline or project delays.
- **Development Properties (i.e., Inventories):** DIO has declined moderately from 1,250 to 1,089 days. As a proxy for inventory turnover, the Base and Optimistic scenarios reflect operational improvement, while the Worst case assumes longer project completion and slower sales.
- **PP&E and Investment Properties:** The ratio has decreased from 131% to 85%, showing reduced capital intensity. Base and Optimistic scenarios assume this efficiency continues. Worst case assumes higher CapEx needs or lower revenue productivity.
- **Intangible & JV Assets:** The asset group has seen slight declines, with –6.9% in 2023 and –3.5% in 2024. Base assumes stabilization and minimal growth. Optimistic includes renewed investment in intangibles or JV activity. Worst assumes no growth.

- **Other assets:** Historically stable between 25%–28%. Base case uses midpoint; Optimistic assumes tighter management; Worst allows for slight excess or buildup in non-core assets.
- **Trade and other payable:** DPO has fallen sharply from 582 to 424 days, possibly due to faster payments or renegotiated terms. Base and Optimistic extend vendor payment windows slightly; Worst assumes reduced flexibility.
- **Income Tax payable:** Fluctuated unpredictably; fixed at AED 1,238 in all scenarios for modeling simplicity. Tax is otherwise captured through P&L and CF projections.
- **Retentions payable:** Historically around 3.7–4.1%. Base holds this level. Optimistic assumes tighter retention management. Worst assumes slightly higher contractual holdbacks.
- **Advances from Customers:** Strong upward trend from 78.5% to 91.5%, indicating robust pre-sales. Base and Optimistic maintain high dependency on this cash-in model. Worst assumes reduced customer confidence or sales delays.
- **Debt:** Historical trend shows consistent deleveraging (–15% to –21%). Base assumes slower decline. Optimistic reflects continued proactive debt reduction. Worst assumes a pause in deleveraging due to cash needs.
- **Other liabilities:** Dropped from 18.8% to 7%, reflecting possibly lower provisions and deferred liabilities. Base maintains a moderate level. Optimistic assumes leaner structure. Worst builds in added conservatism or provisions.

6.3 Cash Flow Assumptions

Figure 3: Cash Flow Assumptions table

Source: Emaar_Financial_Model.xlsm – "Assumptions" sheet

CF Assumptions			
Forecast Item	Case 1 (Optimistic)	Case 2 (Base)	Case 3 (Worst)
Capital Expenditure (CapEx) (as a % of revenue)	3,5%	4,5%	5,5%
Dividends Paid (as a % of Net Income)	40%	30%	15%
Other Financing Items (Scenario-based amount)	-150	-200	-300

Rationale behind assumptions:

- **Capital Expenditure (CapEx):** CapEx is forecasted as a percentage of revenue to reflect Emaar's capital intensity. Based on historical CapEx-to-revenue ratios (around 3.6% in 2024), we apply 3.5% in the optimistic case (leaner asset deployment), 4.5% in the base case (stable reinvestment), and 5.5% in the worst case (higher maintenance and slower asset turnover).

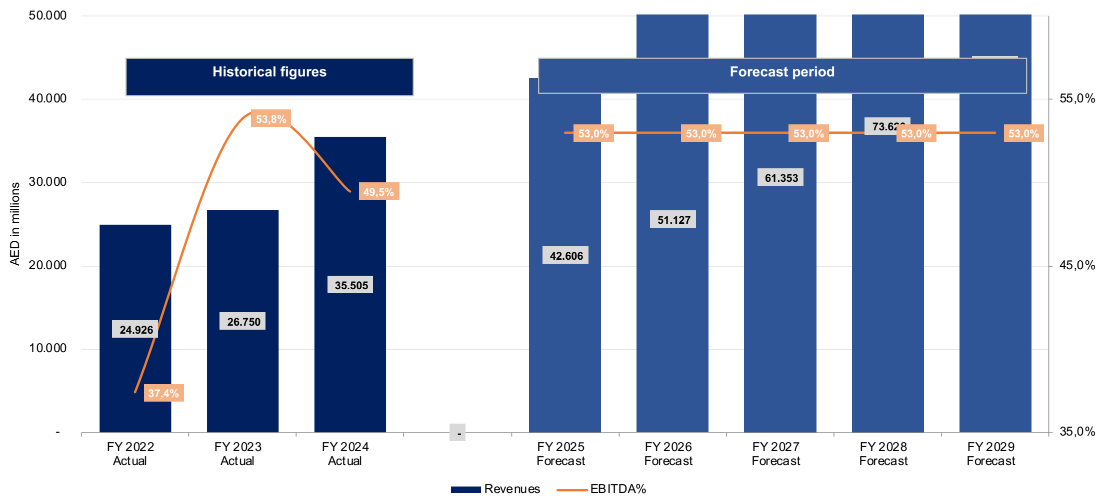
- **Dividends Paid:** The dividend payout ratio fluctuated between 19.6% and 41.8% during 2022–2024, reflecting Emaar's flexible dividend policy aligned with profitability and cash availability. For forecasting, we use a scenario-based payout ratio linked to net income: 30% in the base case to reflect balanced capital allocation, 40% in the optimistic case assuming strong cash flows, and 15% in the worst case to preserve liquidity under stress.
- **Other Financing Items:** Other financing outflows averaged around AED –180 million in 2022–2023, with a spike to –770 million in 2024 likely due to one-time financing-related adjustments such as lease payments or Sukuk restructuring. For the forecast, we apply flat scenario-driven values: –200 million in the base case to reflect normalized outflows, –150 million in the optimistic case under improved terms, and –300 million in the worst case to allow for higher lease or refinancing burdens.

7. Key Visual Insights

The following visualizations are extracted from the author's integrated financial model and reflect the dynamics behind forecast assumptions, operating trends, and valuation inputs. They summarize the underlying drivers of revenue, profitability, cash flows, and working capital across the forecast period.

Figure 4: Revenues and EBITDA Margin (FY22-FY29)

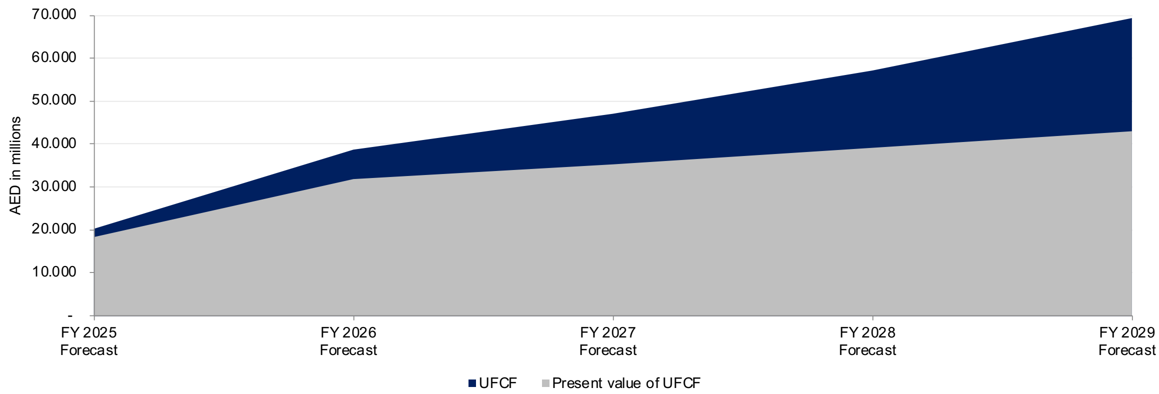
Source: Emaar_Financial_Model.xlsm – Revenues&EBITDA chart



This chart illustrates the historical and forecasted revenue of Emaar Properties alongside its EBITDA margin. Following strong margin recovery post-2022, the forecast period assumes steady revenue growth and normalized EBITDA margins stabilizing at 53% across all scenarios.

Figure 5: Free Cash Flow to Firm Forecast (FY25-FY29)

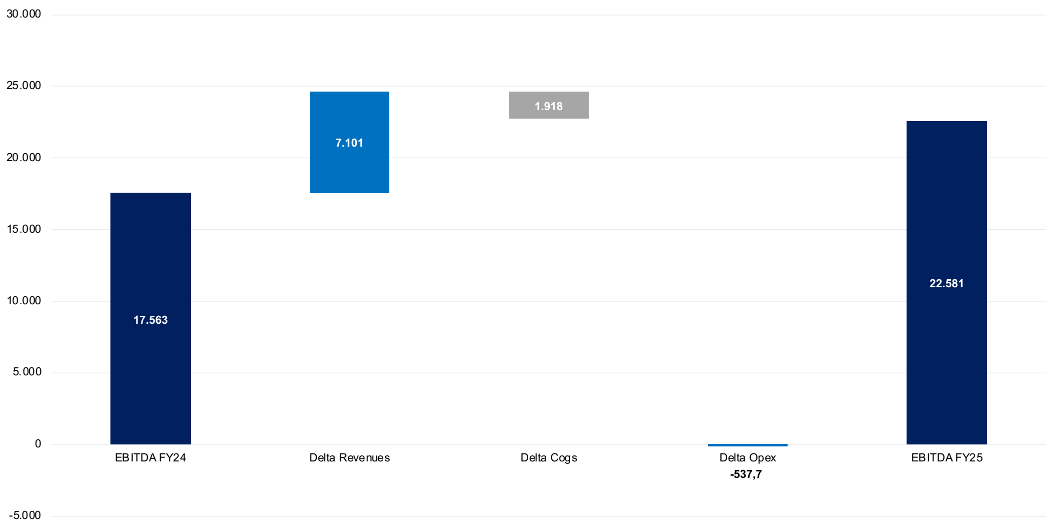
Source: Emaar_Financial_Model.xlsm – Cash Flows chart



The free cash flow to firm chart visualizes both nominal Unlevered Free Cash Flow (UFCF)(dark blue) and its present value (gray shaded area). After a capital-intensive FY25, Emaar is expected to generate consistently rising cash flows, with the bulk of enterprise value coming from FY26 onward.

Figure 6: EBITDA Bridge – FY24 to FY25

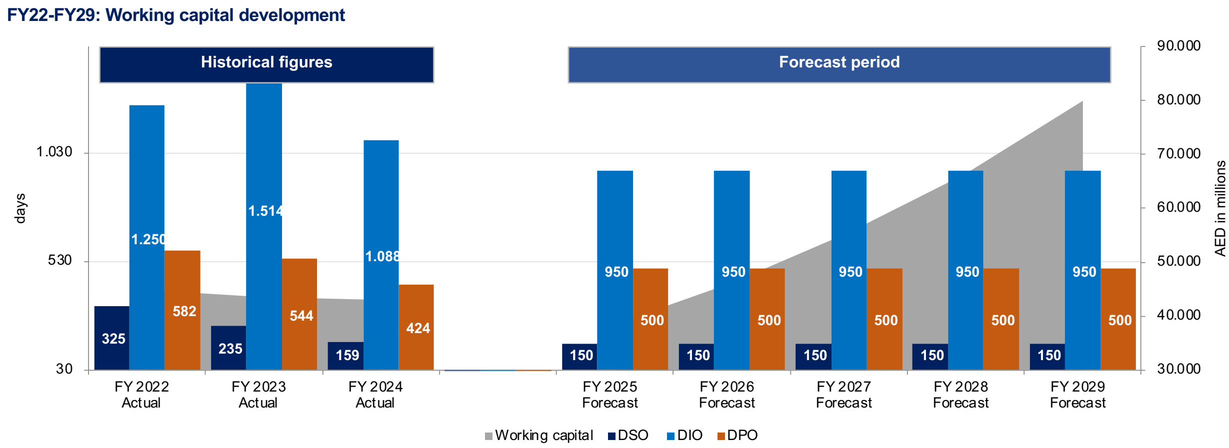
Source: Emaar_Financial_Model.xlsm – EBITDA bridge chart



This bridge analysis decomposes the EBITDA change between FY24 and FY25. Revenue growth contributes 3.55 billion AED, while improvements in cost of revenue and operating expense dynamics result in a marginal overall uplift in operating profitability.

Figure 7: Working Capital Trends (FY22-FY29)

Source: Emaar_Financial_Model.xlsm – Working Capital sheets



This visual tracks the evolution of working capital and the efficiency of Emaar's receivables and payables cycles. The DSO improvement from 321 to 157 days enhances liquidity, while stable DPO at 178 days reflects consistent supplier terms across the forecast horizon.

8. Valuation Conclusion

The valuation results from both the Discounted Cash Flow (DCF) and Market Multiples models converge to provide a comprehensive view of Emaar's intrinsic value. While each method reflects a different lens-fundamental forecasting in DCF approach and market benchmarking in Multiples method – the triangulated range adds robustness and cross-validation.

Table 4: Valuation Summary

Source: Emaar_Financial_Model.xlsm (DCF) and Emaar_Multiples_Valuation.xlsx (Multiples)

Methodology	Low Estimate (Worst Scenario)	Mid Estimate (Base Scenario)	High Estimate (Optimistic Scenario)
DCF	221.069 billion AED 71.179 billion USD	523.842 billion AED 153.611 billion USD	716.857 billion AED 206.16 billion USD
Multiples	66.136 billion AED 18.006 billion USD	153.543 billion AED 41.803 billion USD	169.506 billion AED 46.149 billion USD

All multiples-based estimates are derived using Emaar's adjusted EBIT (USD 4,412.4 million) and the respective peer EV/EBIT multiples. The mid-case of 9.5x is based on Aldar Properties – Emaar's most directly comparable regional peer; Low estimate of 4.1x is

Emaar's EV/EBIT multiple; and High Estimate of 10.5x is based on Sun Hung Kai Properties.

Multiples Calculation in a more detailed way:

$$EV = EBIT\ adj.* \frac{EV}{EBIT} multiple$$

$$EV\ Low\ Estimate = 4{,}412.4 * 4.1 = 18.006$$

$$EV\ Mid\ Estimate = 4{,}412.4 * 9.5 = 41.803$$

$$EV\ High\ Estimate = 4{,}412.4 * 10.5 = 46.149$$

Triangulation Insight:

- The DCF valuation suggests that Emaar's intrinsic value could reach up to 716.86 billion AED under the optimistic case, while the base scenario yields 523.84 billion AED, underlining strong long-term fundamentals.
- The Multiples valuation produces a more conservative range, but the mid-case estimate of 153.5 billion AED – based on Aldar's multiple – still indicates significant upside relative to current market valuation.
- The spread between the methodologies reflects both Emaar's growth premium and the discount embedded in market comparables, particularly outside the UAE.

9. Limitations

While the valuation presented offers a structured and comprehensive analysis of Emaar Properties, several limitations and assumptions must be acknowledged.
It is also worth mentioning that these limitations do not invalidate the valuation conclusions but serve to frame them within a realistic boundary of assumptions and modeling uncertainty. Users of this valuatin should view the results as directional rather than definitive, and complement them with ongoing monitoring or financial and strategic developments at Emaar.

Methodological Limitations

- **High reliance on terminal value in DCF**

Across all DCF scenarios, the terminal value constitutes approximately 68-77% of the total Enterprise Value. This implies that long-term assumptions around growth and margin sustainability heavily influences outcomes – making the valuation sensitive to small changes in the perpetuity growth rate or WACC.

- **Scenario assumptions are subjective**

Although based on logical expectations and historical performance, inputs such as revenue growth, margin stability, and capital expenditure reflect subjective judgement and strategic outlook, not guarantees.

- **Peer selection in multiples valuation**

The final peer group was deliberately narrowed to Aldar Properties and Sun Hung Kai Properties to ensure comparability. However, this limits geographic diversity and may exclude relevant global benchmarks with similar asset portfolios.

Model-Specific Risks

- **Currency and macroeconomic exposure**

A large portion of Emaar's financial model is built in AED and USD, but the company operates across emerging markets like Egypt and Turkey, which are subjet to currency volatility, inflationary pressures, and geopolitical risks that my materially affect performance.

- **Static capital structure in DCF**

The WACC used was held constant at 8.5% across all scenarios. While practical, this may overlook changes in market risk premium, interest rates, or capital mix during the forecast period.

- **Non-core revenue adjustments**

In the multiples valuation, significant adjustments were maded to isolate real estate EBIT from financial services and non-operating items. These restatements introduce judgment risk, espeically where peer disclosures lack transparency.

10.Recommmendation

Based on the comprehensive fundamental analysis of Emaar Properties PJSC using both Discounted Cash Flow and Multiples Valuation, the investment outlook appears favorable under most modeled conditions.

Final View

- The DCF Base Case valuation of 523.84 billion AED (153.61 billion USD) suggests meaningful upside potential versus Emaar's current market capitalization.
- Even under the conservative Multiples Mid Estimate of 153.54 billion AED or 41.8 billion USD (based on Aldar's 9.5x EV/EBIT), the company appears undervalued.

- Emaar exhibits strong fundamentals, including:
  - Sustained EBIT margins above 45%
  - High-quality recurring revenue from retail and hospitality
  - Strategic land bank and pipeline of premium developments

Investment Recommendation

Buy / Accumulate – Based on the triangulated valuation outcomes, Emaar Properties is fundamentally undervalued across intrinsic and relative benchmarks. If base case forecasts materialize, there is significant scope for valuation re-rating, especially in light of improving macro sentiment, tourism inflows, and real estate demand.

This recommendation assumes stable regional conditions, no material deterioration in global risk appetite, and continued operational execution.

11. References & Supporting Files

The following supporting documents contain detailed inputs, calculations, and underlying assumptions used in this valuation analysis:

- **Company_Overview_Emaar.pdf** – Strategic and operational overview of Emaar Properties PJSC
- **Emaar_Financial_Model.xlsm** – Fully integrated 3-statement DCF model with scenario analysis, working capital modeling, and valuation outputs
- **Emaar_Multiples_Valuation.xlsx** – Adjusted peer benchmarking, valauation multiples, and triangulated enterprise value ranges

All referenced figures, tables, and valuation conclusions throughout this report are derived directly from the materials above. For a deeper review or audit, viewers may consult the Excel files.