First Look Note | 2Q26

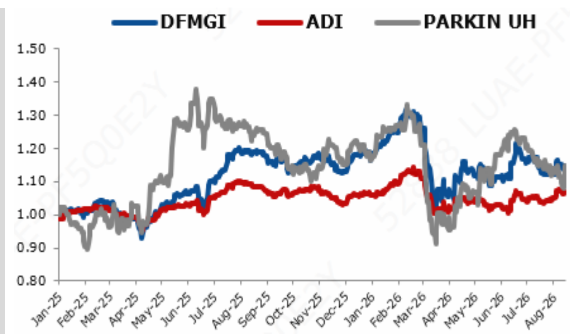
UAE Equity Research | Sector: Industrial | Market: DFM

Parkin Company PJSC

Strong Segment Growth Drives Earnings Growth Despite Public Parking Weakness

Current Price	Target Price	Upside/Downside (%)	Rating
AED 5.65	AED 6.50	+15%	BUY

- Public Parking spaces increased by 8.0% YOY to 203.2k in 2Q26, while Developer parking expanded to 61.5k in 2Q26 following several new strategic partnerships.
- The Company guides 2026 revenue of AED 510-550 Mn (Public Parking), AED 420-460 Mn (Enforcement), AED 280-300 Mn (Seasonal Cards) and AED 130-150 Mn (Developer), supported by 3.5k-5.0k new spaces.
- Capex is expected at AED 45-55 Mn in 2026, supporting developer contracts and technology upgrades.
- Parkin maintained its semi-annual dividend policy, with the 1H26 payout set at the higher of 100% of net profit or free cash flow to equity, subject to available distributable reserves.



Stock Information	
Market Cap (AED, mm)	16,950.00
Paid Up Capital (mm)	60.00
52 Week High	6.50
52 Week Low	4.38
3M Avg. daily value (AED)	10,039,990

2Q26 Result Review (AED, Mn)	
Total Assets	2,528
Total Liabilities	2,009
Total Equity	519
EBITDA	217
Net Profit	166

Financial Ratios	
Dividend Yield (12m)	3.87
Dividend Pay-out (%)	104.77
Price-Earnings Ratio(x)	24.45
Price-to-Book Ratio (x)	32.64
Book Value (AED)	0.17
Return-on Equity (%)	138.13

Stock Performance	
5 Days	0.89%
1 Months	2.36%
3 Months	-1.74%
6 Months	-8.87%
1 Year	-7.68%
Month to Date (MTD%)	1.99%
Quarter to Date (QTD%)	-3.58%
Year to Date (YTD%)	-0.70%

2Q26 Net Profit lower than our estimate

Parkin Company PJSC (PARKIN/the Company) net profit grew 12.0% YOY to AED 166 Mn in 2Q26, lower than our estimate of AED 198 Mn. The net profit growth was supported by higher revenue, other income and finance income coupled with decline in finance cost partially offset by increased operating expenses, depreciation & amortization and income tax expense.

P&L Highlights

PARKIN's revenue grew 13.6% YOY to AED 360 Mn in 2Q26, supported by Seasonal cards, Developer parking, Public MSCPs and Enforcement segments, partially offset by Public Parking segment. Revenue from Public parking decreased 7.8% YOY to AED 122 Mn in 2Q26, supported by lower hourly transaction volumes and utilization as customers continued shifting toward seasonal cards, along with the temporary impact of regional geopolitical developments. Public parking spaces grew 7.7% YOY to 203.2k spaces in 2Q26. The Company reclassified its public parking portfolio into Standard and Premium Parking, with Standard Parking comprising 122.7k spaces (60%) and Premium Parking 80.3k spaces (40%) as of 2Q26. Moreover, a total of 7.9k new public parking spaces were added. Revenue from MSCPs increased 1.0% YOY to AED 3.3 Mn in 2Q26, supported by a rise in MSCP spaces following the reopening of the refurbished Al Rigga facility, which restored 440 spaces and supported higher transaction volumes. MSCP parking spaces increased from 3.2k in 2Q25 to 3.7k in 2Q25. Furthermore, MSCP transactions remained stable to 0.2 Mn in 2Q26. Revenue from Developer Parking increased from AED 22 Mn in 2Q25 to AED 36 Mn in 2Q26, supported by 75% increase in transaction volumes reaching 6.6 Mn parking transactions in 2Q26. Developer Parking spaces increased from 19.6k in 2Q25 to 61.5k in 2Q26, driven by various developer contracts signed during 2H25.

The Company added 2.4k Developer parking spaces in 2Q26. Revenue from Seasonal cards and permits including the parking reservations grew from AED 59 Mn in 2Q25 to AED 90 Mn in 2Q26, mainly driven by increase in seasonal card sales and increase in parking reservations. The total number of public parking seasonal cards sold increased from 70.9K in 2Q25 to 97.5k in 2Q26, reflecting strong growth in 1-month seasonal card. Revenue from fines grew by 11.1% YOY to AED 108 Mn in 2Q26. Revenue generated from other services decreased from AED 3 Mn in 2Q25 to AED 1 Mn in 2Q26. The Company's other income increased from AED 0.25 Mn in 2Q25 to AED 0.30 Mn in 2Q26. Finance income increased from AED 3 Mn in 2Q25 to AED 4 Mn in 2Q26. Concession fee expense rose 12.1% YOY to AED 55 Mn in 2Q26, mainly driven by the strong performance of the Company's seasonal card segment. The Company's commission expense increased 7.1% YOY to AED 12 Mn in 2Q26. Maintenance expense decreased 12.0% YOY to AED 5 Mn in 2Q26. PARKIN's employee maintenance expenses remained stable at AED 35 Mn in 2Q26, supported by an increase in headcount from 350 employees in 2Q25 to 361 employees in 2Q26. The Company's variable lease payment increased from AED 5 Mn in 2Q25 to AED 15 Mn in 2Q26. The Company recorded impairment loss of AED 5 Mn in 2Q26 compared to AED 6 Mn in 2Q25. Other expenses increased from AED 19 Mn in 2Q25 to AED 20 Mn in 2Q26. As a result, PARKIN's EBITDA grew 14.7% YOY to AED 217 Mn in 2Q26. However, EBITDA margin increased 49 bps YOY to 59.7% in 2Q26. D&A expenses increased significantly from AED 12 Mn in 2Q25 to AED 20 Mn in 2Q26. The Company's finance cost fell 5.7% YOY to AED 14 Mn in 2Q26. In addition, the Company incurred an income tax charge of AED 17 Mn in 2Q26 compared to AED 15 Mn in 2Q25.

Balance sheet highlights

PARKIN's cash and cash equivalents stood at AED 418 Mn in 2Q26, compared to AED 374 Mn in 1Q26. PARKIN generated a free cash flow to equity of AED 342 Mn in 2Q26, compared to AED 312 Mn in 2Q25. Free cash flow conversion ratio stood at 96% in 2Q26, supported by robust revenue growth and the implementation of a CAPEX-light business model. The Company's net debt stood at AED 710 Mn in 2Q26. Parkin total available liquidity stood at AED 563 Mn in 2Q26, including the Murabaha revolving credit facility, which remains fully undrawn.

Target Price and Rating

We revised our rating on PARKIN from HOLD to BUY with an unchanged target price of AED 6.50. Parkin reported strong profitability growth in 2Q26, supported by seasonal cards, developer parking, and enforcement segments, partially offset by public parking segment. However, Parkin recorded 2.4% YOY growth in parking transactions in 2Q26, with total parking volumes of 34.0 Mn in 2Q26 compared to 33.2 Mn in 2Q25. The steady performance in transaction volumes was primarily driven by a marginal decline in Public Parking transactions to 27.2 Mn in 2Q26 from 29.2 Mn in 2Q25, due to geopolitical factors, increased use of seasonal cards at unchanged tariffs, and slightly fewer chargeable days during the quarter. Whereas, Developer parking transaction volume grew to 6.6 Mn in 2Q26 compared to 3.8 Mn in 2Q25, supported by the expansion of the developer parking portfolio following multiple contracts signed during 2H25. Moreover, the weighted average hourly tariff in Public Parking declined 1.0% YOY to AED 3.0 in 2Q26 after addition of new parking capacity in zones C+CP and D+DP over the past 12 months (14.5k spaces). Total fines issued increased 5.3% YOY to 695.4k in 2Q26. Overall fine collection rate declined to 75% in 2Q26 from 83% in 2Q25, mainly due to the timing of enforcement, as a significant volume of fines was issued in June and collections were received after quarter-end. Furthermore, following a successful trial in 1Q26, Parkin expanded its smart scan inspection fleet to 37 vehicles by the end of 2Q26, up from 25 vehicles in 2Q25, this supported higher enforcement activity, along with the growth in the parking portfolio and improved camera accuracy. The Company's field enforcement team scanned a total of 8.3 Mn vehicle registration plates in 2Q26, compared to 8.2 Mn in 2Q25. Meanwhile, the Company's fleet of smart inspection cars scanned 20.6 Mn vehicle registration plates, supporting increased inspection capacity in 2Q26 compared to 13.5 Mn in 2Q25. The Company's MSCP portfolio also recorded solid performance in 2Q26, with spaces increasing 15.6% YOY to 3.7k. Additionally, Parkin partnered with Spinneys and Waitrose to manage parking across six Dubai retail locations, expanding its developer parking portfolio and adding recurring parking revenue. The agreement also strengthens Parkin's presence in high-traffic retail locations and expands its technology-enabled parking solutions. For 2026, Parkin lowered its public parking revenue guidance to AED 510-550 Mn from AED 560-610 Mn, primarily due to the timing and ramp-up of new spaces and continued seasonal card adoption. This was offset by higher guidance for seasonal card revenue at AED 280-300 Mn and developer parking revenue at AED 130-150 Mn, while enforcement guidance remained unchanged at AED 420-460 Mn in 2026. The Company expects additions of 3.5k-5.0k public parking spaces by year ended. Capex guidance was maintained at AED 45-55 Mn to support developer contracts and technology investments, including smart parking camera infrastructure. Additionally, Parkin maintained its semi-annual dividend policy, with the 1H26 payout set at the higher of 100% of net profit or free cash flow to equity, subject to available distributable reserves. Thus, based on our analysis, we assign a BUY rating to the stock.

PARKIN- Relative valuation[1]

(at CMP)	2024	2025	2026F
PE (x)	39.7	26.8	28.9
PB (x)	35.0	33.4	40.2
EV/EBITDA	30.9	22.3	20.3
BVPS	0.160	0.168	0.162
EPS	0.141	0.209	0.225
DPS	0.160	0.219	0.233
Dividend yield (%)	2.8%	3.9%	4.1%

FABS Estimates & Co Data

[1]Note – PARKIN Company was listed on DFM in March 2024. Thus, the financial multiple for the prior period is unavailable

PARKIN – P&L

AED Mn	2Q25	1Q26	2Q26	2Q26F	Var	YOY Ch	QOQ Ch	2025	2026F	YOY Ch
Revenues	317	379	360	387	-7.0%	13.6%	-5.2%	1,308	1,501	14.8%
Other Income	0.25	0	0.30	0.39	-23.2%	16.9%	-4.2%	2	3	44.9%
Finance Income	3	5	4	4	-2.1%	31.0%	-10.5%	16	19	19.2%
Concession fee expense	49	58	55	55	1.2%	12.1%	-4.8%	205	256	25.0%
Commission expense	11	12	12	13	-10.9%	7.1%	-2.0%	44	50	13.0%
Maintenance expense	6	5	5	7	-21.0%	-12.0%	11.7%	21	24	14.4%
Employee benefits exp	35	34	35	34	3.0%	0.3%	1.8%	138	139	0.7%
Var. lease payments	5	24	15	7	NM	NM	-36.1%	36	83	NM
Impairment	6	6	5	6	-17.5%	-19.8%	-15.3%	16	21	35.1%
Other Expenses	19	15	20	23	-13.1%	6.5%	34.4%	69	78	13.1%
EBITDA	**189**	**231**	**217**	**248**	**-12.2%**	**14.7%**	**-6.1%**	**798**	**873**	**9.4%**
D&A exp	12	15	20	13	48.4%	NM	35.8%	52	68	32.8%
EBIT	**178**	**217**	**197**	**234**	**-15.7%**	**11.0%**	**-8.9%**	**747**	**805**	**7.8%**
Finance Cost	-15	-13	-14	-17	-18.7%	-5.7%	4.5%	-59	-63	5.9%
Earning Before Tax	**163**	**203**	**184**	**217**	**-15.5%**	**12.5%**	**-9.8%**	**687**	**742**	**7.9%**
Income Tax Expense	15	18	17	20	-11.6%	17.0%	-5.6%	62	67	7.8%
Net Profit	**148**	**185**	**166**	**198**	**-15.9%**	**12.0%**	**-10.2%**	**626**	**675**	**7.9%**

FABS estimate & Co Data

PARKIN - Margins

	2Q25	1Q26	2Q26	YOY Ch	OOO Ch	2025	2026F	YOY Ch
EBITDA	59.2%	60.2%	59.7%	49	-53	60.2%	57.3%	-287
Operating profit	55.5%	56.4%	54.2%	-136	-219	56.3%	52.8%	-348
Net profit	46.4%	48.2%	45.7%	-71	-252	47.2%	44.3%	-284

FABS estimate & Co Data

Key Developments

- **11 December 2025:** Parkin signed a five-year agreement with DAMAC Properties to manage approximately 3,600 parking spaces, including 500 on-street spaces in DAMAC Hills 1 and around 2,700 spaces across 44 residential and commercial towers in Downtown, DIFC, Dubai Marina, Business Bay and Al Reem Island, marking its first expansion into Abu Dhabi. The partnership strengthens the Company's developer parking portfolio and geographic footprint, with implementation commencing in 1Q26 and full integration of access control, ANPR and enforcement systems through the Parkin mobile platform.

- **07 January 2026:** Parkin entered into an operational parking management agreement with Spinneys and Waitrose to manage parking across six retail locations in Dubai, offering customers two hours of complimentary parking followed by hourly charges. The sites will use Parkin's automated access control, enforcement solutions and mobile app integration, helping Parkin expand its developer-owned parking portfolio, add recurring parking management revenue and strengthen its presence in high-traffic retail locations.

Valuation:

We use Discounted Free Cash Flow (DCF), Relative Valuation (RV), and Discounted Dividend Method (DDM) to value Parkin Company P.J.S.C. We have assigned 75% weight to DCF, 15% to DDM, and 10% to the average of P/E & EV/EBITDA.

Valuation Method	Valuation	Weight	Weighted Value
DCF Method	6.82	75.0%	5.11
DDM Method	6.37	15.0%	0.96
Average of PE & EV/EBITDA	4.33	10.0%	0.43
Weighted Average Valuation (AED)			**6.50**
Current market price (AED)			5.65
Upside/Downside (%)			+15%

1) DCF Method:

Parkin Company P.J.S.C. is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 8.5%. It is arrived after using the cost of equity of 8.7% and after-tax cost of debt of 4.8%. The cost of equity is calculated by using a 10-year government bond yield of 5.1%, a beta of 0.83, and an equity risk premium of 4.4%. Government bond yield is calculated after adding Dubai's Government spread over 10-year US risk free rate. Also, assumed a terminal growth rate of 3.5%.

Sum of PV (AED, Mn)	3,866
Terminal value (AED, Mn)	17,296
Net Debt (as of June 2026)	-710
FV to Common shareholders (AED, Mn)	**20,453**
No. of share (Mn)	2,999
Current Market Price (AED)	5.65
Fair Value per share (AED)	**6.82**

DCF Method

(All Figures in AED, Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	738	1,004	1,064	1,114	1,169
Depreciation & Amortization	68	69	70	72	73
Capex	-48	-41	-35	-37	-37
Change in Working Capital	15	-47	0	-6	-14
Free Cash Flow to Firm (FCFF)	**773**	**985**	**1,100**	**1,143**	**1,191**
Discounting Factor	*0.97*	*0.89*	*0.82*	*0.76*	*0.70*
Discounted FCFF	**375**[1]	**881**	**907**	**869**	**834**

Source: FAB Securities, [1]Adjusted for partial year

2) Relative Valuation:

We have used local peers to value Parkin, which uses the average of EV/EBITDA and PE multiple. Parkin is valued based on the multiple of a local infrastructure company. In addition, Parkin's business is comparable to Salik's as both operate under a concession agreement with RTA. Salik is trading at a premium multiple to other infrastructure peers; thus, we applied a premium of 40% to the infrastructure peers median valuation multiple to value Parkin. It is valued at a 2026 EV/EBITDA multiple of 15.6x compared to a peer median valuation of 11.1x. In addition, it is valued at a 2026 P/E multiple of 22.8x compared to a peer median valuation of 16.3x.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
Regional Infrastructure Cos					
Dubai Taxi Company	1,538	12.0	8.4	27.8x	16.9x
Salik Co PJSC	10,905	21.2	19.1	26.7x	23.2x
Dubai Electricity & Water Authority	36,758	10.0	9.4	16.3x	15.3x
Emirates Central Cooling System	4,248	10.9	10.2	14.6x	13.4x
Abu Dhabi National Oil Co	13,852	11.1	11.2	14.2x	15.2x
Average		**13.0x**	**11.6x**	**19.9x**	**16.8x**
Median		**11.1x**	**10.2x**	**16.3x**	**15.3x**
Max		**12.0x**	**11.2x**	**26.7x**	**16.9x**
Min		**10.9x**	**9.4x**	**14.6x**	**15.2x**

Source: FAB Securities

3) DDM Method:

The Company maintains a policy to declare regular dividends to shareholders in the forecasted period. Parkin is expected to pay a minimum dividend payment of the higher of 100.0% of net income or free cash flow to equity (FCFE) after deducting the statutory reserve requirement in the forecasted period. The Company will distribute dividends semi-annually to reflect its strong cash flow generation profile. The dividend is discounted at the cost of equity of 8.7%.

Sum of PV (AED, Mn)	3,920
Terminal value (AED, Mn)	15,192
FV to Common shareholders (AED, Mn)	**19,112**
No. of share (Mn)	2,999
Current Market Price (AED)	5.65
Fair Value per share (AED)	**6.37**

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Dividend Paid					
H1	350	469	510	531	554
H2	350	469	510	531	554
Total Dividend	**699**	**937**	**1,020**	**1,062**	**1,108**
Discounting Factor	*0.97*	*0.89*	*0.82*	*0.75*	*0.69*
Present Value of Dividend	**678**	**836**	**837**	**801**	**769**

Source: FAB Securities

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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