Earnings Call Insight | 3Q26

UAE Equity Research | Sector: Industrial | Market: DFM

Parkin Company PJSC

Current Price	Target Price	Upside/Downside (%)	Rating
AED 6.65	AED 7.00	+5.3%	HOLD

3Q26 Net Profit higher than our estimate

- Parkin's revenue grew 21.5% YOY to AED 410 Mn in 3Q26, driven by the Developer parking, Seasonal cards, Enforcement and Public MSCP segments, partially offset by lower revenue from the Public parking segment.
- Public parking revenue declined 5.3% YOY to AED 128 Mn in 3Q26, reflecting lower hourly transaction volumes and utilisation as customers continued shifting toward seasonal cards. Public parking spaces grew 7.1% YOY to 205.8K, with 2.7K new spaces added in 3Q26, while the average utilisation rate fell from 21.3% in 3Q25 to 19.1% in 3Q26.
- Developer parking revenue increased from AED 24 Mn in 3Q25 to AED 40 Mn in 3Q26, supported by a 79% YOY rise in transaction volumes to 7.0 Mn. Developer parking spaces rose from 23.2K in 3Q25 to 63.0K in 3Q26, with a net 1.5K spaces added during the quarter as c. 4.3K new spaces were partially offset by the removal of c. 2.8K spaces.
- Revenue from Public MSCPs grew 21.0% YOY to AED 4.4 Mn in 3Q26. MSCP parking spaces remained unchanged at 3.7K, and MSCP transactions remained stable at 0.3 Mn.
- Revenue from Seasonal cards and permits, including parking reservations, rose from AED 70 Mn in 3Q25 to AED 99 Mn in 3Q26. Public parking seasonal card sales increased from 81.0K in 3Q25 to 110.6K in 3Q26, led by a 44% YOY rise in 1-month card sales to 91.8K.
- Revenue from fines grew 32.4% YOY to AED 136 Mn in 3Q26, as total fines issued rose from 682K in 3Q25 to 916K in 3Q26. The fine collection rate improved to 87% in 3Q26 from 86% in 3Q25.
- Concession fee expense declined 5.3% YOY to AED 58 Mn in 3Q26, as 3Q25 included a one-off provision of AED 4.4 Mn. Variable lease expense rose from AED 10 Mn in 3Q25 to AED 22 Mn in 3Q26 due to developer parking agreements. Commission expense increased 17.7% YOY to AED 13 Mn, and employee benefit expense rose 3.6% YOY to AED 35 Mn.
- EBITDA grew 27.6% YOY to AED 255 Mn in 3Q26, with the EBITDA margin expanding from 58.2% in 3Q25 to 61.4% in 3Q26.
- The Company's operating profit increased 24.7% YOY to AED 233 Mn in 3Q26, with the operating margin expanding from 54.5% in 3Q25 to 56.1% in 3Q26. D&A expenses rose from AED 13 Mn in 3Q25 to AED 22 Mn in 3Q26, while finance cost declined 1.2% YOY to AED 14 Mn.
- Tax expense increased 26.0% YOY to AED 20 Mn in 3Q26.
- Parkin's net profit increased 26.9% YOY to AED 199 Mn in 3Q26, with the net profit margin expanding from 45.7% in 3Q25 to 48.0% in 3Q26, driven by higher revenue and marginally lower finance costs, partially offset by higher operating expenses, D&A and an income tax charge.
- Parkin maintained a healthy liquidity position, with cash and cash equivalents of AED 516 Mn and available liquidity of AED 643 Mn, including an undrawn revolving credit facility of AED 100 Mn. Net debt stood at AED 642 Mn as of 3Q26.

Earnings Call Summary

- Total parking portfolio increased 24.4% YOY to a record 272.5K spaces as of September 2026, driven by expansion across public parking (+13.7K spaces) and a near-tripling of the developer portfolio to 63.0K spaces, while MSCP capacity remained unchanged at 3.7K spaces.

- Total parking transactions rose 5.6% YOY to 36.0 Mn, with every month of the quarter ahead of the same month in 2025, as a 79.5% YOY increase in developer parking transactions to 7.0 Mn more than offset a 4.0% decline in public parking transactions to 28.8 Mn.
- Core business activity remained resilient despite the seasonally softer summer months, with September 2026 the strongest month of the quarter at 12.4 Mn transactions, while public parking utilisation dipped to 18.6% in August 2026 before recovering to 19.6% in September 2026.
- Public parking utilisation declined to 19.1% in 3Q26 from 21.3% in 3Q25 and 20.2% in 2Q26, reflecting the continued shift of regular hourly parkers towards seasonal cards, which remain priced at pre-variable tariff levels, and dilution from newly added spaces that are still ramping up.
- The Company highlighted that combined public parking and public seasonal card revenue grew c. 4.0% YOY to c. AED 203 Mn, indicating that revenue is shifting between segments rather than being lost. Including seasonal cards, utilisation has remained broadly stable at c. 30% since 2Q25.
- Public parking seasonal card sales rose 36.5% YOY to a record 110.6K, led by a 43.9% increase in 1-month card sales to 91.8K, while monthly sales increased through the quarter from 35.8K in July 2026 to a record 37.6K in September 2026.
- The RTA has tentatively approved a seasonal card price parity adjustment, which is awaiting submission to the Executive Council, with the Company seeking a c. 30–50% uplift to restore the discount that existed before the variable tariff. Timing will partly depend on the geopolitical backdrop.
- Fines issued increased 34.3% YOY to 916.1K, driven by portfolio expansion, particularly developer parking, and improved smart camera accuracy, with the smart inspection fleet expanded to 37 vehicles in 3Q26 from 27 in 3Q25. The fine collection rate recovered to 87% in 3Q26 from 75% in 2Q26, while c. 10% of the 335.0K fines issued in September 2026 related to prior periods.
- Parkin expects enforcement revenue to keep growing in absolute terms alongside portfolio expansion while stabilising at c. 30% of total revenue over the short to medium term. The Company has no plans to raise fine amounts, as current charges remain a deterrent, and is focused on improving compliance through auto-payments, ticketless MSCPs, on-street cameras and a larger inspection fleet.
- The Company noted that compliance in developer parking is in line with public parking, with higher initial enforcement as previously unpaid mixed-use sites are converted to paid parking. The Company has also recently begun offering enforcement-only services to some self-managed developer areas.
- Parkin has c. 2.6 Mn registered app users within a year, with the app's share of transactions rising to c. 16–20% in 3Q26 from c. 5% in 3Q25, although c. 50% of transactions still go through SMS. The Company is renegotiating terms with telecom operators to reduce commission expense and plans wallet-based auto-deduction for c. 3,600 rental car companies, along with new services such as EV charging, car washing and light maintenance.
- 9M26 free cash flow to equity declined 2.7% YOY to AED 421.5 Mn, due to the longer collection cycle of enforcement revenue and the timing of receipts from telecom operators, while cash conversion fell to 89% in 3Q26 from 99% in 3Q25 on higher capex of AED 28.1 Mn related to developer contract obligations and smart parking infrastructure.
- Parkin is preparing, with partners, a bid for the Dubai Airports parking RFP covering both DXB and Al Maktoum International, with submission due in early January 2027. The scope covers c. 10K parking spaces along with ancillary services, and the Company stressed that any award must be EPS-accretive.
- The Company expects to add 1K–2K public parking spaces in 4Q26, mainly in zones C and D, after adding 2.7K in 3Q26 and 12.6K in 9M26. Parkin already operates in Sharjah through a private developer and is in talks with other Emirates on both private and public parking.
- Parkin noted that developer portfolio growth remains difficult to forecast given the competitive, contract-driven nature of the segment, unlike public parking, which follows the RTA's five-year plan.
- The Company highlighted that traffic trends remained encouraging into 4Q26, with the TomTom Traffic Index showing peak and off-peak traffic in September 2026 and October 2026 above the long-term average, and October 2026 as strong as September 2026.

- The Company raised 2026 guidance for seasonal cards and permits revenue to AED 300–320 Mn (from AED 280–300 Mn) and enforcement revenue to AED 460–480 Mn (from AED 420–460 Mn), lifting both midpoints by c. 7%, and stated that the revised enforcement range is not conservative. Public parking revenue is expected close to the midpoint of AED 510–550 Mn, while guidance for developer parking revenue (AED 130–150 Mn), capex (AED 45–55 Mn) and 2H26 public space additions (3.5K–5.0K) remained unchanged.
- Parkin paid an interim dividend of AED 351.4 Mn (11.71 fils per share), equal to 1H26 net profit, and maintained the dividend policy of semi-annual payments in April and October. For 2026, the Company expects to pay a minimum dividend equal to the higher of 100% of 2H26 net profit or free cash flow to equity, subject to distributable reserves.

Parkin – P&L

AED Mn	3Q25	2Q26	3Q26	3Q26F	Var.	YOY Ch	QOQ Ch
Revenues	337	360	410	379	8.2%	21.5%	13.9%
Other Income	1	0.3	0.6	0.3	73.1%	-58.2%	87.5%
Finance Income	5	4	5	5	8.3%	1.7%	23.0%
Concession fee expense	61	55	58	63	-7.9%	-5.3%	4.8%
Commission expense	11	12	13	13	-2.2%	17.7%	10.6%
Maintenance expense	5	5	8	7	8.6%	54.7%	50.4%
Employee benefits exp	34	35	35	34	4.1%	3.6%	1.0%
Var. lease payments	10	15	22	19	16.1%	116.6%	45.0%
Impairment	3	5	4	6	-33.7%	8.3%	-21.4%
Other Expenses	19	20	21	23	-11.0%	9.9%	3.6%
EBITDA	**200**	**217**	**255**	**219**	**16.6%**	**27.6%**	**17.4%**
D&A exp	13	20	22	17	30.3%	71.2%	9.8%
EBIT	**187**	**197**	**233**	**202**	**15.5%**	**24.7%**	**18.2%**
Finance Cost	-14	-14	-14	-16	-9.1%	-1.2%	4.2%
Earning Before Tax	**173**	**184**	**219**	**186**	**17.5%**	**26.8%**	**19.2%**
Income Tax Expense	16	17	20	17	16.7%	26.0%	13.2%
Net Profit	**157**	**166**	**199**	**169**	**17.6%**	**26.9%**	**19.8%**

FABS estimate & Co Data

2026 Management Guidance:

Line Item	FY2026 Guidance (Previous)	FY2026 Guidance (New)
Public parking revenue	AED 510 – 550 Mn	AED 510 – 550 Mn
Enforcement revenue	AED 420 – 460 Mn	AED 460 – 480 Mn
Seasonal cards and permits revenue	AED 280 – 300 Mn	AED 300 – 320 Mn
Developer parking revenue	AED 130 – 150 Mn	AED 130 – 150 Mn
Capex	AED 45 – 55 Mn	AED 45 – 55 Mn
Public parking space additions (2H26)	3.5K – 5.0K	3.5K – 5.0K

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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