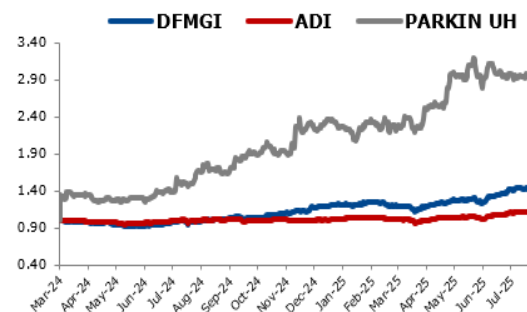


## Parkin Company PJSC

Growth fueled by tariffs, enforcement, and portfolio expansion

Current Price	Target Price	Upside/Downside (%)	Rating
AED 5.95	AED 6.00	+1%	HOLD

- Added c. 11.1k YOY and 2.5k QOQ parking spaces across the public and developer segment, taking the total to 211.5k spaces in 2Q25.
- Parking transactions rose 15% YOY to 33.2 Mn in 2Q25; weighted average public parking tariff rose 51% YOY to AED 3.04 per hour in 2Q25 after the introduction of a variable tariff.
- Sales of Seasonal cards surged 140% YOY to 70.9k in 2Q25, supported by strong growth in short-duration cards for premium zones of B&D.
- Total number of enforcement notices issued rose 81% YOY to 660k in 2Q25, supported by the expansion of the smart scan vehicle fleet and upgraded enforcement technology.



### Stock Information

Market Cap (AED, mm)	17,850.00
Paid Up Capital (mm)	60.00
52 Week High	6.79
52 Week Low	3.31
3M Avg. daily value (AED)	17,272,040

### 2Q25 Result Review (AED, Mn)

Total Assets	2,302
Total Liabilities	1,819
Total Equity	483
EBITDA	189
Net Profit	148

### Financial Ratios

Dividend Yield (12m)	2.69
Dividend Pay-out (%)	113.27
Price-Earnings Ratio(x)	34.02
Price-to-Book Ratio (x)	36.97
Book Value (AED)	0.16
Return-on Equity (%)	108.15

### Stock Performance

5 Days	-3.57%
1 Months	-3.09%
3 Months	-1.49%
6 Months	22.18%
1 Year	75.52%
Month to Date (MTD%)	-3.57%
Quarter to Date (QTD%)	-8.46%
Year to Date (YTD%)	22.18%

### 2Q25 Net Profit higher than our estimate

Parkin Company P.J.S.C. (PARKIN/the Company) net profit grew 56.1% YOY to AED 148 Mn in 2Q25, higher than our estimate of AED 140 Mn. The increase in net profit was primarily driven by a surge in revenue growth, due to higher weighted average hourly parking tariffs, increased transaction volumes, significant growth in seasonal card sales, and expansion in enforcement activities. This is further supported by a decline in depreciation and amortisation (D&A) expenses and finance costs, partially offset by higher concession fees, commissions, and employee benefits expenses, along with an increase in tax expense.

### P&L Highlights

PARKIN's revenue grew substantially from AED 204 Mn in 2Q24 to AED 317 Mn in 2Q25, driven by strong double-digit growth across all segments. Revenue from Public parking grew 47.6% YOY to AED 132 Mn in 2Q25, mainly driven by higher weighted average tariff rates, higher transaction volumes during peak hours and expansion in the number of parking spots partially offset by a decline in utilization rates. Public parking spaces grew 7% YOY to 188.7K spaces in 2Q25. Moreover, a total of 11.7k public parking spaces were added, including 7.8k in zone C and 3.8k spaces in zone D in 2Q25. Revenue from Developer parking boosted from AED 14 Mn in 2Q24 to AED 22 Mn in 2Q25, attributed to higher transaction volumes, enhanced utilization, and the implementation of a variable tariff across c. 13k developer parking spaces. Developer Parking transaction increased from 2.8 Mn in 2Q24 to 3.8 Mn in 2Q25. In addition, average revenue per developer parking space rose from AED 710 in 2Q24 to AED 1,137 in 2Q25. Seasonal cards and permit revenue grew 40.0% YOY to AED 52 Mn in 2Q25, mainly due to a significant growth in seasonal cards sold.

The total number of seasonal cards grew significantly 140% YOY to 70.9k in 2Q25, primarily driven by strong growth across all zones and durations with 1-month seasonal card sales experiencing the highest growth. Revenue from fines grew 77.3% YOY to AED 97 Mn in 2Q25, mainly driven by a substantial increase in the volume and value of enforcement fines issued. The total number of enforcement notices rose from 365k in 2Q24 to 660k in 2Q25, driven by higher customer activity, a larger parking portfolio, and ongoing benefits from technology-based enhancements to the enforcement system. Revenue generated from other services increased from AED 2 Mn in 2Q24 to AED 3 Mn in 2Q25. The Company's other income increased 33.0% YOY to AED 0.3 Mn in 2Q25, while revenue from finance income grew from AED 1 Mn in 2Q24 to AED 3 Mn in 2Q25. Concession fee expense rose from AED 27 Mn in 2Q24 to AED 49 Mn in 2Q25, due to higher revenues earned from public parking and seasonal cards, as well as the application of the increased concession fee rate of 27.5% on- and off-street public parking revenues. Commission expense increased 58.0% YOY to AED 11 Mn in 2Q25. PARKIN's employee benefit expenses expanded 35.5% YOY to AED 35 Mn in 2Q25, supported by an increase in headcount from 311 employees in 2Q24 to 350 employees in 2Q25. Other expenses increased substantially from AED 6 Mn in 2Q24 to AED 19 Mn in 2Q25 due to an increase in professional fees, advertising & marketing and IT expenses, partially offset by a decline in transitional service expense. As a result, PARKIN's EBITDA grew 41.3% YOY to AED 189 Mn in 2Q25. However, EBITDA margin declined from 65.2% in 2Q24 to 59.2% in 2Q25, primarily due to higher concession fees, higher staff costs, and additional expenses such as professional fees, advertising/marketing, and IT. D&A expenses declined 10.4% YOY to AED 12 Mn in 2Q25. The Company's finance cost fell 12.1% YOY to AED 15 Mn in 2Q25. In addition, the Company incurred an income tax charge of AED 15 Mn in 2Q25 compared to AED 9 Mn in 2Q24.

### Balance sheet highlights

PARKIN's cash and cash equivalents stood at AED 92.5 Mn in 2Q25. In addition, it also held AED 341 Mn as short-term deposits in 2Q25. PARKIN generated a free cash flow to equity of AED 312 Mn in 2Q25, compared to AED 136 Mn in 2Q24. Free cash flow conversion ratio stood at 98% in 2Q25, supported by robust revenue growth and the implementation of a CAPEX-light business model. The Company's net debt stood at AED 693 Mn in 2Q25. Parkin total available liquidity stood at AED 534 Mn, including the Murabaha revolving credit facility in 2Q25.

### Target Price and Rating

We maintain our HOLD rating on PARKIN with a revised target price of AED 6.00. Parkin reported strong profitability growth driven by substantial revenue growth from the new variable parking tariff, sustained transaction volumes, record seasonal card sales, and higher enforcement proceeds. The Company added c. 4.7k spaces across the public parking portfolio in 1H25. Additionally, it expects an award of 3k-4k additional public parking spaces in 2025. Furthermore, Parkin recorded strong growth in parking transactions in 2Q25, with total public and private parking volumes boosted by 15% YOY to 32.9 Mn in 2Q25. This increase was primarily driven by higher public parking transactions, particularly in Zone C, which grew 17% to 20.0 Mn, and to a lesser extent, in Zone D where volumes rose 7% to 3.3 Mn. Based on the strong performance of Public Parking, the Company expects projected segment revenue to reach the upper end of the guidance range of AED 520-550 Mn for 2025. Moreover, the weighted average hourly tariff in Public Parking rose 51% to AED 3.04 after the introduction of the variable parking tariff. This increase led to significant tariff growth in zones B and D, where weighted-average rates rose notably more than in zones A and C. Additionally, the Developer parking segment transaction increased 35% YOY to 3.8 Mn in 2Q25, supported by strong utilization rates in developer parking facilities. This increase in transactions across all parking segments indicates sustained customer demand and improved asset utilization, contributing significantly to the strong revenue growth in 2Q25. Furthermore, following the introduction of the variable parking tariff in April 2025, customers took advantage of the value-for-money offered by unchanged seasonal card prices, leading to a significant rise in public parking, seasonal card purchases during 2Q25. As a result, seasonal card sales surged 140% YOY to 70.9k in 2Q25, driven by strong growth across all zones and durations with 1-month seasonal card sales experiencing the highest growth. Thus, further boosting the company's revenue and improving cash flow by encouraging more customers to commit to longer-term parking solutions at stable rates amid rising hourly tariffs. Similarly, enforcement notices surged 81% YOY to 660k in 2Q25, supported by increased

customer activity, expansion of the parking portfolio, and the continued benefits of technology-driven improvements. Furthermore, to enhance performance, the Company's field enforcement team scanned 8.2 Mn vehicle registration plates in 2Q25, reducing the manual aspects of inspections, accelerating inspection times, and optimizing the enforcement process. The Company's smart inspection fleet scanned 13.5 Mn vehicle plates in 2Q25, compared to 6.4 Mn in 2Q24. Additionally, in April 2025, the Company added two additional vehicles, thereby enhancing enforcement operations during 2Q25. Furthermore, the Company expected to generate annual fine revenues between AED 275 –305 Mn for 2025. It expects to achieve upper end of the guidance range in 2025. Based on these factors, we have assigned a HOLD rating to the stock.

#### PARKIN- Relative valuation<sup>1</sup>

(at CMP)	2024	2025F
PE (x)	43.1	30.3
PB (x)	38.1	36.9
EV/EBITDA	33.5	25.1
BVPS	0.160	0.165
EPS	0.141	0.201
DPS	0.160	0.204
Dividend yield (%)	2.6%	3.3%

FABS Estimates & Co Data

<sup>1</sup>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	2Q24	1Q25	2Q25	2Q25F	Var.	YOY Ch	QOQ Ch	2024	2025F	YOY Ch
Revenues	204	269	317	276	14.7%	54.8%	17.6%	916	1,239	35.3%
Other Income	0	0	0	0	-8.0%	33.0%	11.4%	1	1	35.3%
Finance Income	1	4	3	4	-22.3%	NM	-20.5%	8	16	94.5%
Concession fee expense	27	33	49	35	39.2%	84.5%	47.5%	118	193	62.8%
Commission expense	7	9	11	10	13.3%	58.0%	19.4%	33	43	33.1%
Maintenance expense	4	4	6	6	-2.8%	37.0%	40.6%	19	24	21.1%
Corporate allocation expenses	0	0	0	0	NA	NA	NA	0	0	NA
Employee benefits exp	26	35	35	32	7.0%	35.5%	-0.6%	104	140	35.1%
Variable Lease payments	2	4	5	4	24.1%	NM	24.5%	14	16	17.6%
TSA Expenses	0	0	0	0	NA	NA	NA	0	0	NA
Rev of imp loss/ (imp loss) on trade rec	-1	1	6	0	NM	NM	NM	12	12	NM
Other Expenses	6	11	19	12	52.3%	NM	76.4%	48	59	24.3%
Rent expense	0	0	0	0	NA	NA	NA	0	0	NA
<b>EBITDA</b>	<b>134</b>	<b>176</b>	<b>189</b>	<b>180</b>	<b>4.9%</b>	<b>41.3%</b>	<b>7.4%</b>	<b>577</b>	<b>769</b>	<b>33.2%</b>
D&A exp	13	11	12	12	-2.7%	-10.4%	4.4%	48	48	-0.1%
<b>EBIT</b>	<b>121</b>	<b>165</b>	<b>178</b>	<b>168</b>	<b>5.5%</b>	<b>46.9%</b>	<b>7.6%</b>	<b>529</b>	<b>721</b>	<b>36.2%</b>
Finance Cost	-17	-15	-15	-14	2.2%	-12.1%	-3.2%	-64	-59	-7.6%
<b>Earning Before Tax</b>	<b>104</b>	<b>150</b>	<b>163</b>	<b>154</b>	<b>5.8%</b>	<b>56.2%</b>	<b>8.7%</b>	<b>465</b>	<b>662</b>	<b>42.3%</b>
Income Tax Expense	9	13	15	14	6.4%	57.3%	9.4%	42	60	42.3%
<b>Net Profit</b>	<b>95</b>	<b>137</b>	<b>148</b>	<b>140</b>	<b>5.7%</b>	<b>56.1%</b>	<b>8.7%</b>	<b>423</b>	<b>602</b>	<b>42.3%</b>

FABS estimate & Co Data

#### PARKIN - Margins

	2Q24	1Q25	2Q25	YOY Ch	QOQ Ch	2024	2025F	YOY Ch
EBITDA	65.2%	64.5%	59.2%	-603	-531	62.4%	61.2%	-119
Operating profit	58.9%	60.4%	55.5%	-334	-487	57.2%	57.4%	17
Net profit	46.3%	50.0%	46.4%	12	-359	45.8%	47.9%	217

FABS estimate & Co Data

## 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	6.14	75.0%	4.60
DDM Method	5.94	15.0%	0.89
Average of PE & EV/EBITDA	5.02	10.0%	0.50
<b>Weighted Average Valuation (AED)</b>			<b>6.00</b>
Current market price (AED)			5.95
Upside/Downside (%)			+1%

### 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 8.4%. It is arrived after using the cost of equity of 8.6% and after-tax cost of debt of 4.8%. The cost of equity is calculated by using a 10-year government bond yield of 5.6%, a beta of 0.83, and an equity risk premium of 3.7%. 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)	3,244
Terminal value (AED, Mn)	15,861
<b>FV to Common shareholders (AED, Mn)</b>	<b>18,412</b>
No. of share (Mn)	2,999
Current Market Price (AED)	5.95
<b>Fair Value per share (AED)</b>	<b>6.14</b>

### DCF Method

(All Figures in AED, Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
NOPAT	662	767	839	913	994
Depreciation & Amortization	48	48	49	50	49
Capex	-34	-35	-41	-35	-37
Change in Working Capital	-2	8	34	45	58
<b>Free Cash Flow to Firm (FCFF)</b>	<b>674</b>	<b>788</b>	<b>882</b>	<b>973</b>	<b>1,063</b>
Discounting Factor	0.97	0.89	0.82	0.76	0.70
<b>Discounted FCFF</b>	<b>327</b>	<b>704</b>	<b>727</b>	<b>740</b>	<b>746</b>

Source: FAB Securities

## 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 local infrastructure companies. 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 50% to the infrastructure peers' median valuation multiple to value Parkin. It is valued at a 2025 EV/EBITDA multiple of 19.0x compared to a peer median valuation of 12.7x. In addition, it is valued at a 2025 P/E multiple of 26.9x compared to a peer median valuation of 17.9x.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
<u>Regional Infrastructure Cos</u>					
Dubai Taxi Company	1,883	11.1	10.3	18.0	16.6
Salik Co PJSC	13,231	24.2	22.2	31.1	27.7
Dubai Electricity & Water Authority	37,296	9.9	9.6	17.9	17.1
Emirates Central Cooling System	4,764	12.7	11.7	17.7	15.9
Abu Dhabi National Oil Co	12,693	12.7	12.1	17.9	17.0
Average		14.1x	13.2x	20.5x	18.9x
Median		12.7x	11.7x	17.9x	17.0x
Max		12.7x	12.1x	18.0x	17.1x
Min		11.1x	10.3x	17.9x	16.6x

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 8.6%.

Sum of PV (AED, Mn)	3,339
Terminal value (AED, Mn)	14,484
<b>FV to Common shareholders (AED, Mn)</b>	<b>17,823</b>
No. of share (Mn)	3,000
Current Market Price (AED)	5.95
<b>Fair Value per share (AED)</b>	<b>5.94</b>

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
<b>Dividend Paid</b>					
H1	306	366	415	464	512
H2	306	366	415	464	512
<b>Total Dividend</b>	<b>612</b>	<b>731</b>	<b>831</b>	<b>927</b>	<b>1,023</b>
Discounting Factor	0.97	0.89	0.82	0.76	0.70
<b>Present Value of Dividend</b>	<b>592</b>	<b>652</b>	<b>682</b>	<b>701</b>	<b>712</b>

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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