FAB أبوظبي الأول للأوراق المالية SECURITIES

Earnings Call Insight | 2Q26

UAE Equity Research | Sector: Consumer Discretionary | Market: ADX

Emirates Mobility Company (EMOBILITY)

Current Price	Target Price	Upside/Downside (%)	Rating
AED 3.59	4.50	+25%	BUY

2Q26 Net Profit lower than our estimate

- EMOBILITY's revenue declined 7.8% YOY to AED 172 Mn in 2Q26, primarily due to lower student volumes at Excellence amid a challenging operating environment.
- Direct expenses increased 2.4% YOY to AED 66 Mn in 2Q26, driven by higher operating costs associated with business expansion, resulting in gross profit declining 13.3% YOY to AED 105 Mn in 2Q26, while gross margin contracted 386 bps YOY to 61.4% in 2Q26.
- General and administrative expenses increased 5.9% YOY to AED 41 Mn in 2Q26.
- EMOBILITY's EBITDA declined 16.9% YOY to AED 91 Mn in 2Q26, with EBITDA margin contracting 580 bps YOY to 53.2% in 2Q26, reflecting lower revenue and higher operating expenses.
- The Company's operating profit declined 22.1% YOY to AED 65 Mn in 2Q26, with the operating margin contracting to 37.7% in 2Q26 from 44.7% in 2Q25.
- Finance income remained broadly stable at AED 7 Mn in 2Q26, while finance costs increased from AED 1 Mn in 2Q25 to AED 4 Mn in 2Q26.
- Profit attributable to non-controlling interests decreased from AED 3 Mn in 2Q25 to AED 1 Mn in 2Q26.
- The Company’s net profit attributable to equity shareholders declined 21.0% YOY to AED 69 Mn in 2Q26. The decline in net profit is primarily attributable to lower revenue and net gain from financial assets at fair value coupled with higher direct expenses, increase in G&A expenses, and finance cost. This was partially offset by increase in rental income coupled by lower income tax expenses and decline in profit attributable to non-controlling interest.

Earnings Call Summary

- Management highlighted a resilient performance in 2Q26, supported by a diversified mobility platform despite a challenging regional operating environment.
- Reaffirmed its strategy of building an integrated AI-driven mobility platform through acquisitions, technology adoption and business diversification.
- AI remains a key strategic priority, with multiple initiatives expected to enhance operational efficiency, productivity and long-term margin expansion.
- Mwasalat, serving ~75 Mn passengers annually with a fleet of ~8,700 vehicles, continues to strengthen the Group's mobility ecosystem, reinforcing earnings diversification and supporting the Group's long-term investment strategy.
- ChargePoint rollout remains on track for 3Q26, supporting the UAE's EV charging infrastructure and sustainable mobility ambitions.
- Performise Labs acquisition of 51% stake by the Group is expected to close in 3Q26, strengthening AI-driven testing, automation and smart mobility capabilities.
- Driving segment maintained resilient operations, expanding its customer reach through eight new mall locations while continuing capacity expansion.
- Excellence's profitability remained under pressure due to lower student volumes, weaker limousine demand and expansion-related costs.
- Excellence margins were impacted by strategic investments in new training facilities alongside softer student demand and hospitality weakness.
- Higher demand for heavy vehicle and machinery training helped offset weaker light vehicle enrollments through an improved revenue mix.

- Management clarified rental income mainly reflects an accounting reclassification and expects it to remain a recurring income stream.
- Currently discussing whether to increase its stake in Mwasalat from 22.5% to 50.6%. The option will be exercised in 2H26. It is conducting due diligence and evaluating how well Mwasalat has been integrated into the EMobility Group and the synergies achieved since acquiring the initial 22.5% stake. Acquisition of an additional stake will be funded through 50% debt and the remaining through equity.
- July volumes remained healthy, tracking normal seasonal patterns despite the recent geopolitical environment.
- Management adopted a more conservative FY2026 outlook while maintaining confidence in the resilience of the underlying operating platform with Revenue ranging between AED 738-777 Mn, Gross profit margin between (53-59%) and EBITDA margin between (39-44%).

EMobility – P&L

AED Mn	**2Q25**	**1Q26**	**2Q26**	**2Q26F**	**Var**	**YOY Ch.**	**QOQ Ch.**
Revenue	186	189	172	201	-14.8%	-7.8%	-9.2%
Direct expenses	-65	-68	-66	-66	-0.4%	2.4%	-3.1%
Gross profit	**122**	**121**	**105**	**135**	**-21.9%**	**-13.3%**	**-12.6%**
G&A expenses	-38	-42	-41	-44	-8.2%	5.9%	-2.3%
EBIT	**83**	**79**	**65**	**91**	**-28.6%**	**-22.1%**	**-18.0%**
EBITDA	**110**	**92**	**91**	**110**	**-17.0%**	**-16.9%**	**-1.2%**
Gain from financial assets at FVTPL	7	-5	6	1	NM	-6.5%	NM
Change in fair value of investment property	0	0	0	0	NM	NM	NM
Rental income	3	0	6	0	NM	NM	NM
Gain on sale of assets held for sale	6	1	0	0	NM	NM	NM
Loss on remeasurement of contingent consideration	0	0	0	0	NM	NM	NM
Share of results from associates	0	3	1	4	-72.0%	NM	-63.5%
Other Income	0.45	3	-0.25	4	NM	NM	NM
Finance income	7	9	7	10	-24.2%	-0.2%	-21.8%
Finance costs	-1	-4	-4	-4	-2.7%	NM	-0.6%
Profit / (loss) before tax	**105**	**86**	**81**	**105**	**-22.4%**	**-22.3%**	**-5.7%**
Income tax expense	-15	-12	-11	-16	-28.4%	-22.9%	-3.9%
Profit / (loss) after tax	**90**	**75**	**70**	**89**	**-21.3%**	**-22.2%**	**-6.0%**
Non-controlling interest	-3	-1	-1	-3	-53.0%	-56.4%	-15.7%
Profit for the period	**87**	**73**	**69**	**86**	**-20.3%**	**-21.0%**	**-5.8%**

FABS estimate & Co Data

Management Guidance:

AED million	FY2026 guidance
Total revenue	738–777
Gross profit	438–461
Gross profit margin	53%-59%
EBITDA	326–343
EBITDA margin	39%-44%
Capex — EDC	36–49
Capex — EPI	43–45

Number of students, 000	FY2026 guidance
Abu Dhabi	167–176
Dubai	40–42

FY2026 guidance

The forecast has been revised using more conservative assumptions to reflect the ongoing regional conflict and the broader operating environment.

Despite this, the Group's operations and revenue base remain resilient, with no material impact observed to date and business fundamentals continuing to demonstrate strength.

Management remains confident in the Group's ability to deliver sustainable performance over the forecast period, supported by disciplined execution and a diversified operating platform.

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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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