FAB SECURITIES أبوظبي الأول للأوراق المالية

First Look Note | 2Q26

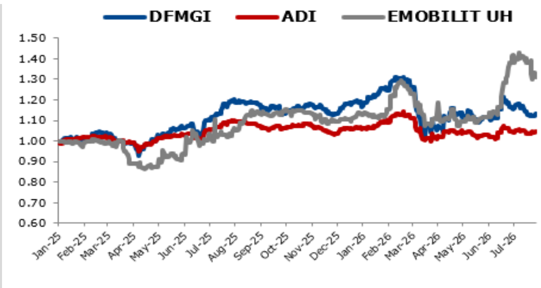
UAE Equity Research | Sector: Consumer Discretionary | Market: ADX

Emirates Mobility Company (EMOBILITY)

Profitability moderated due to cost pressure amid strategic expansion

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

- Emirates Driving Company rebranded to Emirates Mobility Company, reflecting its transformation into an integrated mobility platform.
- The Excellence Group secured two new sites in Dubai South, strengthening the driving training operations.
- The Company entered into an agreement to acquire a 51% stake in Performise Labs FZ LLC, strengthening the AI Capabilities.
- Total cash and bank balance stood at AED 761 Mn in 2Q26, contributing 39% of total assets as of 2Q26, supporting the Company's strong liquidity position and financial flexibility.



Stock Information	
Market Cap (AED, Mn)	3,824.90
Paid Up Capital (Mn)	538.72
52 Week High	4.08
52 Week Low	2.90
3M Avg. daily value (AED)	1,628,792

2Q26 Result Review (AED, Mn)	
Total Assets	1,936
Total Liabilities	510
Total Equity	1,426
EBITDA	91
Net Profit	69

Financial Ratios	
Dividend Yield (12m)	5.57
Dividend Pay-out (%)	55.01
Price-Earnings Ratio(x)	11.97
Price-to-Book Ratio (x)	2.92
Book Value (AED)	1.22
Return-on Equity (%)	25.50

Stock Performance	
5 Days	-4.57%
1 Months	-10.13%
3 Months	15.64%
6 Months	11.29%
1 Year	20.75%
Month to Date (MTD%)	-10.58%
Quarter to Date (QTD%)	-10.58%
Year to Date (YTD%)	12.34%

2Q26 Net Profit lower than our estimate

Emirates Mobility Company PJSC (EMOBILITY/ The Company) net profit attributable to equity shareholders decreased 21.0% YOY to AED 69 Mn in 2Q26, lower than our estimate of AED 86 Mn. The decline in net profit is primarily attributable to lower revenue and net gain from financial assets at fair value coupled with increase in direct expenses, G&A expenses, and finance costs. This was partially offset by increase in rental income coupled by lower income tax expenses and decline in profit attributable to non-controlling interest.

P&L Highlights

EMOBILITY's revenue fell 7.8% YOY to AED 172 Mn in 2Q26 primarily due to lower student volumes at Excellence. The Company's direct expenses rose 2.4% YOY to AED 66 Mn in 2Q26 due to higher operating costs amid business expansion. As a result, gross profit decreased 13.3% YOY to AED 105 Mn in 2Q26. Similarly, gross margin contracted from 65.3% in 2Q25 to 61.4% in 2Q26. General and administrative expenses increased 5.9% YOY to AED 41 Mn in 2Q26, due to one off accrual of AED 5 Mn. Consequently, operating profit declined 22.1% YOY to AED 65 Mn in 2Q26, with the operating profit margin reducing from 44.7% in 2Q25 to 37.7% in 2Q26, largely due to increase in G&A expenses. EMOBILITY's EBITDA decreased 16.9% YOY to AED 91 Mn in 2Q26. EBITDA Margin fell 580 bps YOY to 53.2% in 2Q26. Net gain from financial assets at FVTPL decreased 6.5% YOY to AED 6 Mn in 2Q26. Rental income increased from AED 3 Mn in 2Q25 to AED 6 Mn in 2Q26. The Company reported share of profit from associates of AED 1 Mn in 2Q26, while other losses stood at AED 0.3 Mn in 2Q26 compared to other income of AED 0.5 Mn in 2Q25. Finance income decreased marginally 0.2% YOY to AED 7 Mn in 2Q26, while the finance cost increased from AED 1 Mn in 2Q25 to AED 4 Mn in 2Q26. The tax charges decreased 22.9% YOY to AED 11 Mn in 2Q26. The profit attributable to non-controlling interest holders declined from AED 3 Mn in 2Q25 to AED 1 Mn in 2Q26.

Balance Sheet Highlights

EMOBILITY's total cash and bank balance stood at AED 761 Mn in 2Q26, contributing 39% of total assets as of 2Q26, supporting the Company's strong liquidity position and financial flexibility. The Company's total assets stood at AED 1.9 Bn in 2Q26, alongside total liabilities of AED 510 Mn in 2Q26 compared to AED 717 Mn in 1Q26. Total equity post non-controlling interests increased 5.2% QOQ to AED 1,426 Mn in 2Q26. Cashflow from operating activities decreased 28.3% YOY to AED 78 Mn in 2Q26.

Target Price and Rating

We maintain our BUY rating on EMOBILITY with a target price of AED 4.50. EMOBILITY's net profit attributable to equity shareholders declined 21.0% YOY in 2Q26. The earnings decline was primarily driven lower students volumes at Excellence and no one-offs income recorded in 2Q26 and higher operating costs rather than any material deterioration in the Company's core operations. EMOBILITY's Emirates Driving subsidiary's revenue declined 6.3% YOY to AED 108 Mn in 2Q26. The Company's Excellence Group's reported a revenue decline of 9.9% YOY to AED 64 Mn in 2Q26, while EBITDA and net profit stood at AED 10.1 Mn and AED 3 Mn in 2Q26, largely due to rising cost pressure driven by fuel and softness in demand from hospitality and business travel segments. During the quarter, the Company successfully secured two key plots in Jebel Ali and Al Quasis, expanding the heavy vehicle and bus training operations. The new sites are expected to strengthen the Company's presence in commercial driving markets and support earnings growth. Mwasalat, EMOBILITY's integrated transportation associate, reported revenue of AED 226 Mn, EBITDA of AED 61 Mn and net profit of AED 11 Mn in 2Q26. The business continued to benefit from higher activity across its transport operations and improved operating efficiency, supporting healthy revenue growth and earnings generation. During the quarter, the Company entered into an agreement to acquire a 51% stake in Performise Labs FZ LLC, with an initial payment of AED 15 Mn and a potential additional payment of up to AED 23 Mn, subject to agreed EBITDA performance targets. This acquisition aligns with the Company's strategy of evolving from a traditional driving school into an integrated mobility platform powered by AI and smart technologies and is expected to enhance operational efficiency and expand its technology driven service offerings. ChargePoint, EMOBILITY's EV charging joint venture, is expected to commence its operations in 3Q26 with the Company rolling out more than 1,800 public charging sockets in partnership with Abu Dhabi's Integrated Transport Centre, with the initial phase involving over 150 charging stations across the UAE. The project is expected to strengthen EMOBILITY's presence in the rapidly growing EV ecosystem, diversify its mobility platform beyond driver training, and create a new long-term growth avenue. Also, during the quarter, ChargePoint signed an MoU with ROX UAE to integrate locally manufactured electric vehicles with its charging infrastructure, further supporting EV adoption and enhancing its integrated mobility offering. The company provided conservative guidance considering ongoing scenario with Revenue ranging between AED 738-777 Mn, Gross profit margin between (53-59%) and EBITDA margin between (39-44%) for FY2026. The Company continued to maintain a strong financial position during 2Q26, with cash and bank balances of AED 761 Mn. The healthy liquidity profile will provide adequate funding flexibility for ongoing investments in business diversification, technology and strategic acquisitions while supporting future growth initiatives. While near-term earnings may remain affected due to rising cost pressure and expansion initiatives, the strategic investments are expected to strengthen EMOBILITY's position and support revenue and earnings over 2026. Thus, we maintain BUY rating on stock.

EMOBILITY - Relative valuation

(at CMP)	**2021**	**2022**	**2023**	**2024**	**2025**	**2026F**
PE	1.99	1.32	15.04	14.50	12.07	15.01
PB	0.42	0.34	3.50	3.25	2.90	2.81
EV/EBITDA	0.33	-0.53	13.90	12.78	7.53	11.29
EPS	1.871	2.822	0.248	0.257	0.309	0.248
BVPS	8.972	10.823	1.067	1.147	1.286	1.327
DPS	0.042	0.121	0.170	0.170	0.200	0.181
Dividend Yield	1.2%	3.4%	4.7%	4.7%	5.5%	5.0%

FABS Estimates & Co Data, In Jan 2024 the company did the stock split by reducing the share nominal value by 50 fils.

EMOBILITY – P&L

AED Mn	2Q25	1Q26	2Q26	2Q26F	Var	YOY Ch.	QOQ Ch.	2025	2026F	Change
Revenue	186	189	172	201	-14.8%	-7.8%	-9.2%	770	758	-1.6%
Direct expenses	-65	-68	-66	-66	-0.4%	2.4%	-3.1%	-269	-303	12.4%
Gross profit	**122**	**121**	**105**	**135**	**-21.9%**	**-13.3%**	**-12.6%**	**501**	**455**	**-9.2%**
G&A expenses	-38	-42	-41	-44	-8.2%	5.9%	-2.3%	-182	-197	8.5%
Operating profit	**83**	**79**	**65**	**91**	**-28.6%**	**-22.1%**	**-18.0%**	**320**	**258**	**-19.2%**
EBITDA[1]	**110**	**92**	**91**	**110**	**-17.0%**	**-16.9%**	**-1.2%**	**425**	**338**	**-20.3%**
Gain from financial assets at FVTPL	7	-5	6	1	NM	-6.5%	NM	7	3	-51.5%
Change in fair value of investment property	0	0	0	0	NM	NM	NM	0	0	NM
Rental income	3	0	6	0	NM	NM	NM	4	12	NM
Gain on sale of assets held for sale	6	1	0	0	NM	NM	NM	41	1	NM
Loss on remeasurement of contingent consideration	0	0	0	0	NM	NM	NM	-10	0	NM
Share of results from associates	0	3	1	4	NM	NM	NM	4	11	NM
Other Income	0.45	3	-0.25	4	NM		NM	13	8	-37.9%
Finance income	7	9	7	10	-24.2%	-0.2%	-21.8%	33	34	0.2%
Finance costs	-1	-4	-4	-4	-2.7%	NM	-0.6%	-10	-17	72.2%
Profit before tax	**105**	**86**	**81**	**105**	**-22.4%**	**-22.3%**	**-5.7%**	**403**	**311**	**-22.9%**
Tax	-15	-12	-11	-16	-28.4%	-22.9%	-3.9%	-58	-44	-24.4%
Profit for the year before NCI	**90**	**75**	**70**	**89**	**-21.3%**	**-22.2%**	**-6.0%**	**346**	**268**	**-22.6%**
Non-controlling interest	-3	-1	-1	-3	-53.0%	-56.4%	-15.7%	-13	-8	-37.7%
Net Profit to equity holders	**87**	**73**	**69**	**86**	**-20.3%**	**-21.0%**	**-5.8%**	**333**	**260**	**-22.0%**

FABS estimate & Co Data, [1]Calculated EBITDA

EMOBILITY - Margins

	2Q25	1Q26	2Q26	YOY Ch.	QOQ Ch.	2025	2026F	Change
Gross Profit	65.3%	63.8%	61.4%	-386	-242	65.1%	60.1%	-500
Operating Profit	44.7%	41.8%	37.7%	-694	-409	41.5%	34.1%	-742
EBITDA	59.0%	48.9%	53.2%	-580	427	55.1%	44.6%	NM
Net Profit	46.8%	38.7%	40.1%	-672	145	43.2%	34.3%	-896

FABS estimate & Co Data

Key Developments:

- **10 April 2026 -** EMOBILITY signed an agreement to acquire a 51% stake in Performise Labs FZ LLC, an AI solutions company, for an initial consideration of AED 15 Mn, strengthening its AI capabilities to support the development of technology-driven mobility, driver training and vehicle inspection solutions**.**

- **12 May 2026 -** Emirates Driving Company (EDC) officially rebranded to Emirates Mobility Company (EMOBILITY), reflecting its strategic transformation from a traditional driver training provider into an integrated mobility platform focused on AI, smart mobility and technology-driven transportation solutions.

Valuation:

We use Discounted Free Cash Flow (DCF), Relative Valuation (RV), and Dividend Discount Model (DDM) to value EMOBILITY. We have assigned 70% weight to DCF, 15% to RV, and 15% to DDM.

Valuation Method	Target	Weight	Weighted Value
DCF Method	4.85	70.0%	3.40
Relative Valuation (RV)	3.97	15.0%	0.60
DDM Method	3.38	15.0%	0.51
Weighted Average Valuation (AED)			**4.50**
Current market price (AED)			3.59
Upside/Downside (%)			+25%

1) DCF Method:

EMOBILITY is valued using free cash flow to firm since the Company has Murabaha financing for funding of inorganic growth. We have discounted the cash flow using the weighted average cost of capital of 9.2%. It arrived after using a cost of equity of 9.5%, and after-tax cost of debt of 4.0%. Cost of equity is calculated by using the 10-year government bond yield of 5.2%, beta of 1.00 and equity risk premium of 4.3%. Government bond yield is calculated after adding the Abu Dhabi 10-year CDS spread over the 10-year US risk-free rate. The cost of debt of 4.7% is calculated after adjusting for a tax rate of 15%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	1,212
Terminal value (AED, Mn)	3,602
Net Debt	414
FV to Common shareholders (AED, Mn)	**5,228**
No. of shares (Mn)	1,077
Current Market Price (AED)	3.59
Fair Value per share (AED)	**4.85**

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	252	340	372	388	394
(+/-) Depreciation & amortization	44	48	50	52	53
(+/-) CAPEX	-89	-70	-67	-65	-66
(+/-) Working Capital	-38	-24	-16	-18	-10
Free Cash Flow to FIRM (FCFF)	**169**	**293**	**340**	**357**	**371**
Discounting Factor	*0.96*	*0.88*	*0.81*	*0.74*	*0.68*
Discounted FCFF	**163**[1]	**259**	**275**	**264**	**251**

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

2) Relative Valuation:

We have used regional and international peers to value EMOBILITY, and it is valued using the EV/EBITDA multiple. EMOBILITY operates in a regulated industry with limited flexibility to alter fees; hence, the regional companies with similar characteristics of regulation are used to value the firm. In addition, international companies operating in a similar industry are also included for valuation. It is valued at a 2026 EV/ EBITDA multiple of 11.5x in line with peers.

Company	Market	EV/EBITDA (x)		P/E (x)	
	(USD Mn)	2026F	2027F	2026F	2027F
Salik Company	11,189	21.3	19.2	27.4	23.8
Dubai Taxi Company	1,455	10.5	7.8	22.0	15.0
Parkin Company	4,532	21.5	18.9	26.0	22.5
ADNOC Drilling Company	24,163	11.6	10.7	16.6	15.0
Dubai Electricity and Water Authority	36,618	9.6	9.0	16.0	15.3
ADNOC for Distribution	13,269	11.3	11.2	14.9	15.0
Eastern Pioneer Driving School Co	279	NA	NA	NA	NA
Average		**14.3x**	**12.8x**	**20.5x**	**17.8x**
Median		**11.5x**	**11.0x**	**19.3x**	**15.2x**
Max (Quartile 3)		**18.9x**	**16.9x**	**25.0x**	**20.7x**
Min (Quartile 1)		**10.7x**	**9.4x**	**16.1x**	**15.0x**

Source: FAB Securities

3) DDM Method:

The Company maintains a policy to declare regular dividends to shareholders in the forecasted period. We expect EMOBILITY to pay a regular dividend equal to 71.0% of annual net profit over the forecast period. The dividend is discounted at the cost of equity of 9.2%.

Sum of PV (AED, Mn)	983
Terminal value (AED, Mn)	2,654
FV to Common shareholders (AED, Mn)	**3,637**
No. of share (Mn)	1,077
Current Market Price (AED)	3.59
Fair Value per share (AED)	**3.38**

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Dividend Paid					
Total Dividend	195	234	254	267	273
Discounting Factor	*0.96*	*0.88*	*0.81*	*0.74*	*0.68*
Present Value of Dividend	**188**	**206**	**206**	**198**	**185**

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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