

## Dubai Taxi Company (DTC)

**Current Price**

AED 2.62

**Target Price**

AED 3.00

**Upside/Downside (%)**

+15%

**Rating**

**BUY**

### 3Q25 Net Profit lower than our estimate

- DTC's revenue grew 15.4% YOY to AED 585 Mn in 3Q25, owing to fleet expansion and a higher number of trips. Revenue on a like-for-like basis, excluding Connectech rose 14.9% YOY in 3Q25.
- Total trips across the Taxi and Limousine Segments rose 6.5% YOY to 13.1 Mn in 3Q25, attributed to continued growth in Dubai tourism and sustained improvement in fleet productivity.
- Total fleet stood at 10,500 vehicles as of 3Q25. Out of which, 6,215 included Taxi, 655 Limousine, 1,183 Bus and 2,447 Delivery Bikes.
- Direct cost rose 12.4% YOY to AED 370 Mn; in addition, plate cost grew 14.2% YOY to AED 92 Mn in 3Q25.
- Gross profit significantly increased 26.2% YOY to AED 123 Mn in 3Q25 with a 181 bps YOY expansion in gross margin to 21.1%. The growth is attributed to an expansion in the margins of the Taxi and Bus Segments, partially offset by lower margins across the Limousine and Delivery Bike Segments.
- DTC's EBITDA increased 23.1% YOY to AED 151 Mn in 3Q25 with an EBITDA margin of 25.9% in 3Q25 compared to 24.2% in 3Q24, supported by growth in revenue and less promotional impact from Connectech.
- The Company's operating profit increased 25.8% YOY to AED 98 Mn in 3Q25.
- DTC's net profit increased 27.9% YOY to AED 76 Mn in 3Q25, with a 128 bps YOY increase in margin to 13.1% in 3Q25 driven by higher revenue with fleet expansion and improvement in reversal of expected credit losses.

### Earnings Call Summary

- Total fleet rose 19.4% YOY to 10,500 vehicles, supported by growth in Dubai's population and the Dubai 2040 Master Plan.
- Bus segment remains focused on long-term high value contracts.
- Bolt app witnessed strong operational momentum in 3Q25 as the app downloads and car registrations rose 47% and 21% on QOQ, respectively.
- Expanded e-hailing network through partnership with Kabi, integrating 9,800 taxis of Kabi and DTC on Bolt platform.
- Declared an interim dividend of AED 160.7 Mn (equivalent to 6.43 fils per share) for 1H25, in line with the company's dividend policy targeting a payout of at least 85.0% of annual net profit.
- Strengthened alliances with Mastercard, Emirates NBD, and Dubai Airports to enhance brand visibility and capture tourism demand.
- DTC completed 13.1 Mn trips in 3Q25, representing a 6.5% YOY increase.
- The RTA increased the minimum e-hailing fare from AED 12 to AED 13; however, the impact was absorbed by the RTA and not passed on to operators.
- The company maintained a healthy driver-to-vehicle ratio of 2.3, ensuring adequate driver availability with no shortages or disruptions to operations.
- Limousine segment remains highly competitive and highly fragmented with number of small operators.
- Gross margin in Limousine segment declined in 3Q25 due to higher depreciation expense owing to fleet expansion and fee paid to e-hailing operators. The management is implementing initiatives to boost margins through better cost management and operational efficiency.

- The limousine fleet grew from 437 in 3Q24 to 655 in 3Q25, however revenue increased only 1.1% due to strong competition, while DTC remains focused on B2B contracts and expects better performance in 4Q25.
- The company experienced a seasonal decline in revenue per trip during 3Q25, owing to the summer holidays, and it is expected to rebound in 4Q25.
- Vehicle Maintenance costs increased from AED 14 Mn in 3Q24 to AED 20 Mn in 3Q25, primarily driven by fleet expansion and regular safety maintenance activities.
- The company reported a decline in other income, primarily due to lower vehicle sales (700 units sold in 2025 compared to 2,200 units in the previous year) and a smaller fair-value gain from its investment in Salik.
- Under the revised Ministry of Education contract, revenue from the bus segment is now recognized over 12 months instead of 10, helping to reduce seasonal fluctuations.

**DTC – P&L**

| AED Mn                       | 3Q24       | 2Q25       | 3Q25       | 3Q25F      | Var           | YOY Ch       | QOQ Ch        |
|------------------------------|------------|------------|------------|------------|---------------|--------------|---------------|
| Revenue                      | 507        | 625        | 585        | 624        | -6.2%         | 15.4%        | -6.4%         |
| Operating cost               | -329       | -380       | -370       | -375       | -1.2%         | 12.4%        | -2.7%         |
| Plate & license fee          | -81        | -92        | -92        | -92        | 0.4%          | 14.2%        | 0.4%          |
| <b>Gross profit</b>          | <b>98</b>  | <b>153</b> | <b>123</b> | <b>158</b> | <b>-21.9%</b> | <b>26.2%</b> | <b>-19.6%</b> |
| G&A expenses                 | -24        | -34        | -26        | -36        | -28.1%        | 8.2%         | -22.9%        |
| <b>EBIT</b>                  | <b>78</b>  | <b>128</b> | <b>98</b>  | <b>128</b> | <b>-23.4%</b> | <b>25.8%</b> | <b>-23.8%</b> |
| <b>EBITDA</b>                | <b>123</b> | <b>181</b> | <b>151</b> | <b>177</b> | <b>-14.7%</b> | <b>23.1%</b> | <b>-16.2%</b> |
| <b>Profit before tax</b>     | <b>66</b>  | <b>116</b> | <b>84</b>  | <b>117</b> | <b>-28.3%</b> | <b>27.8%</b> | <b>-27.3%</b> |
| Tax                          | -6         | -10        | -8         | -11        | -26.4%        | 27.0%        | -25.2%        |
| <b>Profit for the period</b> | <b>60</b>  | <b>105</b> | <b>76</b>  | <b>107</b> | <b>-28.5%</b> | <b>27.9%</b> | <b>-27.5%</b> |

FABS estimate & Co Data

### 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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