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First Look Note | 3Q25

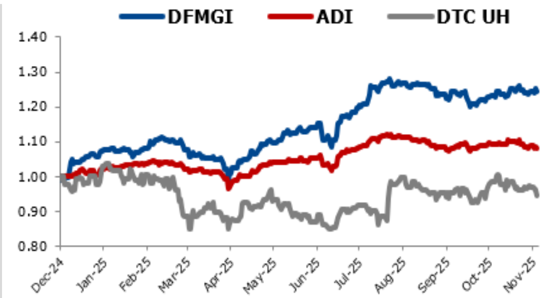
UAE Equity Research　Sector: Industrials　Market: DFM

Dubai Taxi Company (DTC)

Strong fleet expansion and a rise in the number of trips boosted profitability

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.60	AED 3.00	+15.4%	BUY

- Total fleet size increased from 8,793 in 3Q24 to 10,500 in 3Q25, while the number of trips grew 6.5% YOY to AED 13.1 Mn.
- Expanded e-hailing network through partnership with Kabi, integrating 9,800 taxis of Kabi and DTC on the Bolt platform.
- Gross profit rose 26.2% YOY to AED 123 Mn, with an 181 bps YOY expansion in gross margin to 21.1% in 3Q25.
- The company maintained a healthy driver-to-vehicle ratio of 2.3, ensuring adequate driver availability.
- Implementing initiatives to boost the margin of the Limousine Segment through better cost management and operational efficiency.
- Declared an interim dividend of AED 160.7 Mn in 1H25, equivalent to 6.43 fils per share representing 85% of net income.



Stock Information	
Market Cap (AED, Mn)	6,575.00
Paid Up Capital (Mn)	100.00
52 Week High	2.91
52 Week Low	2.30
3M Avg. daily value (AED)	2,895,388

3Q25 Result Review (AED, Mn)	
Total Assets	2,321
Total Liabilities	1,932
Total Equity	388
EBITDA	151
Net Profit	76

Financial Ratios	
Dividend Yield (12m)	4.30
Dividend Pay-out (%)	84.97
Price-Earnings Ratio(x)	18.79
Price-to-Book Ratio (x)	16.93
Book Value (AED)	0.16
Return-on Equity (%)	97.80

Stock Performance	
5 Days	-2.95%
1 Months	-4.01%
3 Months	-2.59%
6 Months	3.14%
1 Year	-1.87%
Month to Date (MTD%)	-1.87%
Quarter to Date (QTD%)	1.54%
Year to Date (YTD%)	-5.40%

3Q25 Net Profit lower than our estimate

Dubai Taxi Company P.J.S.C. (DTC/the Company) Net profit increased 27.9% YOY to AED 76 Mn in 3Q25, lower than our estimate of AED 107 Mn. The increase in net profit is mainly driven by revenue growth driven by fleet expansion, partially offset by increases in operating costs, plate & license fees, G&A expenses, tax expenses, and a decrease in other income and finance income.

P&L Highlights

DTC's revenue rose 15.4% YOY to AED 585 Mn in 3Q25 owing to fleet expansion and a rise in the number of trips. On a like-for-like basis, total revenue excluding Connectech rose 14.9% YOY in 3Q25. Revenue from the Taxi segment rose 11.8% YOY to AED 506 Mn in 3Q25, driven by fleet expansion, while maintaining strong utilization levels. Limousine segment revenue rose marginally from AED 27.5 Mn in 3Q24 to AED 27.8 Mn in 3Q25, attributed to a higher number of trips owing to fleet expansion. Delivery Bike revenue increased from AED 11.3 Mn in 3Q24 to AED 18.3 Mn in 3Q25, mainly driven by rapid demand growth in the delivery market and fleet expansion. Revenue from the Bus segment increased significantly from AED 15.7 Mn in 3Q24 to AED 29.8 Mn in 3Q25, primarily due to revised contract terms with key customers. DTC's taxi fleet size increased from 5,660 taxis in 3Q24 to 6,215 in 3Q25. Similarly, Delivery bike fleet increased significantly from 1,544 bikes in 3Q24 to 2,447 bikes in 3Q25. In addition, operating costs rose 12.4% YOY to AED 370 Mn in 3Q25, mainly due to higher staff costs, commission paid to drivers, maintenance expenses and D&A expenses, partially offset by a decline in fuel cost. Additionally, the plate and license fee increased 14.2% YOY to AED 92 Mn in 3Q25 due to fleet expansion. The Company's gross profit rose 26.2% YOY to AED 123 Mn in 3Q25. Gross margin grew 181 bps YOY to 21.1% in 3Q25 due to an expansion in margins of the Taxi and Bus Segment, partially offset by lower margins across the Limousine and Delivery Bike Segment. G&A expenses rose 8.2% YOY to AED 26 Mn in 3Q25. Other income fell from AED 8 Mn in 3Q24 to AED 2 Mn in 3Q25. In addition, DTC impairment loss decreased from AED 3 Mn in 3Q24, compared to AED 2 Mn in 3Q25. DTC's EBITDA increased 23.1% YOY to AED 151 Mn in 3Q25 due to the solid operating performance. EBITDA margin increased from 24.2% in 3Q24 to 25.9% in 3Q25, supported by a strong growth in trip volumes and revenue, along with a lower impact from Connectech promotions. Furthermore, the Company's finance income decreased from AED 4 Mn in 3Q24 to AED 3 Mn in 3Q25, while the finance cost remained increased 4.8% YOY to AED 17 Mn in 3Q25. In addition, the Company's income tax expenses increased 27.0% YOY to AED 8 Mn in 3Q25 in line with growth in profit before tax.

Balance Sheet Highlights

DTC's cash and cash equivalents, including Wakala deposits, stood at AED 139 Mn in 3Q25 compared to AED 236 Mn in 2Q25. The Company's debt remained unchanged at AED 998 Mn in 3Q25 compared to 2Q25, while the unutilized credit facility stood at AED 200 Mn in 3Q25. The Company's net debt to LTM EBITDA ratio remained flat at 1.5x in 3Q25 compared to the previous quarter. DTC's net capex fell from AED 106 Mn in 3Q24 to AED 41 Mn in 3Q25.

Target Price and Rating

We maintain our BUY rating on Dubai Taxi Company PJSC. with a target price of AED 3.00. The Company reported a growth in net profit during 3Q25, primarily driven by topline growth owing to fleet expansion and a rise in the number of trips, further complemented by operating leverage. DTC's total fleet size increased from 8,793 in 3Q24 to 10,500 in 3Q25, supported by growth in Dubai's population and expansion across all segments. The Bus segment remains focused on long-term, high-value contracts. Under the revised Ministry of Education contract, the Company now recognizes revenue from the bus segment over 12 months instead of 10, helping to reduce seasonal fluctuations. The Company recorded steady growth in the number of trips, which rose from 12.3 Mn trips in 3Q24 to 13.1 Mn trips in 3Q25, showing higher demand and utilization of fleet, consistent with seasonal trends. However, 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. As of September 2025, the total operational taxi fleet reached 6,215 vehicles, including 401 fully electric vehicles, reflecting a continued commitment to transitioning towards a more sustainable offering. Meanwhile, DTC expanded its e-hailing network through a partnership with Kabi, integrating 9,800 taxis of Kabi and DTC on the Bolt platform. The Company strengthens its alliances with Mastercard, Emirates NBD, and Dubai Airports to enhance brand visibility and capture tourism demand. 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. DTC maintained a healthy driver-to-vehicle ratio of 2.3, ensuring adequate driver availability with no shortages or disruptions to operations. 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. Thus, considering the above-mentioned factors, we assign a BUY rating on the stock.

DTC- Relative valuation

(at CMP)	2023	2024	2025F
P/E	19.0	19.8	16.9
P/B	21.4	16.0	12.7
EV/EBITDA	14.8	12.4	10.8
BVPS (AED)	0.123	0.164	0.207
EPS (AED)	0.138	0.133	0.156
DPS (AED per share)	0.028	0.113	0.132
Dividend yield	1.1%	4.3%	5.1%

FABS Estimates & Co Data

Note – Dubai Taxi Company was listed on DFM in 2023. Thus, the financial multiple for the prior period is unavailable

DTC– P&L

AED mm	3Q24	2Q25	3Q25	3Q25F	Var	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	507	625	585	624	-6.2%	15.4%	-6.4%	2,197	2,472	12.6%
Operating cost	-329	-380	-370	-375	-1.2%	12.4%	-2.7%	-1,345	-1,509	12.3%
Plate & license fee	-81	-92	-92	-92	0.4%	14.2%	0.4%	-329	-367	11.6%
Gross profit	**98**	**153**	**123**	**158**	**-21.9%**	**26.2%**	**-19.6%**	**523**	**596**	**13.9%**
Other Income	8	4	2	6	-63.6%	-70.1%	-39.5%	37	25	-33.2%
G&A Expenses	-24	-34	-26	-36	-28.1%	8.2%	-22.9%	-118	-134	12.8%
Impairments	-3	5	-2	0	NM	-53.3%	NM	-4	-7	NM
Operating profit	**78**	**128**	**98**	**128**	**-23.4%**	**25.8%**	**-23.8%**	**438**	**480**	**9.6%**
EBITDA	**123**	**181**	**151**	**177**	**-14.7%**	**23.1%**	**-16.2%**	**584**	**681**	**16.6%**
Finance Income	4	3	3	5	-41.4%	-26.0%	-17.7%	15	14	-3.3%
Finance Cost	-16	-16	-17	-15	9.2%	4.8%	2.9%	-63	-66	5.9%
Staff Bonus	0	0	0	0	NM	NM	NM	-26	0	-100.0%
Profit Before Tax	**66**	**116**	**84**	**117**	**-28.3%**	**27.8%**	**-27.3%**	**364**	**428**	**17.4%**
Tax	-6	-10	-8	-11	-26.4%	27.0%	-25.2%	-33	-38	16.8%
Net Profit	**60**	**105**	**76**	**107**	**-28.5%**	**27.9%**	**-27.5%**	**331**	**389**	**17.5%**

FABS estimate & Co Data

DTC - Margins

	3Q24	2Q25	3Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross margin	19.2%	24.5%	21.1%	181	-346	23.8%	24.1%	28
EBITDA margin	24.2%	28.9%	25.9%	162	-303	26.6%	27.6%	95
Operating margin	15.4%	20.6%	16.7%	138	-382	19.9%	19.4%	-52
Net profit margin	11.8%	16.9%	13.1%	128	-380	15.1%	15.7%	66

FABS estimate & Co Data

Key Developments:

- **13 October 2025:** Dubai Taxi Company (DTC) signed a strategic partnership with Keeta, Meituan's international arm, to enhance last-mile delivery and develop advanced logistics solutions in Dubai. The deal includes deploying 150 delivery bikes initially, expanding to 500 by year-end, expected to generate AED 10 Mn in the first year to support DTC's diversification into e-commerce logistics and future innovations such as drone and autonomous deliveries.
- **24 September 2025:** The Company, in partnership with Bolt, has formed a strategic alliance with Kabi by Al Ghurair and Zed to enhance Dubai's ride-hailing ecosystem. The partnership integrates over 9,800 taxis from DTC and Kabi into the Bolt and Zed platforms, improving availability and reducing wait times while supporting the RTA's goal to shift 80.0% of taxi trips to e-hailing.
- **22 May 2025:** DTC and Bolt have expanded their partnership by integrating over 6,000 DTC taxis—including People of Determination and Ladies & Family taxis—onto the Bolt platform. The move supports Dubai's goal to transition 80% of taxi trips to e-hailing and enhances convenience, safety, and service quality for commuters. This milestone, part of DTC's 2025–2029 growth strategy, strengthens its leadership in smart mobility while advancing Dubai's vision of a connected and sustainable transport ecosystem.
- **25 February 2025:** Dubai Taxi Company signed an exclusive five-year partnership with Dubai Airports to provide taxi services at Dubai International (DXB) and Al Maktoum International (DWC). The deal is expected to generate AED 2.5 Bn in revenue through 8 Mn trips by 2029. DTC will operate around 900 airport taxis and 500 premium limousines equipped with smart dispatch and cashless systems, supporting Dubai's D33 vision and reinforcing its position as the emirate's leading mobility provider.
- **03 January 2025:** DTC unveiled its 2025–2029 corporate strategy, outlining plans for sustainable growth, diversification, and innovation. The five-year roadmap focuses on maintaining leadership in the taxi market while expanding into limousine and delivery services, alongside regional growth. Anchored by a new vision— "Preferred mobility choice for everyone"—the strategy targets double-digit growth, strong dividends, and greater sustainability through electric and hybrid vehicles. Strengthened by partnerships like Bolt, DTC aims to drive Dubai's smart mobility goals, supporting the RTA's target to shift 80% of taxi trips to e-hailing.
- **14 November 2024:** The Company expanded its fleet with 250 new RTA-issued plates—all allocated to electric vehicles—boosting its total taxi fleet to 6,210 and annual revenue by about AED 85 Mn. With this addition, 87% of DTC's fleet now comprises hybrid and electric vehicles, reinforcing its leadership in sustainable mobility. The move supports the Dubai 2040 Urban Master Plan and DTC's goal to expand regionally while promoting eco-friendly and innovative transport solutions.

Valuation:

We use Discounted Free Cash Flow (DCF), Relative Valuation (RV), and Discounted Dividend Method (DDM) to value Dubai Taxi Company P.J.S.C. We have assigned 70% weight to DCF, 15% to DDM, and 15% to EV/EBITDA.

Valuation Method	Valuation	Weight	Weighted Value
DCF Method	3.21	70.0%	2.25
DDM Method	2.44	15.0%	0.37
EV/EBITDA	2.59	15.0%	0.39
Weighted Average Valuation (AED)			**3.00**
Current market price (AED)			2.60
Upside/Downside (%)			+15.4%

1) DCF Method:

Dubai Taxi 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 8.8%. It is arrived after using the cost of equity of 9.2% and after-tax cost of debt of 6.0%. Cost of equity is calculated by using a 10-year government bond yield of 5.1%, a beta of 0.90 and an equity risk premium of 4.6%. Government bond yield is calculated after adding Dubai's Government spread over the 10-year US risk-free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	2,277
Terminal value (AED, Mn)	6,495
FV to Common shareholders (AED, Mn)	**8,034**
No. of share (Mn)	2,500
Current Market Price (AED)	2.60
Fair Value per share (AED)	**3.21**

DCF Method

(All Figures in AED, Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY2029E	FY 2030E
NOPAT	436	466	491	519	547	578
Depreciation & Amortization	202	197	202	206	224	241
Capex	-240	-219	-225	-219	-219	-217
Change in Working Capital	151	83	21	10	50	65
Free Cash Flow to Firm (FCFF)	**550**	**527**	**490**	**515**	**602**	**667**
Discounting Factor	*0.99*	*0.91*	*0.84*	*0.77*	*0.71*	*0.65*
Discounted FCFF	**136**[1]	**479**	**409**	**396**	**425**	**433**

Source: FAB Securities, [1]Partial year adjustment

2) Relative Valuation:

We have used local as well as international peers to value Dubai Taxi Corporation P.J.S.C., and it is valued using the EV/EBITDA multiple of 10.2x in line with peers.

Company	Market (USD Mn)	EV/EBITDA (x) 2025F	EV/EBITDA (x) 2026F	P/E (x) 2025F	P/E (x) 2026F
Regional Infrastructure and Taxi Cos					
Salik	12,638	22.8	21.0	25.9	24.0
Empower	4,383	11.8	10.8	14.7	13.8
Dewa	37,431	10.1	9.6	17.0	15.7
ADNOC Drilling	24,159	11.8	11.2	16.6	15.7
ADNOC Distribution	12,420	11.6	11.3	15.8	14.8
Budget	1,445	6.9	6.4	12.6	11.4
Theeb	730	5.9	5.8	12.6	11.7
Lumi	840	6.4	6.0	13.5	11.9
Average		**10.9x**	**10.3x**	**16.1x**	**14.9x**
Median		**10.9x**	**10.2x**	**15.3x**	**14.3x**
Max		**11.8x**	**11.2x**	**16.7x**	**15.7x**
Min		**6.8x**	**6.3x**	**13.3x**	**11.8x**

Source: FAB Securities

3) DDM Method:

The Company maintains a policy to declare regular dividends to shareholders in the forecasted period. DTC is expected to pay a regular dividend of at least 85% of annual net profit in the forecasted period. The dividend is discounted at the cost of equity of 9.2%.

Sum of PV (AED, Mn)	1,761
Terminal value (AED, Mn)	4,330
FV to Common shareholders (AED, Mn)	**6,091**
No. of share (Mn)	2,500
Current Market Price (AED)	2.60
Fair Value per share (AED)	**2.44**

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Dividend Paid						
H1		183	198	211	224	239
H2	170	183	198	211	224	239
Total Dividend	**170**	**366**	**395**	**421**	**448**	**478**
Discounting Factor	*0.99*	*0.90*	*0.83*	*0.76*	*0.69*	*0.64*
Present Value of Dividend	**168**	**331**	**327**	**319**	**311**	**304**

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%

FAB Securities Contacts:

Research Analyst		
Ahmad Banihani	+971-2-6161629	ahmad.banihani@Bankfab.com
Sales & Execution		
Abu Dhabi Head Office		
Trading Desk	+971-2-6161700/1 +971-2-6161777	Online Trading Link
Institutional Desk	+971-4-4245765	

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