

## Key Investment Highlights

We initiate coverage on Dubai Taxi Company PJSC ("DTC" or "the Company") with a target price of **AED 2.47** per share. DTC, Dubai's premier mobility company to be listed on the DFM, is wholly owned by the Government of Dubai and represented by the Department of Finance (DoF) as the #1 Taxi operator in Dubai with a market share of 44% in the taxi segment as of 30 June 2023.

### Our investment view is supported by:

- DTC is the largest taxi operator in Dubai with a dominant market share
- DTC prospers in a favourable market amid a strong macro backdrop
- DTC benefits from robust regulatory framework and strategic pricing models
- DTC consistent profitable growth coupled with robust financials

### DTC is the largest taxi operator in Dubai with a dominant market share

Dubai Taxi Company is the key provider of comprehensive mobility solutions in Dubai owned and regulated by RTA since 2008. Furthermore, the ownership is transferred to DoF after the amended decree. DTC is the number one taxi operator with a dominant market share of 44% in Dubai's taxi market as of 30 June 2023. DTC's fleet grew from 81 vehicles to an average number of 221 vehicles in 1995 to 7,146 vehicles in 1H23, primarily focusing on the taxi division. Among the five franchise operators in Dubai, Cars Taxi accounts for 22% of the market share with a fleet of 2,555 vehicles followed by National Taxicab accounting for 15% of the market share, boasting a fleet of 1,784 vehicles. Arabia Taxi owns 1,559 vehicles and holds a 13% share, and Metro Taxi, with 713 vehicles, secures the smallest portion of the market at 6%. The Company further aims to maintain its market share in the future by participating in the annual plate auctions conducted by the RTA

### DTC prospers in a favourable market amid a strong macro backdrop

DTC operations are thriving in an attractive market with robust macro trends. Dubai stands out as the fastest-growing metropolis, with a substantial rise in tourist numbers attributed to an exceptional array of events. The country successfully hosted the Expo 2020 mega event and welcomed more than 24 Mn visitors to the event. The government aims to welcome 25 Mn international tourist visitors by 2025 with a positive impact on the taxi market in Dubai. In addition to attractive macro tailwinds, the government is preparing Dubai's well-defined strategic plans to boost growth such as Dubai 2040 Urban Masterplan, Dubai Economic Agenda D33, and UAE Tourism Strategy 2031. In addition, the resident population of Dubai is forecasted to grow at a CAGR rate of 2.8% from FY2023 to FY2040.

### DTC benefits from a robust regulatory framework and strategic pricing models

The regulatory framework in the Dubai taxi industry controls the supply of the fleet and regulates the entry of new players in the industry. It lays down guidelines to allow the entry of new players in the industry while ensuring the strict RTA auction criteria for the incumbent players. Roads and Transport Authority (RTA) of Dubai issues licenses every year based on the macro indicators and demand for taxis is studied to limit the over-supply. RTA issued 1,350 new plates from 2018 until 2023 YTD to the incumbent players. All taxi operators operate in Dubai under the franchise agreement with RTA. The regulator lays down financial and technical criteria for selecting eligible franchisees through the prudent auction process.

### DTC consistent profitable growth coupled with robust financials

DTC witnessed top-line expansion across its various segments. The growth is mainly attributed to the organic fleet expansion of the taxi segment and the ongoing development of emerging segments like limousine, bus, and bike services. Revenue grew 11.1% YOY to AED 1,414 Mn in 9M23. The growth was predominantly propelled by an increase in utilization, number of trips, revenue per trip and the ongoing development of emerging segments. DTC is an exclusive provider to Dubai's Ministry of Education and Ajman helped boost the Company's bus segment revenue. Bus segment revenue is expected to grow due to the expansion of operations in Ajman and Ras Al Khaimah in September 2023. In the bike segment, DTC signed partnerships with firms including Careem, an online delivery service app, and Power Lease, which provides rental bikes to major e-commerce and other companies operating in the UAE. Post-June 2023, DTC extended its partnerships with Noon, Etisalat (Smiles), and Cari.

## Initiating Coverage

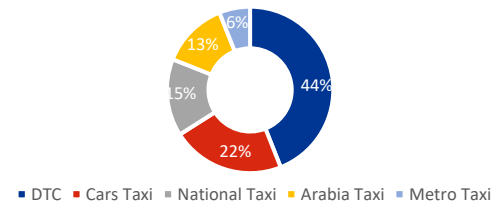
### Sector: Transportation

Analyst Name: Ahmad Banihani

### Rating: ACCUMULATE

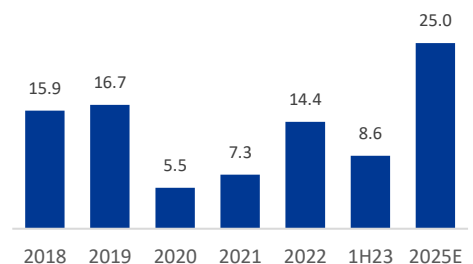
Current Price (AED)	2.24
Target Price (AED)	2.47
Upside/(Downside)	+10.3%
Market Cap (AED, Bn)	5.53

### Market share by franchisee as of 30 June 2023



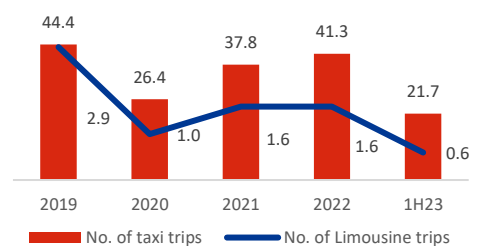
Source: Company Information, Note: <sup>(1)</sup> Taxi market share based on the number of taxis owned by each franchise as % of total taxis in the Dubai market; data as of June 30, 2023

### Dubai's International visitors (Mn)



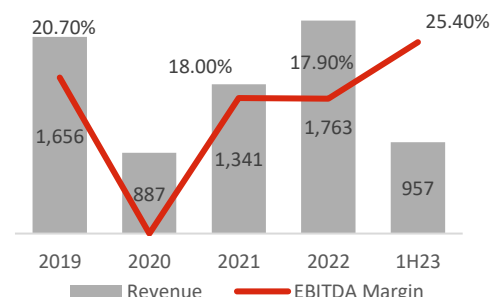
Source: Company Information

### Number of Taxi and Limousine trips by DTC in Dubai (Mn)



Source: Company Information

### DTC's total revenue and Margins (AED, Mn)



Source: Company Information

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## Introduction to DTC

### DTC Emerges as Dubai's Market Leader for Premium and Comprehensive Mobility Solutions

**DTC, steering through three decades, stands as Dubai's largest taxi provider**

**DTC focuses on safe, reliable, and smart transport services to its customers in Dubai**

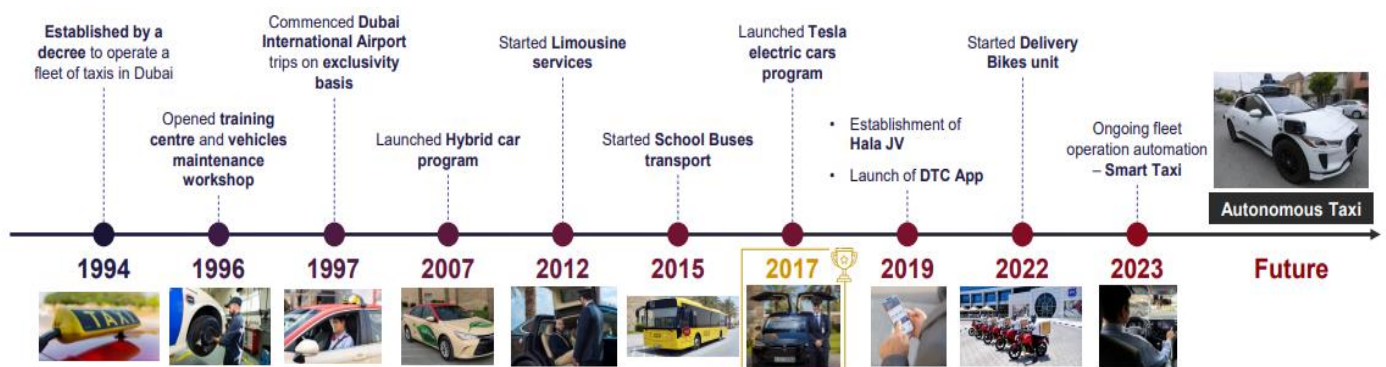
#### DTC is leading the way as the largest taxi operator in the growing market

Dubai Taxi Company ("DTC" or "the Company") is Dubai's premier mobility company, which was established in 1994 through a decree. The Company has been functioning as a subsidiary of the Roads and Transport Authority (RTA) since 2008 which was amended by a decree after that DTC is wholly owned by the Government of Dubai represented by the Department of Finance (DoF). DTC is the number one taxi operator with a 44% market share as of 30 June 2023. Beyond taxis, the Company successfully diversified into various mobility ventures, leveraging its dominant leadership and operational prowess. DTC ensures customers enjoy services, comforts, and top-tier customer care and claims to maintain the quality of transportation.

DTC's advancement and expansion are not confined to present endeavours but extend to preparing for future-oriented smart mobility solutions. By continually innovating and introducing new services, DTC enhances the existing offerings and elevates its position in the smart transportation industry by striving to provide optimal satisfaction to its clientele. The success is further enhanced by multiple booking and hailing channels, encompassing online platforms like Careem-Hala and the DTC App, as well as offline options such as street-hailing and dedicated RTA taxi stands.

DTC launched the Tesla electric cars program in 2017 and in the same year, it reached the milestone of 1 Bn passengers to be transported by DTC since operations started. DTC started the delivery bikes unit in 2022 and plans to launch an intelligent taxi by the end of 2023. The Company introduced a digital transformation roadmap for the period 2022-2025 and aims to achieve several strategic objectives, focusing on digital mobility, operational excellence, financial sustainability, customer satisfaction, and shaping the future.

**Figure 01: DTC's Journey in Driving Dubai's Mobility**



Source: Company Information

**DTC is the largest taxi operator in Dubai with a dominant market share of 44% as of June 2023**

**Taxis are a predominant part of Dubai's transportation serving 183 Mn riders and 105 Mn trips in FY2022**

**DTC launched delivery bikes in September 2022 to capitalize on Dubai's growing delivery market**

## **DTC encompasses the primary source of all extensive mobility solutions in Dubai**

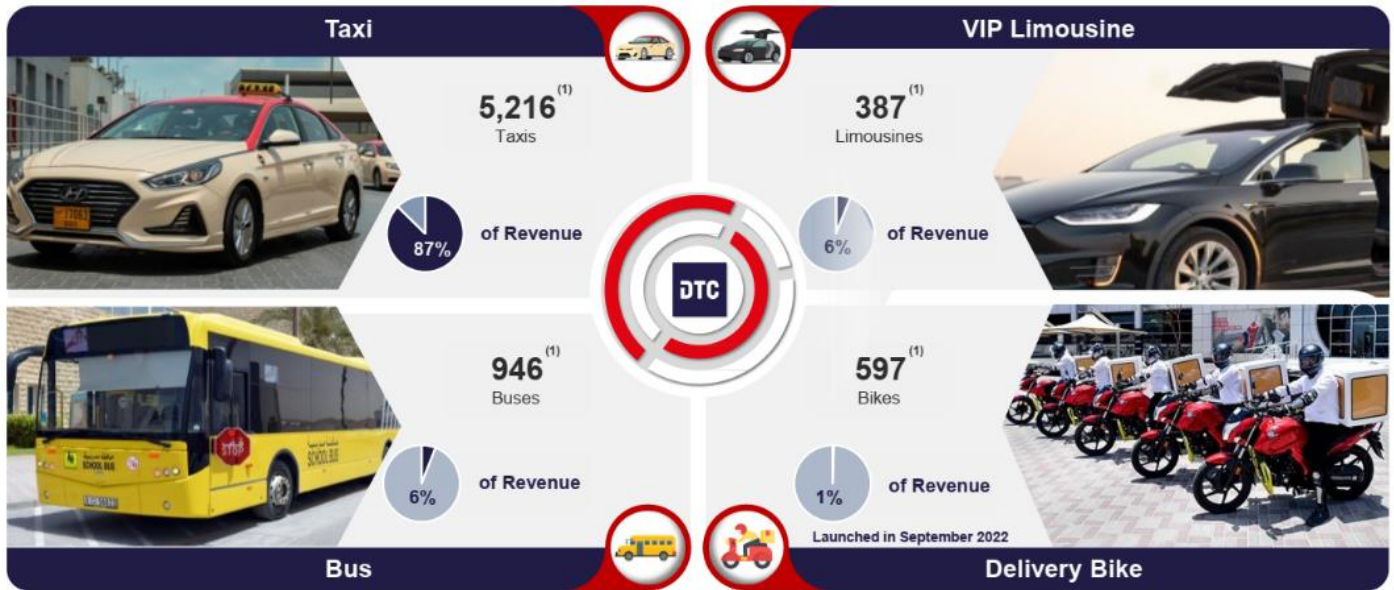
Roads and Transport Authority (RTA) supervises and regulates the taxi industry in Dubai. The RTA is committed to progressively augmenting the proportion of public transportation within the city, striving to attain the strategic goal of a 25% share in public transport by the year 2030 (according to CEO of Strategy and Corporate Governance at Dubai's RTA). DTC offers an extensive range of transportation solutions across the four key segments:

1. **Taxis:** DTC has a fleet of 5,216 vehicles and the Company's strong leadership and operational capabilities play a pivotal role in fostering the growth of the taxi segment in Dubai. DTC holds a dominant market share of 44% and contributes a substantial 88.2% of the DTC's total revenue in 9M23. DTC operates through a franchise-based model in partnership with the RTA and provides 24/7 services that can be accessed through mobile apps or street hailing.

Furthermore, the Company holds exclusivity in delivering services in key prime areas like Dubai Airports and Port Rashid. As per the 'Amending Decree' in November 2023, the Dubai government granted DTC as a matter of law the sole right to be the entity to engage in providing passenger transportation services to Dubai Airports. It has also granted DTC the exclusive right to provide such services to the Dubai International Financial Center (DIFC) and the locations of events held by government entities. The company is permitted to outsource the provision of such services. RTA's objective is to reach 80% e-hailing in the long term. Taxis are a predominant part of Dubai's transportation, serving 183 Mn riders and 105 Mn trips in 2022.

2. **VIP Limousines:** DTC Limousine Service caters to the requirements of diverse clientele in Dubai including tourists, business professionals, and individuals affiliated with the tourism industry, such as hotels, tour operators, airlines, as well as government and private institutions. The premium vehicle service is distinguished by its well-presented chauffeurs and is tailored to provide luxury and comfort to the customers. The segment owns a fleet of 387 vehicles and contributes to 8% of the Company's total revenue in FY2022. The services are available within Dubai and from Dubai to other Emirates. It also owns exclusivity at prime locations such as Dubai Airports, Port Rashid, Dubai Mall, Atlantis, World Trade Centre and Global Village. As per the 'Amending Decree', the Dubai government has granted DTC as a matter of law the sole right to engage in providing passenger transportation services to Dubai Airports, as well as exclusive right to provide such services to DIFC and locations of events held by government entities.
3. **Buses:** DTC's School Bus Transportation Service is specifically tailored to address the transportation requirements of schools, nurseries, and students. Moreover, the Commercial Bus service is designed for the mass transit of corporate sector employees in Dubai, featuring a modern fleet of buses equipped with state-of-the-art technologies. This ensures the Company focuses on transporting business leaders and children safely and comfortably at all times within flexible and cost-effective contractual arrangements.
4. **Delivery Bikes:** DTC under the RTA introduced delivery bikes service in September 2022 with a fleet of 597 motorcycles in June 2023 to offer delivery services to businesses in the private sector. The initiative delivers distinctive and trustworthy transportation and delivery options for various enterprises, encompassing delivery service firms through smart platforms and applications, as well as restaurants and retailers.

Figure 02: Transportation Solutions Across Key Segments



Source: Company Information, Note: <sup>(1)</sup> # of vehicles as of June 30, 2023

### DTC taxi segment leads with a market share of 44%

**DTC fleet expanded from 81 vehicles to an average fleet of 221 in 1995 to a remarkable 7,146 vehicles in 1H23**

The RTA regulates the operations of DTC, a key provider of comprehensive mobility solutions in Dubai since 2008. DTC's fleet grew from 81 vehicles to an average number of 221 vehicles in 1995 to an impressive 7,146 vehicles in 1H23. DTC is the largest taxi operator holding 44% of the market share among RTA franchise holders. Among the five franchise operators in Dubai, Cars Taxi accounts for 22% market share with a fleet of 2,555 vehicles, followed by National Taxicab accounting for 15% market share boasting a fleet of 1,784 vehicles. Arabia Taxi owns 1,559 vehicles and holds a 13% share, and Metro Taxi, with 713 vehicles, secures the smallest portion of the market at 6%. In essence, DTC's evolution since its inception reflects a dynamic narrative of expansion, strategic market positioning, and a commitment to pioneering mobility solutions in Dubai.

**DTC's taxi service is specifically accessible in prominent locations such as Dubai Airports, Port Rashid, Atlantis, Dubai Mall, and the World Trade Centre**

Dubai's taxi sector is under the supervision and regulation of the RTA. Companies participate in franchise agreements with the RTA by paying monthly franchise fees per car. The RTA conducts auctions involving the existing five franchise operators and the other eligible parties approved by the RTA to allocate new license plates based on financial and technical criteria. The RTA sets uniform taxi fares for all franchises, adjusting them regularly in response to changes in fuel prices, inflation, and other associated costs. DTC's taxi fleet consists of outright purchased vehicles the payment for which is made over a period of 12 months from the date of invoice and delivery, ensuring constant 24/7 operations accessible through various channels like street hail and e-hailing. Each franchise including DTC independently manages essential expenses, including driver commissions, fuel costs, in-house maintenance, operational expenditures, and fees related to e-hailing platforms. The business model emphasizes a decentralized approach, with DTC autonomously handling crucial financial aspects while complying with RTA regulatory frameworks.



Figure 03: DTC- Dominant Market Share

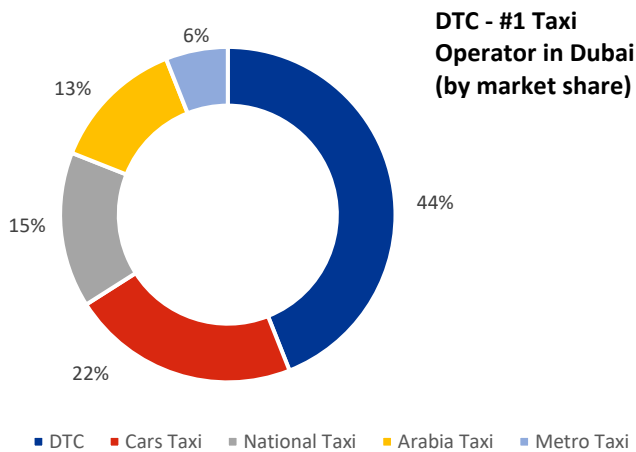
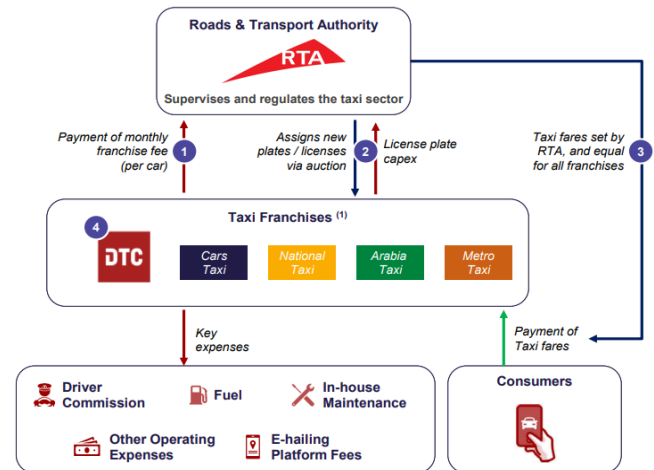


Figure 04: DTC's Taxi Business Model



Source: Company Information, Note: <sup>(1)</sup> Market share based on the number of taxis owned by each franchise as % of total taxis in the Dubai market; data as of June 30, 2023.

## DTC's Taxi Division Contributed 87% to the DTC's Revenue in 1H2023

**DTC has gained international recognition by being honored with the prestigious 'Taxi Company of the Year' award in the UAE**

**DTC's fleet strategy aims to attain a 100% green fleet by FY2024 with a complete 4-years of fleet replacement**

### Taxis serve the purpose of being a convenient 'last-mile' transportation service

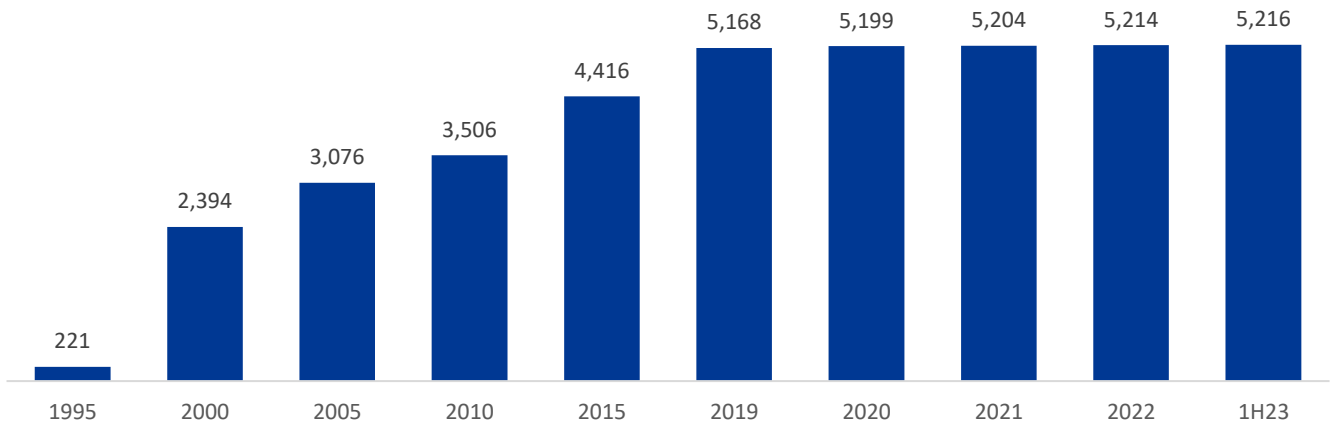
DTC has become Dubai's foremost taxi provider, operating under the regulatory umbrella of the RTA since 1995. Renowned as a trailblazer in the UAE's taxi industry, DTC's extensive mobility solutions form the cornerstone of the city's transportation network. With an expansive fleet and unparalleled expertise, DTC's taxis are not only accessible 24/7 throughout Dubai but also serve a pivotal role as a convenient 'last-mile' operator, addressing the essential transportation needs of the public.

**Performance Indicators:** Establishing its prominence, DTC features a taxi fleet comprising of 5,216 vehicles, cultivated through collaboration with 12,336 dedicated driver partners. Moreover, DTC currently holds a remarkable 44% market share in taxi segment, marking its strongest position among the five franchises. The taxi segment contributed 88.2% of DTC's total revenue in 9M23. This substantial revenue stream significantly influences and enhances the Company's overall performance metrics.

**Booking Avenues:** For those seeking DTC services, multiple booking avenues are available by encompassing traditional methods such as street hailing and dedicated pickup locations. Moreover, the modernized E-hailing option is facilitated through the HALA app, and emails. Customers can opt for hourly rentals through call centers for extended transportation needs.

**Fleet Evolution:** The fleet is equipped with cutting-edge safety features, including the latest satellite-based tracking devices. Supporting the extensive operation, DTC has a dedicated team of over 500 staff members and a diverse pool of 12,336 total male and female taxi drivers as on 1H23. Following DTC's exclusive agreement with DXB in 1997, the Company experienced a significant increase in its fleet size, reaching 2,394 vehicles in FY2000. In response to the rapid post-Covid recovery, DTC efficiently reintegrated 1,000 taxis within a span of four months which were previously de-fleeted and parked due to the pandemic. DTC's fleet strategy focuses on a fully sustainable fleet by 2024 through a comprehensive four-year strategy involving the complete replacement of the existing fleet.

Figure 05: Taxi Fleet Evolution Since Establishment



Source: Company Information, Note: DTC launched its Taxi segment in May 1995 with 81 vehicles, the average number of vehicles during the year 1995 was 221

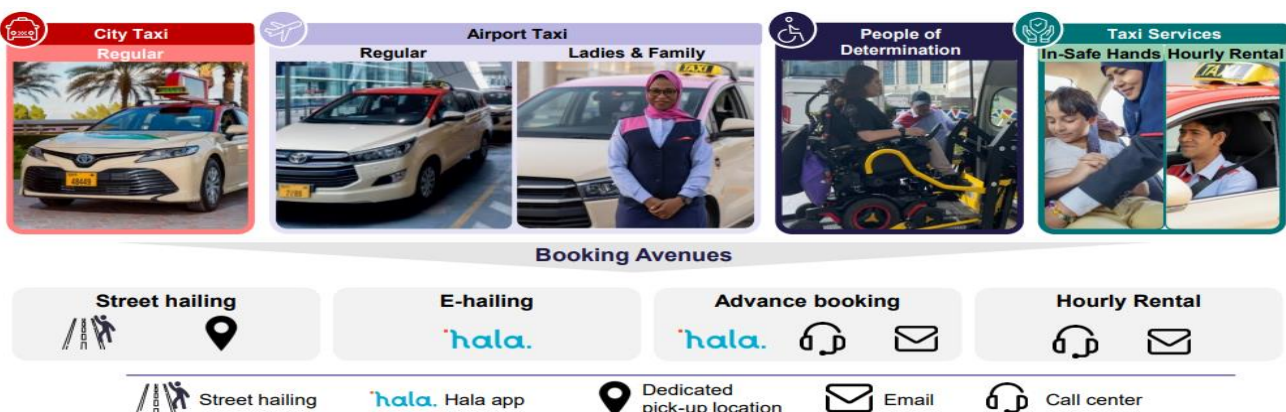
### DTC's wide range of mobility solutions forms the bedrock of excellence

DTC's versatile taxi services cater from City Taxis to inclusive options addressing varied transportation needs with a focus on safety and accessibility

**Taxi Services:** DTC strives to accommodate diverse transportation needs through its comprehensive range of taxi services.

- **City taxis** are available for booking via the HALA app or street hailing, comprising of regular sedans, and taxi vans and accommodating up to six passengers with a fleet of 4,741 dedicated vehicles as of 30<sup>th</sup> June 2023.
- **Airport taxis** are designed to provide services to both Regular and Ladies and families to ensure convenient transportation to and from Dubai airports. The regular taxis, operated by male drivers, consist of 350 dedicated vehicles, while the Ladies & Family taxis, driven exclusively by female drivers, comprise a fleet of 98 vehicles and can be booked through DXB pickup location.
- **People of Determination service** extends its commitment to inclusivity with taxis tailored for individuals with special needs, DTC features 27 dedicated vehicles which are available for booking through the call centre or DXB pickup location.
- **In-Safe hands and Hourly rentals**, DTC recognizes the importance of safety and offers in-safe hands taxi services, including school pick-ups, drop-offs, and hourly rentals for various car types, accessible through the call center, emails, and the city taxis fleet.

Figure 06: DTC's Key Mobility Solutions and Booking Avenues



Source: Company Information

## RTA's taxi franchise thrives on strategic management and controlled plate issuance

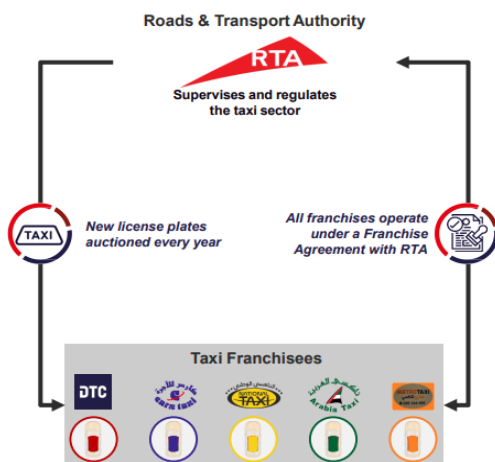
**Taxi fares are regulated and established by RTA**

**650 new plates issued by RTA in 2022 driven by high demand amid EXPO 2020 and FIFA World Cup in Qatar in 2022**

DTC is a systematically managed franchise overseen and monitored by the terms outlined in RTA's Franchise Agreement. Franchise fees, inclusive of a monthly payment of AED 5,000 for each license plate, are remitted to RTA. While for the airport and ladies taxi DTC remits a monthly fee of AED 3,600 per license plate. Starting from 2023 the franchise fee for the People of Determination, Hatta taxis and 268 cars under maintenance are exempted from paying monthly license fee. In addition to the monthly franchise fee, franchisees incur license plate capex when the license is awarded. RTA establishes and upholds regulated taxi fares that are applicable to all franchisees, with periodic adjustments to accommodate fluctuations in fuel prices, inflation, and other pertinent factors.

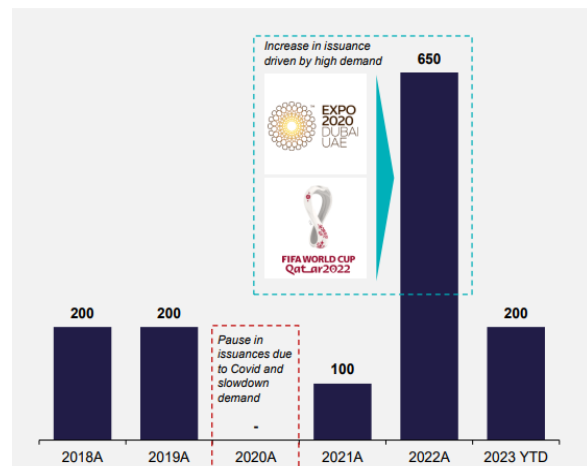
RTA has carefully controlled the issuance of new plates, taking into account market conditions. Since 2018, only 1,350 new plates have been issued. The year 2020 saw no new plate releases due to the impact of COVID-19 and reduced demand. In 2021, a mere 100 plates were issued along with licenses. However, there was a notable surge in 2022, with 650 plates issued, attributed to Expo 2020 Dubai UAE and the FIFA World Cup Qatar 2022. As of the first half of 2023, RTA has already issued an additional 200 plates.

**Figure 07: Well-regulated and Monitored Franchise Model**



Source: Company Information as of June 30, 2023

**Figure 08: Issuance of new License Taxi Plates**



## Cost-protected regulated fares

**The fares undergo periodic adjustments to mirror the effects of inflation and additional costs**

The taxi fare structure in the region varies depending on the type of taxi service. For city taxis, the fare falls within the range of AED 5.0 to AED 5.5, with an additional charge of AED 2.09 per Km. On the other hand, Hala taxis have a fare ranging from AED 8 to AED 12, and a per-km charge of 2.09 AED. The starting fares vary between peak and non-peak hours for Hala taxis. Airport taxis start with a base fare of AED 25, accompanied by an additional AED 2.19 per km. Customers incur extra charges, such as AED 4 for passing through Salik tolls and AED 20 for crossing into the Sharjah Emirate.

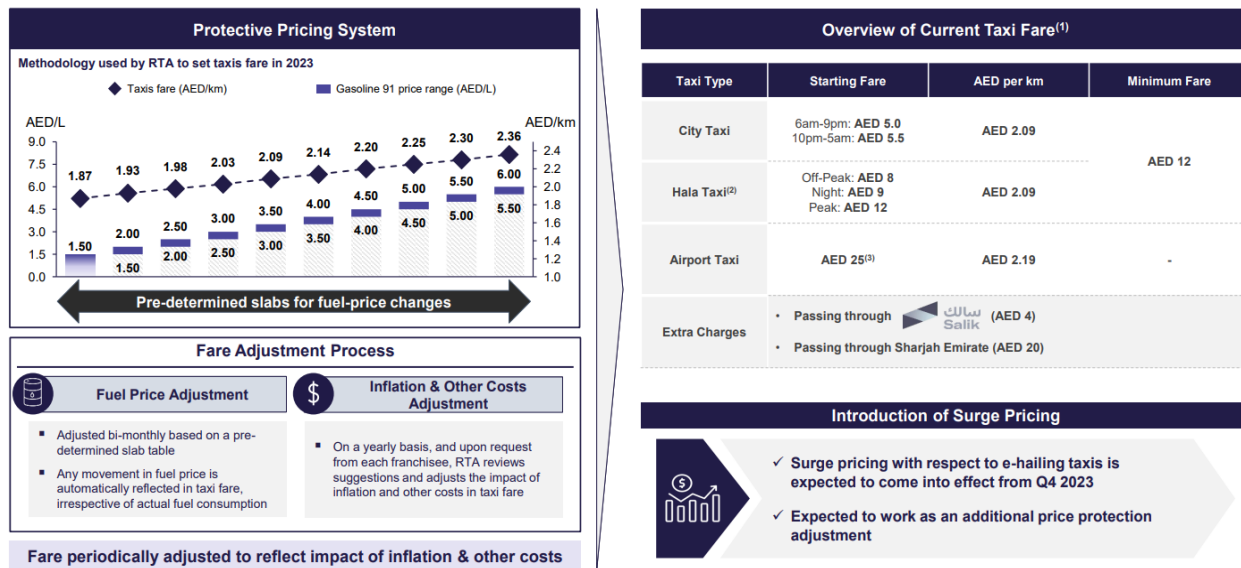
**Surge pricing for e-hailing taxis is anticipated to be implemented starting in 4Q2023**

Surge pricing for e-hailing taxis is set to launch in Q4 2023, acting as an additional adjustment for price protection. The dynamic strategy responds to demand fluctuations, maintaining a fair balance between e-hailing taxi supply and demand.

Fuel Price Adjustment adapts bi-monthly based on a predetermined slab table, automatically reflecting any fuel price changes in taxi fares. The real-time response ensures transparency and responsiveness to shifts in fuel costs. RTA annually reviews and adjusts taxi fares based on suggestions and the impact of inflation and related costs, creating a fair and balanced pricing model that aligns with economic conditions.



**Figure 09: Cost-protected Regulated Fares**



Source: Company Information as of June 30, 2023, <sup>(1)</sup> As of June 30, 2023. <sup>(2)</sup> Off-peak hours are 6.00-8.00 am, 10.00 am-4.00 pm, and 8.00-10.00 pm, Night hours are from 10.00 pm-6.00 am, Peak hours are from 8.00-10.00 am and 4.00-8.00 pm. <sup>(3)</sup> The Airport starting fare includes the Airport Surcharge (AED 20) and the Flag Fall Fare of (AED 5)

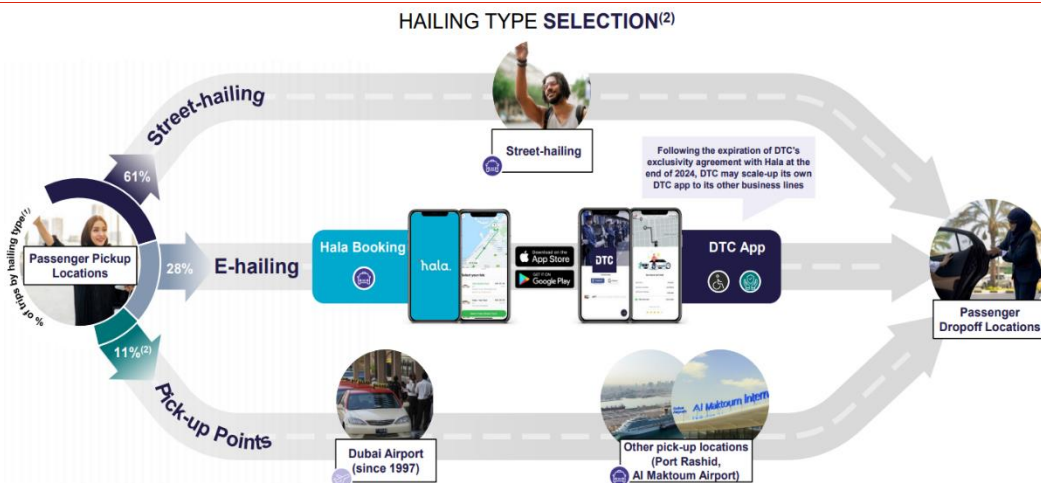
## Passenger pickup diversity and hailing-type selections

**DTC is positioned to offer e-hailing services for taxis through its proprietary DTC app**

In the realm of passenger pickups, street hailing with a 61% share is the predominant hailing type, followed by 28% through e-hailing via Hala booking and the DTC app. Notably, the exclusivity agreement between DTC and Hala will conclude by the end of 2024, empowering DTC to expand its own app across various business lines.

Dubai government endorses e-hailing and establishes an objective with an 80% target ratio. Moreover, 11% of pickups occur at designated points in Dubai International Airport (DXB), with the remaining percentage distributed among other locations such as Port Rashid and Al Maktoum Airport. The diversity in pickup methods and locations reflects the evolving landscape of passenger preferences and technological advancements in the transportation sector. DTC explores its potential for collaboration with various local and international ride-hailing apps post-2024 aiming to substantially expand DTC's market presence.

**Figure 10: Multiple Hailing Avenues**



Source: Company Information as of June 30, 2023, Note: <sup>(1)</sup> Trips breakdown for H1 2023. Also includes taxi's booked via DTC call centre (People of Determination taxis, In-Safe Hands service and taxi rental services), amounts to <1% of total trips. <sup>(2)</sup> Other pick-up locations amount to <1% of total trips.

**DXB airport has been termed as world's busiest international airport since 2013**

**DXB is the world's busiest international airport contributing 20% to DTC's taxi segmental revenue**

**Approximately 80 dedicated DTC operational and technical staff oversee the airport's operations**

## DTC enjoys exclusive privileges in strategic key strategic locations

DTC possesses exclusive rights in key strategic locations, securing a prominent presence in Dubai International Airport (DXB) since the agreement between RTA and DXB was established in 1997. As the world's busiest international airport since 2013, DXB plays a pivotal role in DTC's operations. The Company also granted the exclusive right to provide such services to the Dubai International Financial Center (DIFC) and the locations of events held by government entities.

DTC holds exclusive rights at Al Maktoum Airport (DWC), Dubai's second airport, which became operational for cargo flights in 2010 and commercial flights in 2013 following an agreement in 2010. Moreover, DTC has a presence at Port Rashid, a significant agreement made in 2016, solidifying its position as the Middle East's premier cruise tourist destination for the past eight years. The strategic positioning underscores DTC's influence in key transportation hubs and tourist destinations.

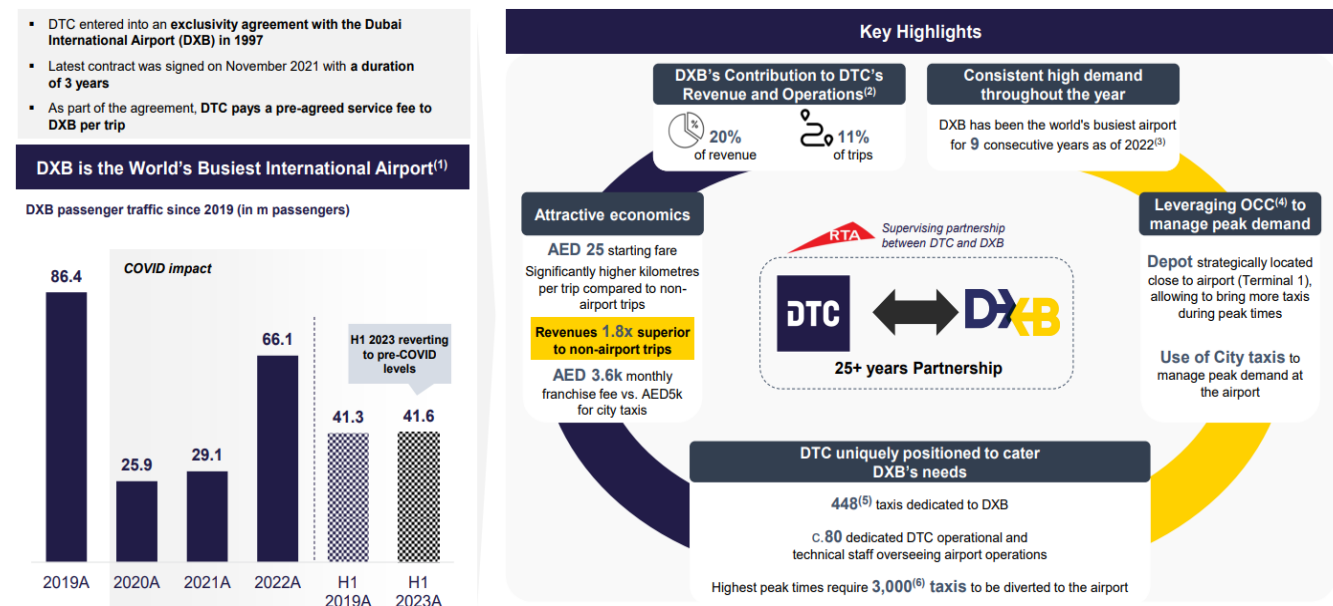
## Distinctive positioning empowers DTC to meet DXB's high demands

DTC established an exclusivity agreement with Dubai International Airport (DXB) in 1997. DXB held the title of the world's busiest airport for nine consecutive years contributing 20% to DTC's revenue and 11% to its overall trips in FY2022. In the most recent contract, signed in November 2021 for a 3-year term, DTC upholds the exclusivity and pays a predetermined service fee to DXB for each trip with a consistently high demand for services throughout the year.

The economic aspects of airport operations are appealing by featuring a starting fare of AED 25 which is significantly greater km per trip compared to non-airport routes, and with 1.8 times premium over the street hailing assuming for a stretch of 10 Kms. DTC's unique positioning involves dedicating 448 taxis to DXB supported by around 80 specialized operational and technical staff overseeing airport operations.

In times of peak demand, as many as 3,000 taxis are rerouted to the airport, effectively overseen by the Operations Control Center (OCC). The advantageous location of the depot in proximity to Terminal 1 enables the seamless arrival of additional taxis during peak hours, and city taxis are also mobilized to address the heightened demand at the airport.

**Figure 11: DXB Exclusivity – A Longstanding Partnership**



Source: Company Information as of June 30, 2023, <sup>1</sup>For 9 consecutive years, as of 2022, FTI report, <sup>2</sup>Revenue and trip contribution figures relate to DTC's taxi segment only, <sup>3</sup>FTI report, <sup>4</sup>OCC: Operational control center, <sup>5</sup>Includes 350 regular airport taxis, and 98 ladies and family taxis, <sup>6</sup>Over a period of 3 hours

## DTC Introduced Luxury Limousines and Premium Chauffeur-driven Vehicles in 2012

### DTC's premium transport showcases Limousine's chauffeur-driven vehicles

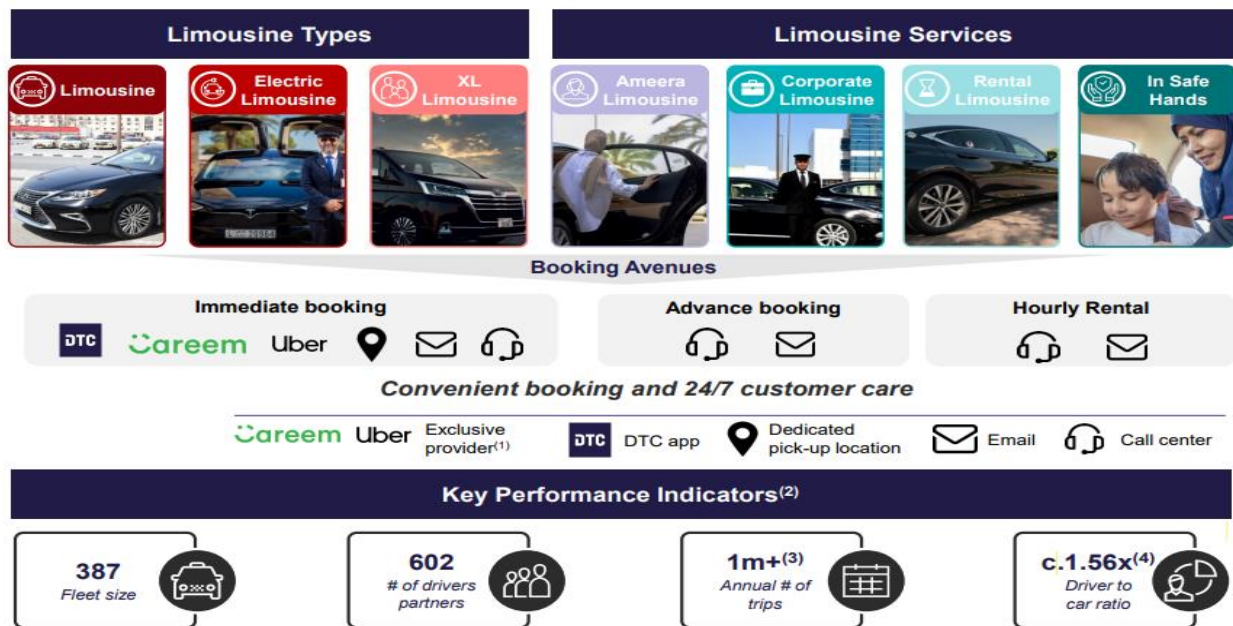
**Luxury Limousines expanded its operations since 2012 with 387 vehicles, 602 driver partners, and 1.6 Mn annual trips in 2022**

The premium service by DTC offers an elevated experience for limousine customers in Dubai since 2012. The VIP Limousine features luxury chauffeur-driven vehicles with fares which are indirectly determined by regulated taxi prices. The upscale service is available 24/7 spanning across Dubai and extending to other Emirates, ensuring a seamless and luxurious transportation experience for customers at any time of the day.

**Performance Indicators:** The key performance metrics highlight the robust standing of the premium service with a fleet size of 387 vehicles and a network of 602 driver partners in FY2022. The partnership extends to over a million trips annually. VIP Limousines account for 6.1% of DTC's revenue in 9M23. The driver-to-car ratio underscores the efficiency of operations by emphasizing the optimal utilization and management of resources within the system.

**Booking Avenues:** Multiple avenues are available for booking Limousine services, with immediate bookings made through the DTC app, Careem Uber app, dedicated pick-up location, email and call centers with a quick and seamless process. Moreover, Careem Uber is the exclusive provider for Limousine Services at DXB and DWC airports, along with dedicated pick-up locations for added efficiency. For those planning ahead, advance bookings and hourly rentals are arranged through emails or the call center by accommodating diverse preferences and ensuring a comprehensive booking experience.

Figure 12: Premium Experience for Dubai's Limousine Customers



Source: Company Information as of June 30, 2023, Note: <sup>1</sup>For DXB / Al Maktoum airports, <sup>2</sup>As of 30 June 2023, unless otherwise stated <sup>3</sup>For the last 12 months (i.e., July 1, 2022 to June 30, 2023, <sup>4</sup>Computed as of June 30, 2023 (i.e. 602 Limousine drivers / 387 Limousines)

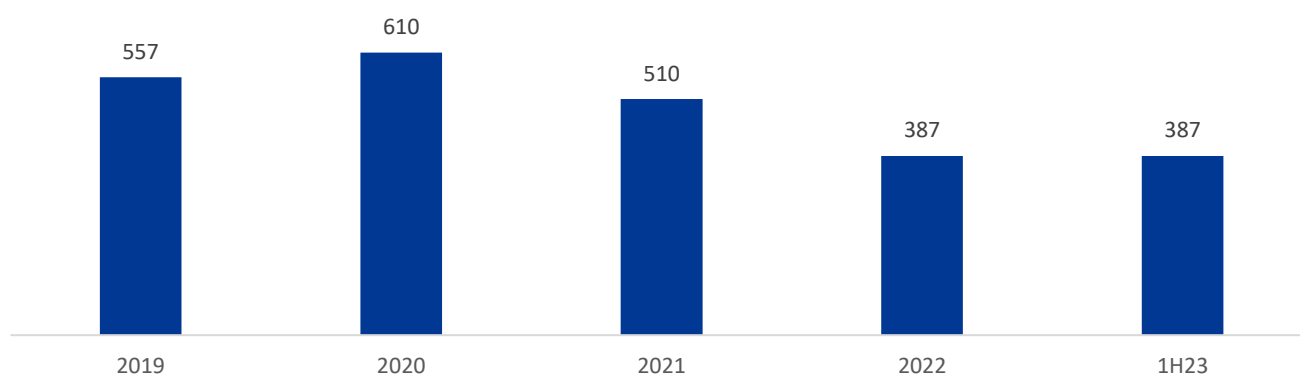
**DTC's diverse array of specialized limousine services embraces hybrid and electric vehicles, with a vision for 100% Green Fleet by 2024**

### DTC tailors' expansive fleet to cater to customer requirements

**Fleet Evolution:** DTC strategically designed an extensive and diverse fleet to meet the varied demands of the clientele. The fleet size includes various categories of limousines, each tailored to offer specialized services. The Limousine category provides a luxury vehicle service, boasting a total of 156 dedicated vehicles, out of which 137 vehicles are hybrid. The Electric Limousine service offers 160 dedicated electric vehicles moreover, the XL Limousine service caters to larger groups, such as families and tourists, with a fleet of 71 dedicated vehicles.

DTC's mid-term fleet goals include achieving a 100% hybrid/electric fleet and maintaining a driver-per-limousine ratio of 1.56x. Noteworthy is the growth of the VIP limousine service, established in 2012, and expanded from 557 vehicles in 2019 to 610 in 2020. As of 1H23, the fleet size reached 387, with an impressive 77% comprised of hybrid/electric vehicles showcasing a commitment to sustainable and customer-focused transportation solutions.

**Figure 13: Fleet Evolution of High-end Limousine Since 2012**



Source: Company Information as of June 30, 2023

**DTC Limousine Segment has the exclusive rights to provide taxi services at Dubai's strategic tourist spots through Careem and Uber applications**

### Exclusive partnerships and strategic alliances drive the Limousine segment

Limousines hold exclusive privileges at some of Dubai's most pivotal tourist locations. The distinctive arrangement forged between DTC Limousine Segment and DXB, the globe's busiest airport, and Al Maktoum International Airport launched in FY2012 with designated pick-up locations at these airports. DTC also granted the exclusive right to provide such services to the Dubai International Financial Center (DIFC) and the locations of events held by government entities. The limousine services at the airport location could be booked through Careem and Uber applications. It is also the exclusive provider for both Uber and Careem at Dubai airports, and this exclusive arrangement yielded impressive results in FY2022 constituting 39.6% of the total trips and contributing to 48.8% of the total revenue.

A noteworthy alliance was established in 2019 with Global Village, a prominent tourist destination, constituting 2.2% of total trips and generating 2.7% of total revenue in the limousine segment during FY2022. The exclusive partnership with the Dubai World Trade Centre started in FY2023, marking it as the leading business venue in the region, this location contributes 0.2% to the DTC's overall trips and revenue in the limousine segment for FY2022.

Atlantis, the renowned luxury resort entered into a partial agreement in 2016, capturing 1.2% of both trips and total revenue in the limousine segment FY2022. Dubai Mall, the world's largest mall established a partial agreement in 2021 with exclusive pick-up points but no exclusivity over all pick-up points. Lastly, Port Rashid, the leading cruise tourist destination in the Middle East, formed an exclusive partnership in 2019. These strategic agreements underscore the prominence of limousines in Dubai's diverse and thriving tourism landscape.



**Figure 14: Exclusive Rights in Dubai's Most Strategic Tourist Spots**



Source: Company Information as of June 30, 2023, Note: Heatmap as of August 28, 2023 (Monday) at 18:00 UAE time

**Limousine fares are not explicitly set by the RTA however, the companies are required to consistently exceed regulated taxi fares by a minimum of 30%**

### The fares for VIP Limousines must exceed regulated taxi fares by a margin of 30%

VIP Limousine fares are set at the discretion of the operator and not directly regulated by the RTA. The Limousine fares must always be consistently higher than the regulated taxi fares. Beyond the threshold, Companies have the autonomy to set and modify the prices at their discretion. DTC proactively adjusts its Limousine pricing to stay competitive, incorporating automatic revisions in response to changes in taxi fares to always maintain it 30% higher than the regulated taxi fares at all times. The Company also monitors competitors' pricing strategies to ensure competitiveness while providing affordable luxury to DTC customers.

Limousine service could be availed at the following rates -

- **Corporate Limousine service** charges are applied on an hourly basis, determined by the type of car deployed with an additional fare for exceeding the mileage cap
- **Rental service charges** an hourly rate availed based on the meter pricing or per km basis for the deployed vehicle as mentioned in figure 15 below.

Various exclusivity agreements showcase varied structures. At Dubai Mall, DTC operates limousines on an annual base fee coupled with a turnover fee for the number of assigned limousines. At Atlantis, limousine services could be availed at meter-based pricing and offer special trip fares for Atlantis airport trips if requested by Atlantis Management through DTC. At Global Village, the limousine segment shares an exclusivity fee per season and charges for each trip generated by DTC.

**Figure 15: Overview of Current Limousine Fares**

Illustrative Overview of Current Limousines Fares				
Limousine Type		Starting Fare	AED per km	Minimum Fare
DTC app tariffs	Limousine	AED 11	AED 3	AED 16
	Electric Limousine	AED 12	AED 3	AED 18
	XL Limousine	AED 16	AED 3	AED 20
Offline order		AED 16	AED 4	AED 16
Airport tariffs		AED 25	AED 4	AED 25

**Figure 16: Structure of Select Exclusivity Agreements**

Illustrative Structure of Select Exclusivity Agreements	
	<b>Dubai Mall</b> <ul style="list-style-type: none"> <li>➤ Base fee - annual linked to the number of limousines assigned and a turnover fee</li> </ul>
	<b>Atlantis</b> <ul style="list-style-type: none"> <li>➤ Limousine Service Prices – meter based pricing</li> <li>➤ Special trip fares for Atlantis Airport Trips (when DTC receives an order for trip by Atlantis Management)</li> </ul>
	<b>Global Village</b> <ul style="list-style-type: none"> <li>➤ DTC pays a certain exclusivity fee per season, and a fee for every trip generated</li> </ul>

Source: Company Information as of June 30, 2023.



## DTC Buses Provides Safe and Convenient Transportation for Schools, Students, and Commercial Clients

DTC's bus fleet consists of environmentally friendly fleets with high safety and security standards

The replacement strategy enables DTC to replace the fleet based on points-based system disposal criteria while maintaining its financial position

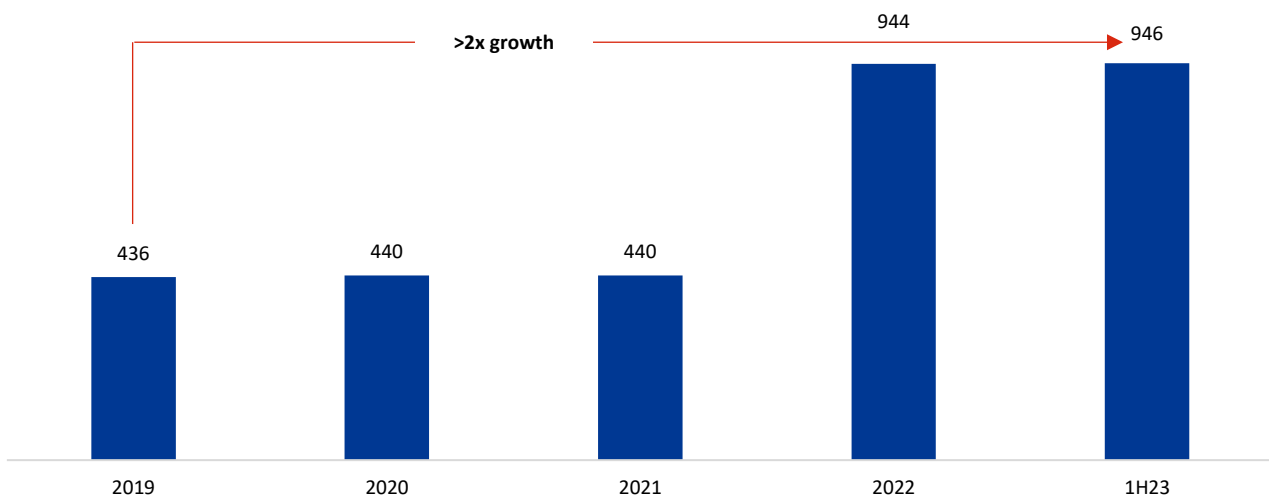
### Launch of transportation services for schools and corporate clients

DTC launched its bus segment in 2015, marking the first step towards expansion into additional mobility solutions in Dubai. The segment is engaged in providing transportation services to schools and corporate clients with buses as a mode of transportation. DTC signs long-term contracts with education institutions for a minimum duration of five years and the contracts consist of competitive and transparent procedures. DTC operates 776 school buses out of the 7,400 school buses in Dubai as of 30 June 2023, representing 11% market share in Dubai. The number of registered students with DTC stood at 24,533, representing 7% market share as of 30 June 2023.

**Fleet Evolution:** DTC's bus fleet comprises modern state-of-the-art safety and security features with a wide range of telematics. The buses are connected with the company's smart apps that enable its customers to track buses and analyze driving behavior. It is majorly beneficial for the parents to track the exact location of the bus. The engine checks are conducted on a regular basis to ensure a safe and convenient travel experience. The Company's overall bus fleet size grew 2 times from 436 buses in 2019 to 946 in 1H23 and employed 970 drivers with a drivers-to-fleet ratio of 1.03x as of 1H23. Additionally, 130 buses are currently leased, out the total bus fleet as of October 2023. Going forward, the leased buses will be replaced by owned buses.

**Replacement strategy:** DTC follows a robust replacement strategy, in which the company replaces its entire fleet every 15 years. The vehicle replacement strategy relies on a Points System Disposal Criteria based on the following criteria: the vehicle's lifetime based on operating capability. It also assesses the availability of replacement vehicles to maintain uninterrupted service. Additionally, intrinsic corrective maintenance value is also considered to determine the cost-effectiveness of replacing the vehicle. Along with operational factors the company considers economic conditions and financial limitations, ensuring that replacement decisions may not affect the company's financial performance.

Figure 17: Fleet Evolution of Buses



Source: Company Information

**School transportation services contribute more than 95% of the total bus segment revenue**

**Robust revenue model including annual rental fee and fuel surcharge clause enables DTC to maintain its profit margins**

### School Segment contributes 5% of the total revenue of DTC in 9M23

DTC's bus segment offers transportation services to both schools and corporate clients, with school transportation contributing more than 95% of the total bus segment revenue in 1H23. The UAE's Ministry of Education and Emirates School establishment contributed 87% of total school revenue in 1H23 followed by 12% of total bus segment revenue by private schools in Dubai. DTC continues to provide school bus transportation services to 49 schools in Dubai and the company has further expanded its reach by signing contracts with 26 schools in Ajman in 1H23. The contracts ensure long-term stability, with a minimum contract duration of five years. The bus segment contributed c. 5% to the Company's total revenue in 9M23. While revenue grew at a CAGR of 31% from AED 40 Mn in 2019 to AED 90 Mn in 2022. In 9M23, DTC revenue from bus segment grew 16.5% YOY to AED 69 Mn in 9M23.

#### School buses revenue model

The bus segment operates under a robust revenue model, where DTC secures revenue through the collection of annual rental fees from each bus under the fleet. The annual bus rental fees include bus rental, fuel cost, driver's salary, insurance, routine maintenance, and access to the bus system tracking app. Additionally, the revenue model also features a fuel surcharge clause with mileage caps for individual buses and an aggregate limit for the entire fleet, beyond which an additional tariff is applied to maintain equitable and sustainable pricing. Buses deployed with the Ministry of Education is exempted from fuel surcharge, while this clause is applicable for private schools.

#### Commercial Bus segment

On the other hand, commercial bus services are provided as per the customer's specific requirements and needs. DTC signed the commercial contract with Ministry of Education for the transportation of staff members in Abu Dhabi, Al Ain, and Al Dhafra. The other clients include Dubai Municipality, Emirates, Global Village, Dubai World Trade Center, and many more.

**Figure 18: DTC's Commercial Clients**



Source: Company Information as of 1H23

## DTC is the Largest Provider of Delivery Bikes/Riders to Careem

**DTC bike segment successfully achieved break even in less than eight months since start of operations**

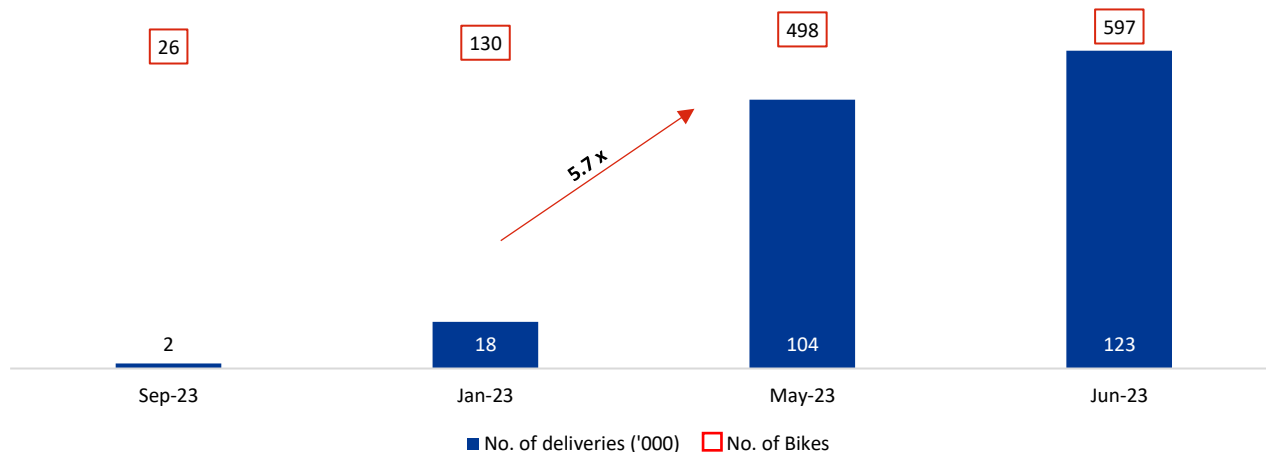
### The delivery bike segment generated revenue of AED 11.4 Mn in 9M23

DTC launched their bike delivery segment in September 2022 to capitalize on Dubai's growing delivery market. The segment mainly serves food delivery services aggregators in Dubai, by integrating bikes into customer business. DTC receives payment per delivery with a minimum commitment clause to the drivers. The Company partnered with Careem, and Power Lease. Post-June 2023, the Company extended its partnerships with Noon, Smiles, and Cari. DTC's bike segment primarily caters to the restaurant industry, while it also serves other sectors such as retail, e-commerce, and pharmacies.

The bike fleet size reached 597 bikes in 1H23 from 26 bikes in September 2022. The number of deliveries grew by 6.8x from 18,000 in January 2023 to 123,000 in June 2023. The segment made 443,000 deliveries since September 2022 until 1H23. The Company generated an average revenue per bike of AED 35,000 in 2022 based on total revenue divided by average fleet size.

The segment contributes c. 1% to the DTC's total revenue, reaching to AED 11.4 Mn in 9M23 from AED 2.2 in FY2022. Careem contributes more than 95% of the bike segment revenue in 1H23 with a per-delivery-based revenue model. The remaining revenue is contributed by Power Lease and revenue is earned based on a fixed unit fee per month. Careem shares 30% of its delivery fees with DTC, with a guarantee of 11 deliveries per driver per day. The drivers also earn additional trip charges depending upon the distance traveled and the service availability.

**Figure 19: Month Deliveries ('000) and Fleet Evolution**



Source: Company Information, Note: As of June 2023

### A diverse workforce demonstrating high levels of training and skills

**The number of taxi drivers rose from 7,589 drivers in FY2021 to 12,336 drivers in 1H23 and total drivers employed by DTC across segments rose from 9,145 drivers in FY2021**

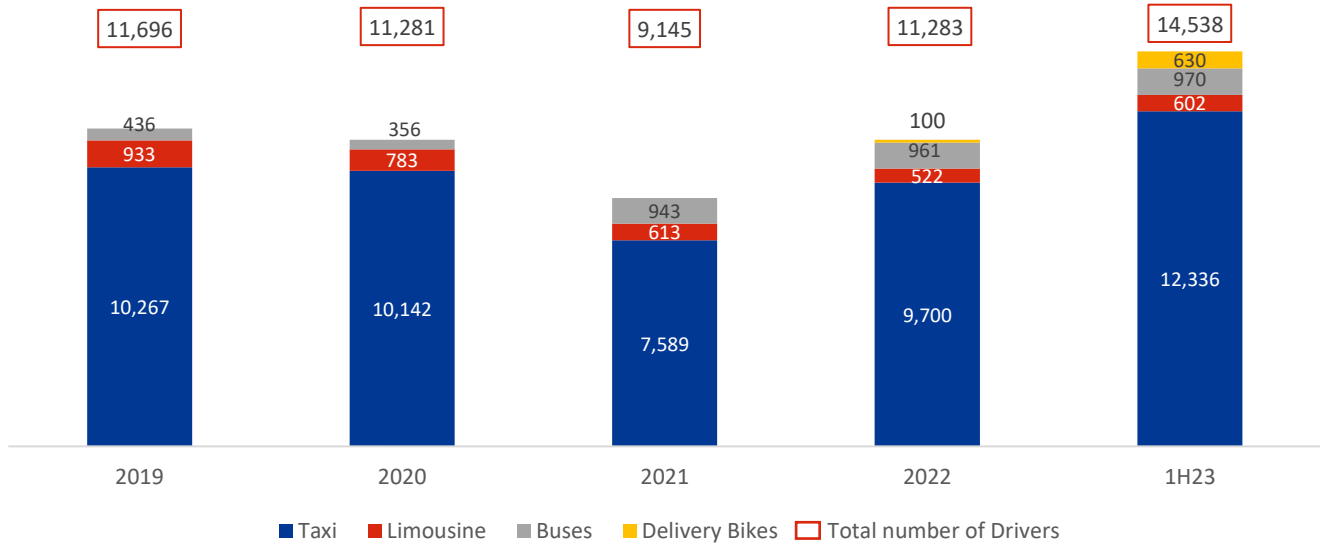
A highly skilled, trained and diverse workforce characterizes DTC's driver partners which rose from 7,589 taxi drivers in 2021 to 12,336 in 1H23. The limousine and bus segments have also experienced moderate growth, with VIP Limousine drivers rising from 522 in 2022 to 602 in 1H23. The number of drivers of school and commercial buses grew from 961 in FY2022 to 970 in 1H23. Delivery bikes exhibited exponential growth since the launch in FY2022, surging from an initial 100 drivers to 630 in 1H23.

Taxi drivers constitute 85% of the driver base with a total of 14,538 as of June 2023. Drivers belong to 38 Nationalities, with churn rates for both taxi and limousine drivers calculated at 4.5%. As per

to 14,538 drivers in  
1H2023

the RTA regulation taxi drivers are entitled for a two-year non-compete clause, which prevents them from joining another franchisee and losing drivers to another franchisee. This benefits DTC and other taxi operators in Dubai by reducing driver turnover. The current drivers per taxi stood at 2.37x, with a target rate of 2.50x, while for the limousines segment the driver-to-fleet ratio stood at 1.56x, with a target of 2.00x.

**Figure 20: Total Number of Drivers**



Source: Company Information as of June 30, 2023.

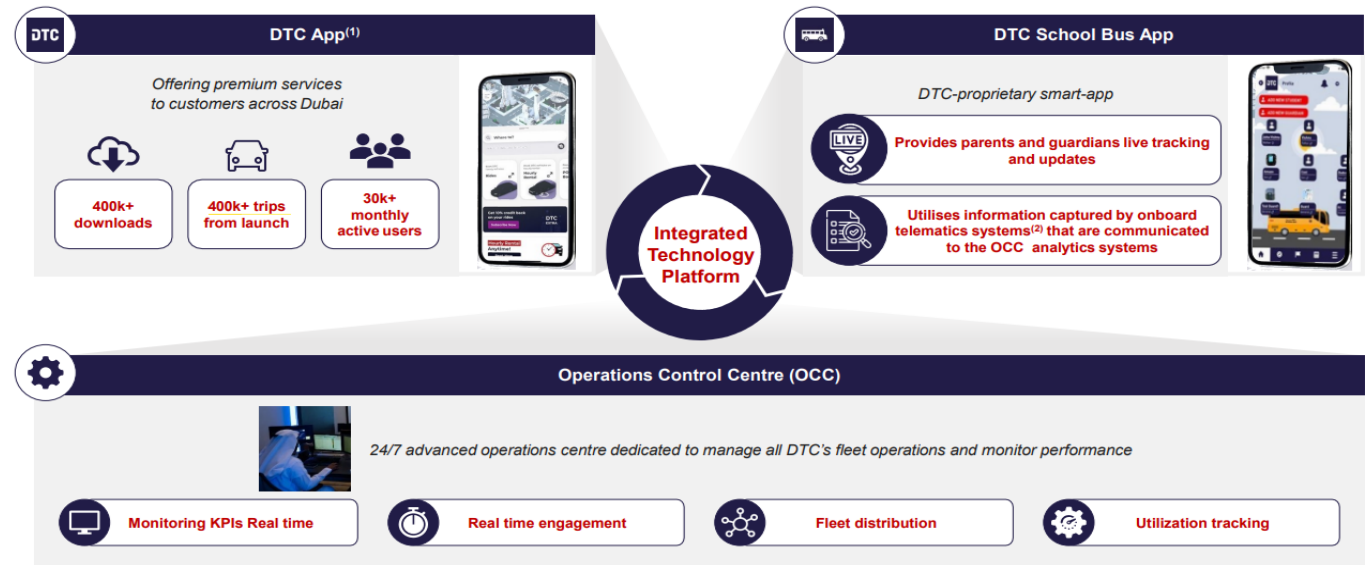
### DTC's strategic technological investments drive market growth

Hala owns exclusive right to offer e-hailing services for all five taxi franchisees until July 2023

Technology serves as the foundation of DTC's business, with the DTC App limousines could be booked by customers throughout Dubai. The DTC School Bus App ensures efficient and secure operations, facilitated by an integrated smart tracking mobile application. Additionally, a 24/7 state-of-the-art Operations Control Centre oversees all of DTC's fleet operations and monitors its performance. Hala, established in 2019 through a joint venture between RTA and Careem, serves as the exclusive e-hailing platform for Dubai's taxis. The platform brings convenience to Dubai taxi users and streamlines DTC's operations, reducing congestion.

Ongoing investments in technology and innovation form the bedrock of continuous expansion, with a focus on harnessing the potential of Artificial Intelligence and Big Data to increase market share. Initiatives include the development of the DTC wallet as a convenient payment method and integrating with various travel and tourism applications and payment platforms, aiming to evolve into a comprehensive super app.

Figure 21: Technology is the Backbone of DTC Business



Source: Company Information, <sup>1</sup>Customer usage data is provided for the period of April 2019 – April 2023 <sup>2</sup>DTC buses have a variety of telematics that provide driver assistance, route optimisation, integration of services for DTCs smart-apps, bus tracking, monitor driving behaviour, status updates on the bus (including engine status and performance) and safety features, each of which are communicated to the OCC



## DTC - Environmental, Social, and Corporate Governance

### DTC is leading Dubai's mobility vision with strong commitments to reduce carbon emission

As a part of Dubai's five-year plan to become a green mobility champion, the company regularly monitors and targets scope 1 and 2 emissions...

- Dubai's electric mobility plan incorporates two key components: a Clean Energy Strategy for 2050 and a Net-Zero Emission Strategy for 2050. The primary objective of these strategies is to achieve 100% clean energy utilization by the end of 2050.
- DTC significantly advances Dubai's mobility vision and is fully committed to UAE's Net-Zero Emission Strategy 2050. The Company continuously monitors its sustainability commitments, specifically focusing on reducing Scope 1 and Scope 2 emissions (measured in tCO<sub>2</sub>e). DTC efforts contribute to Dubai's vision of becoming a sustainable metropolis, with a five-year plan to pioneer green mobility by the end of 2027.

### Contributor to Dubai's mobility plan, the company is also committed to reducing its carbon footprint

... These efforts enabled the company to reduce CO<sub>2</sub>e emissions by 22.5% from 1H20 to 1H23

- DTC's commitment to reducing its carbon footprint resulted in notable 22.5% reduction in CO<sub>2</sub>e equivalent emission, declining from 249 CO<sub>2</sub>e g/km in 1H20 to 193 CO<sub>2</sub>e g/km in 1H23. The company consistently achieved emissions lower than the target of an average of 255 CO<sub>2</sub>e g/km during 1H20-23. Furthermore, DTC reduced cumulative Co<sub>2</sub> emissions of 50,548 tonnes in 2021 and saved a cumulative total of 174,147 tonnes of CO<sub>2</sub> during 2015-21.
- DTC is the first firm in the global road and public sector to publish a GRI sustainability report in 2017, demonstrating its commitment to transparency in sustainability reporting. The Company is aligned with the ISO certification policy with a triple certification for asset, environmental, and energy management, demonstrating stewardship by setting guidelines.

Figure 22: Cumulative Co<sub>2</sub> Reduction (tonnes)

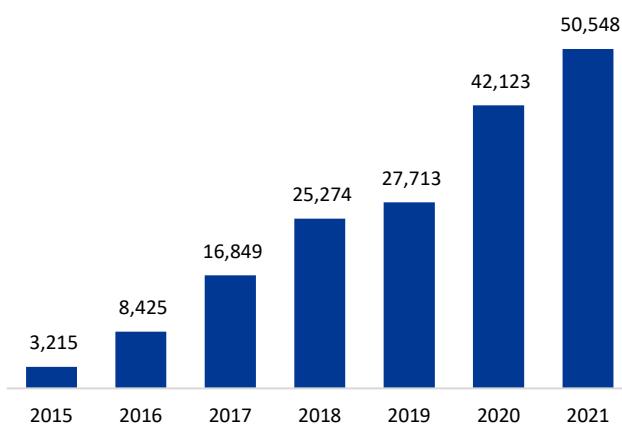
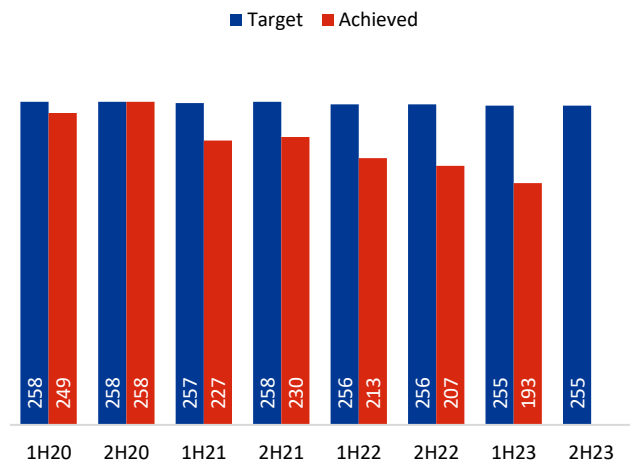


Figure 23: Average CO<sub>2</sub>E g per km



Source: Company Information

DTC's aim to have a fleet comprised entirely of hybrid vehicles by the end of 2024, positions the company three years ahead of the RTA's goal

ESG commitments and strategic MOUs advancing the company towards sustainable mobility solutions

### Meeting ESG targets while maximizing profitability

RTA's net-zero emission 2050 strategy includes achieving 100% environmentally friendly taxis in Dubai by the end of 2027 and transitioning to 100% Electric or hydrogen-powered buses across the fleets, with the target to be achieved by 2040-45.

DTC's total fleet consists of 80% hybrid vehicles and limousine fleet make up to 77% of hybrid and electric vehicles as of 30 June 2023 = and are aiming to achieve 100% hybrid fleets by the end of 2024. This is three years ahead of the RTA's Net-Zero Emission Strategy 2027 target. Additionally, taxis fleet comprises of 80% of hybrid vehicles and limousine fleet makes up 77% of hybrid and electric vehicles as of 30 June 2023.

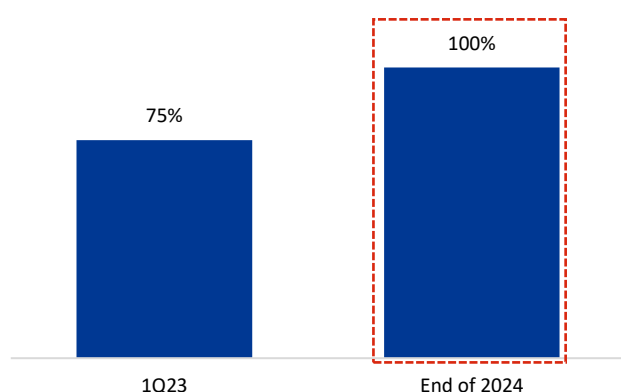
The transition to an environmentally friendly fleet is not only in line with DTC's ESG objectives but also plays a crucial role in enhancing the company's profitability. This transition yields numerous advantages, including:

- **Cost Savings and Profitability:** Hybrid and EV vehicles improve fuel efficiency, resulting in higher Km traveled per liter of fuel. This impacts the Company's operating expenses, impacting the company's bottom line and contributing to improved profit margins.
- **Emissions Reduction:** Hybrid vehicles reduce CO2 emissions by c. 25.0%, while EVs reduces Co2 emissions by c. 40%, aligning it with Dubai's sustainability goal.
- **Contribution to Dubai EV infrastructure:** DTC's commitment to sustainability and the increased adoption of hybrid and electric vehicles enhances the company's role in facilitating the development of essential infrastructure to support electric vehicle transportation in Dubai.

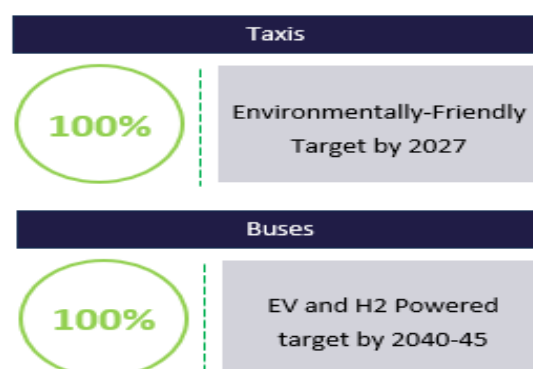
In addition to these initiatives, DTC has recently engaged in several key developments focused on ESG. DTC entered into strategic partnerships with various OEMs, including Blu Wave AI, to deploy AI technology for fleet electrification and optimization.

Additionally, the company has signed MOUs with Hyundai and Kia, to build hybrid vehicles with integrated technology in hybrid vehicles and the design and development of fully electric PBVs, with plans for an autonomous model by 2025.

**Figure 24: DTC's Hybrid Vehicles as a Percent of the Total Fleet**



**Figure 25: RTA's Strategy Across the Fleet**



Source: Company Information

DTC social initiatives aid drivers in building professional skills as well as focus on their well-being and happiness

DTC's social initiatives focus on fulfilling customers' specific needs, driving customer satisfaction

## DTC's social initiatives focus on well-being driving high customer satisfaction

DTC places a strong emphasis on a wide array of social initiatives for both its driver-partners and customers.

### Social Initiatives for Drivers

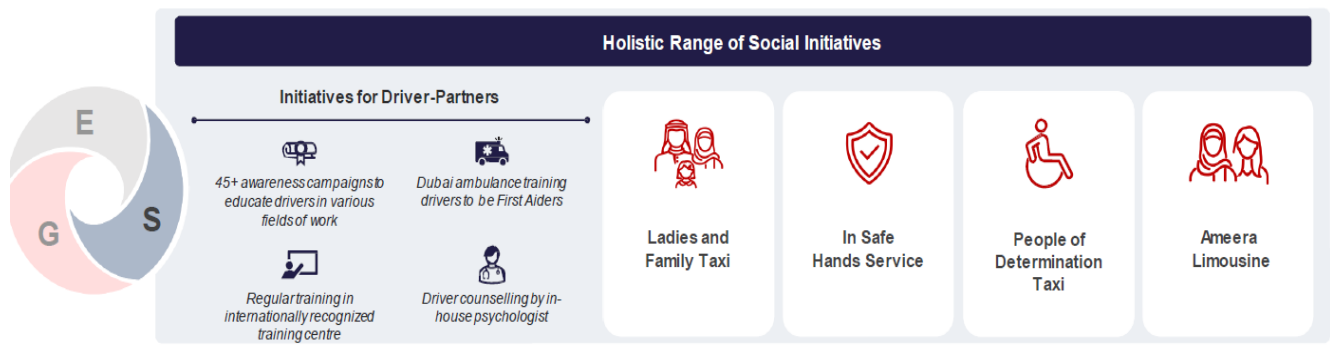
The company's workforce consists of 14,538 driver-partners, of which 85% are taxi drivers as of 1H23. DTC launched several social initiatives for the driver-partners which are as follows

- **Awareness Campaigns** – The DTC's social initiative promotes safe driving skills and enables drivers to develop diverse professional skills. The company initiated more than 45 awareness campaigns as of 1H23 which are designated to educate and empower drivers in different work fields.
- **Training on First Aid** – To prioritize safety and preparedness, DTC implemented a first aid training program in collaboration with the Dubai Ambulance Services. The training program equips the company's drivers with the essential knowledge and practical skills required to administer first aid in the event of an emergency.
- **Training centers** – The company conducts regular training sessions at internationally recognized training centers. These sessions cover a wide range of aspects, including advanced driving techniques, road safety protocols, vehicle maintenance and technology, customer service, and other relevant industry-specific topics.
- **Psychologist counseling** – DTC's is also committed towards driver's well-being and happiness with regular counseling provided by the in-house Psychologist. These counseling sessions are tailored to address the unique issues and stressors that individuals in the transportation industry may face.

### Other social initiatives initialized by the company focusing on customer's safety and improved services

- **Ladies and family taxis** – DTC offers special taxi services for females and families from diverse nationalities. Female drivers drive these taxis and are easily recognizable by their distinctive pink rooftops, setting them apart from other standard taxi options.
- **In Safe Hands service** – The In-Safe Hands service is majorly focused on transporting children from home to school which is available for the customer on a daily, weekly, and monthly basis as per the customer requirements. By ensuring children's safe and secure transportation, the service enhances the well-being of families and communities.
- **People of Determination** – The People of Determination taxi services are designed to provide comfortable services to individuals with disabilities. The taxis are designed and equipped to provide travel comfort to both individuals and families, demonstrating the company's commitment to creating a more inclusive and accessible transportation service.
- **Ameera Limousine** – Ameera Limousine provides Chauffeur services to female customers looking for a luxury travel experience. Female drivers drive the Ameera taxis and are also suitable for family purposes and address gender-specific transportation needs, prioritizing the well-being and convenience of passengers.

Figure 26: Range of DTC's Social Initiatives



Source: Company Information

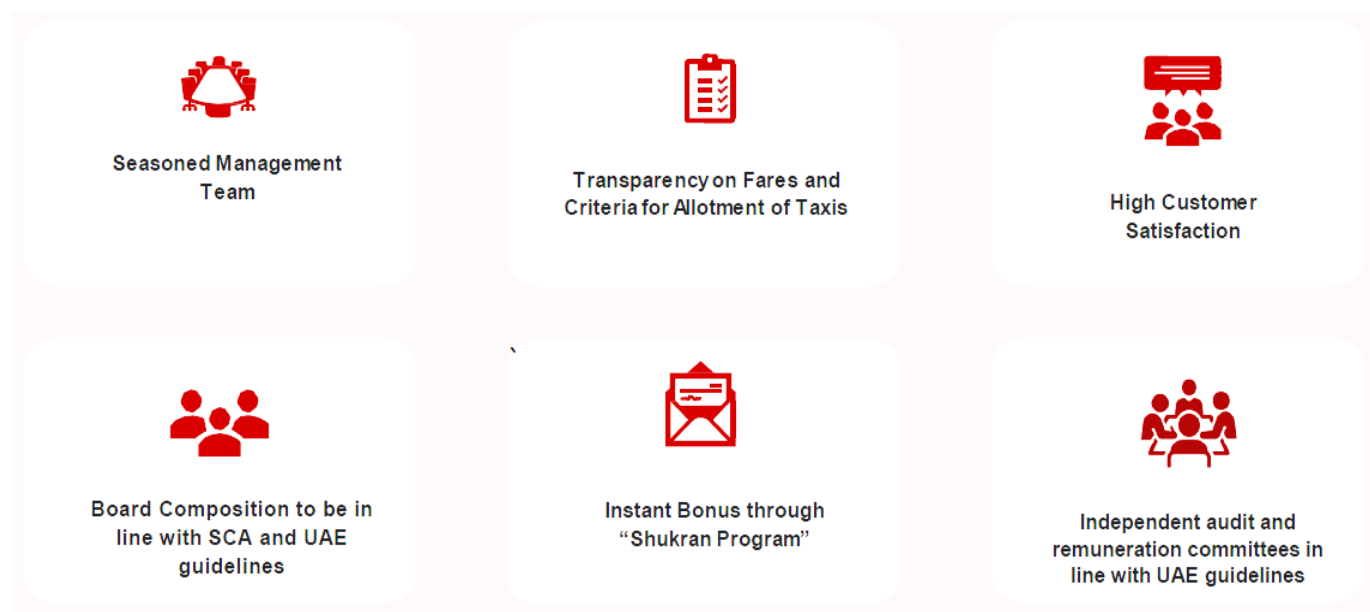
## Corporate Governance

**Regulated fares, a robust management team, and bonus programs reflecting strong corporate governance of DTC**

DTC has established a well-organized system for managing occupational health and safety management, the system is certified in accordance with ISO 45001 certification. This provides a secure workplace for its stakeholders.

- **Seasoned Management team** – DTC management is composed of a team of seven members with an average experience of 18 years, including the CEO, Acting CFO, and Directors. This seasoned team is dedicated to delivering better services that surpass the customer experience and ensure continuous satisfaction.
- **Transparency in fare and taxi allotment** – RTA regulates and fixes fare prices, which are adjusted bi-monthly to reflect changes in fuel prices. Additionally, RTA also revises the fare prices on an annual basis by adjusting the impact of inflation and other taxi cost, while limousine fares must be 30% higher than the regular taxi fares.
- **High Customer Satisfaction** – DTC's sustainable mobility model enables the company to provide high customer satisfaction. The taxi segment received 82.2% of customer satisfaction in 1H21 higher than the RTA requirement of 80%.
- **Board composition** – DTC board consists of seven Board of Directors (BOD) who hold the authority to manage the Company and execute its operations in compliance with Federal Law No. 32 of 2021 governing the Commercial Companies, as amended. The Board consists of seven independent non-executive directors. Each Director is appointed for a period of three-years. The Board of Directors meets at least once every three months. As envisaged by the Governance Rules the Board will form two permanent committees: an Audit Committee and a Nomination and Remuneration Committee. If the need arises, the Board may form additional committees when required.
- **Shukran Program** – The Shukran Program is an initiative that provides drivers with instant bonuses as a reward for demonstrating excellent hospitality, maintaining clean vehicles, and ensuring high levels of customer satisfaction. This program not only incentivizes and recognizes the efforts of drivers in these areas but also contributes to an enhanced overall service experience for customers.
- **Independent Audit and Remuneration Committee** – The Audit Committee will be chaired by Ahmed Ali Al Kaabi, and its other members include Yousuf Ahmad Ali Saeed Bin Ghulaita Almheiri and Dr. Hanan Sulaiman Mohamed Khalifa Al Suwaidi. The Nomination and Remuneration Committee is chaired by Abdulla Mohammed Abdulla Bin Damithan Al Qemzi, and its other members are Shehab Hamad Abdullah Hamad Bu Shehab and Essa Abdulla Khamis Bin Natoof Al Falasi.

**Figure 27: Range of DTC's Social Initiatives**



*Source: Company Information*



## Key Investment Highlights

### DTC Operates in an Attractive Market Amid a Favourable Macro Backdrop

Dubai is experiencing particularly heightened growth factors as the global ride-hailing and taxi market expands

As the region expands, seamless collaboration among all modes of transport ensures convenient access throughout Dubai, presenting additional volume prospects for DTC

#### DTC is thriving on well-defined strategic growth plans

The worldwide ride-hailing and taxi market is growing, propelled by overarching mobility trends influencing the use of taxi and ride-hailing services, including increased adoption of e-hailing, global expansion in travel and tourism, the rise of eco-friendly vehicle options, infrastructure enhancements, and traffic optimization strategies in major cities. The global ride-hailing and taxi market is expected to grow at a CAGR of 9% from USD 253 Bn in FY2023 to USD 389 Bn in FY2028, based on the FTI report. Dubai, with its distinctive regulatory body, RTA overseeing various transportation modes such as taxis, limousines, metro, tram, bus, and marine services stands out with even more pronounced growth factors. As the regional economy expands and tourism and business travel remain strong, the harmonious operation of the transportation modes ensures easy accessibility across Dubai, creating additional opportunities for volume growth for DTC.

Dubai, the swiftest-growing Emirates in the UAE, documented a population of 3.5Mn in FY2022 and is expected to record a growth rate of 2.9% to 3.6 Mn in 2023. The resident population of Dubai is forecasted to experience a CAGR rate of 2.8% from FY2023 to FY2040. This stands in contrast to other global metropolises like Hong Kong, New York, and London, which have a significantly lower CAGR rate of 0.50%, while Singapore is anticipated to have the least growth in its expected population, with a CAGR of 0.30% in FY2023 to FY2040. The stronger growth in population is mainly attributable to several reforms undertaken by the government of Dubai, including the introduction of Golden Visas, the creation of several visa and residency schemes, the Virtual Working and Retire in Dubai program, and the enactment of several social and legal reforms.

Figure 28: Growth in the Global Ride Hailing & Taxi Market

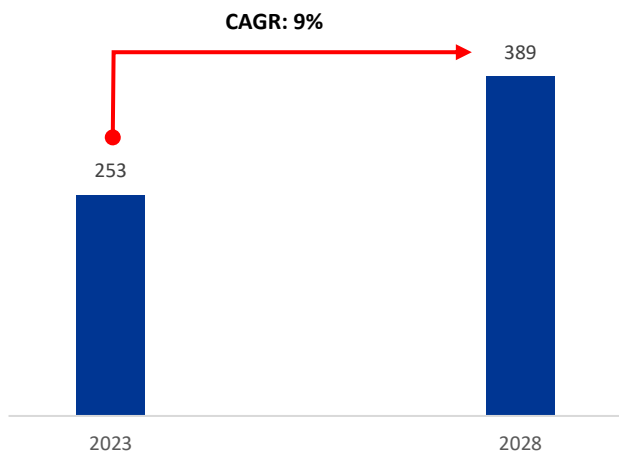
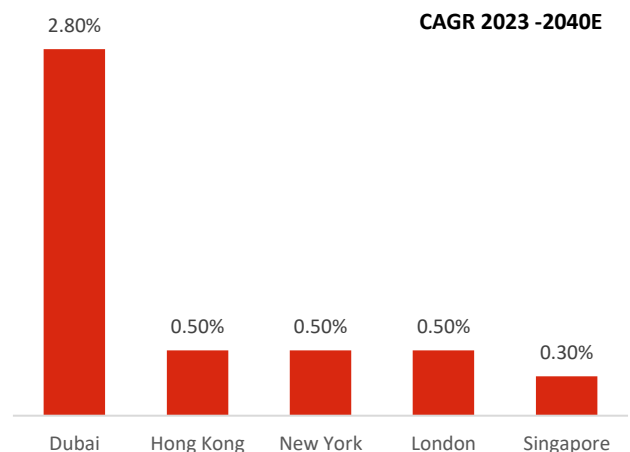


Figure 29: Population Growth (CAGR) Dubai vs Other Global Metropolises



Source: Company Information

Taxi journeys exhibit a solid correlation with population, GDP, and tourist arrivals, all of which are anticipated to grow at a healthy rate in the forecasted period

Dubai's 2040 Urban Master Plan sets an objective to provide sustainable and flexible means of mobility

## DTC's taxi function as a convenient solution for the 'last-mile' transport needs

Dubai stands out as the fastest-growing metropolis, with a substantial rise in tourist numbers attributed to a consistent increase in events. It successfully hosted the Expo 2020 mega event and welcomed more than 24 Mn visitors to the event. Dubai also won the bid to host 232 events in 2022 and is expected to host 400 global events by 2025, further boosting the tourist footfall going forward. Dubai International Airport welcomed 32.7 Mn passengers in FY2022(excluding transit passengers). The emirate also welcomed 8.6 Mn visitors in 1H2023 which is expected to surpass the arrivals of 16.7 Mn recorded in FY2019. The government further aims to welcome 25 Mn international tourist visitors by 2025. All these factors will positively impact the taxi market in Dubai. Dubai also boasts the most affordable taxi fares globally, at AED 25.9 per 10 kilometers, in stark contrast to New York at AED 90.9 and London, which has the highest taxi fare at AED 120.0 per 10 kilometers. Furthermore, Dubai excels in the City Mobility Index, leading in transport affordability, public transport reliability, and customer satisfaction. The city also maintains the highest taxi availability, with 3.4 taxis per 1000 inhabitants, while New York and London have the least availability, with 1.8 and 1.7 taxis, respectively. Dubai boasts the shortest average travel time among global metropolises, with minimal traffic at 12 minutes per 10 kilometers, surpassing Hong Kong and Singapore at 17 minutes and New York at 25 minutes. In contrast, London holds the highest average travel time, with 36 minutes per 10 kilometers.

In addition to attractive macro tailwinds, the government of Dubai is preparing well-defined strategic plans to boost growth.

- Dubai relies on carefully devised strategic blueprints, such as the **Dubai 2040 Urban Masterplan**, which seeks to enhance the city's urban areas by improving resource utilization and introducing sustainable and flexible mobility options.
- **The Dubai Economic Agenda D33** sets ambitious goals, aiming to double Dubai's economic size in the next decade, securing its position among the world's top three cities.
- **UAE Tourism Strategy 2031** encompasses 25 initiatives and policies to support the growth of the country's tourism sector, with a focus on increasing its contribution to the GDP, strengthening global positioning, and attracting investments to boost competitiveness.

Figure 30: Taxi fare (AED/10 Km)

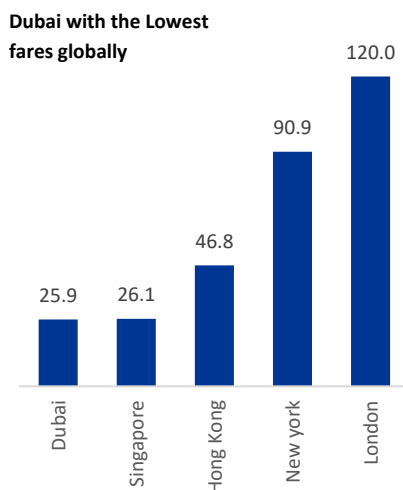


Figure 31: Availability of Taxis (# of Taxis per 1,000 inhabitants)

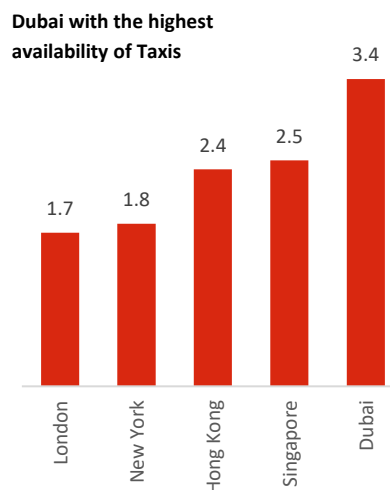
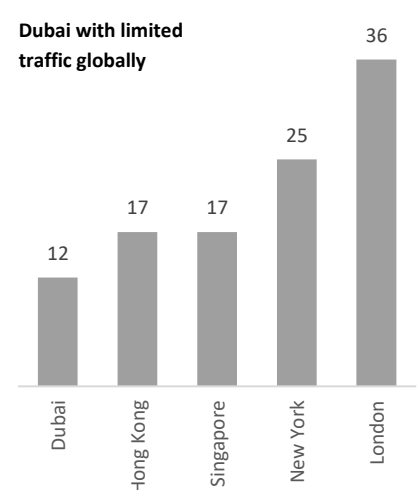


Figure 32: Average Travel Time per 10 km (in minutes)



Source: Company Information, Note: Estimated fare, excluding all surcharges






## DTC is the Largest Taxi Operator in Dubai with a Dominant Market Share

### Market leadership position and large-scale operations benefit DTC topline and bottom-line

**DTC is the largest taxi operator in Dubai with a dominant market share of 44% by managing a fleet of 5,216 taxis in 1H23**

With nearly three decades of experience, DTC is an incumbent player and a pioneer in the taxi industry of the UAE. It holds the leading position in Dubai's taxi market with a market share of 44% by managing a fleet of 5,216 vehicles. Followed by the Cars Taxi market share of 22% market share with a fleet of 2,555 vehicles, while National Taxi possesses a 15% market share with 1,784 vehicles. Arabia Taxi holds a smaller market share at 13%, and Metro Taxi has the smallest share at only 6%. The Company further aims to maintain its market share in the future by participating in the annual plate auctions conducted by the RTA. Since 2018, RTA auctioned 1,350 plates until 2023 YTD; however, DTC was awarded with 100 plates among the new 200 plates issued by RTA in FY2019.

**Figure 33: DTC Dominant Taxi Operator with Strong Metrics**

					
<b>Number of Vehicles<sup>(1)</sup></b> (Market Share)	5,216 44%	2,555 22%	1,784 15%	1,559 13%	713 6%
<b>Number of Drivers (k)<sup>(2)</sup></b>	12,336	5,545	4,279	3,686	1,436
<b>Number of Trips (m)<sup>(3)</sup></b>	41.3m	24.0m	18.7m	14.1m	7.2m
<b>Number of Paid kms<sup>(3)</sup></b> (Market Share)	428.9m 44%	207.4m 21%	172.2m 17%	115.8m 12%	59.9m 6%
<b>Revenue Generating kms (%)<sup>(4)</sup></b>	59.8%	60.1%	59.1%	60.7%	62.8%
<b>Driver Ratio (x)<sup>(2)</sup></b>	2.37	2.28	2.47	2.41	2.01
<b>Customer Satisfaction<sup>(5)</sup></b>	82.2%	82.7%	83.3%	81.5%	82.0%

■ Highest ■ Lowest

Source: Company Information, Note: <sup>(1)</sup> As of June 30, 2023. <sup>(2)</sup> As of June 2023, for DTC, and as of May 2023 for other franchises. <sup>(3)</sup> For the year 2022. <sup>(4)</sup> Refers to revenue km as a % of total km. <sup>(5)</sup> For H1 2021.

### Large-scale operations and exclusive rights in Dubai's most strategic tourist locations benefit DTC invariably

**DTC benefits from its exclusive agreement with DXB by contributing 20% to DTC's overall revenue**

DTC taxi segment enjoys exclusive rights in Dubai's most strategic locations such as Dubai Airports (both at DXB and DWC airports) and Port Rashid, while limousine segment benefits from exclusivity at Dubai Mall, Atlantis, World Trade Center and Global Village. At the airports, it also has a dedicated pick-up location for taxis and limousine rides that could be booked through the Uber and Careem applications. DTC's long-standing partnership with DXB airport accounts for c. 20% of the Company's total revenue, representing 11% of the total number of trips by the Company. DTC maintains a fleet of 350 standard taxis and 98 ladies' taxis exclusively designated for female passengers, all dedicated to serving at the airport. The strategic parking staging area, located opposite Dubai Airport Terminal 1 ensures DTC provides the vehicle in a shorter period of time by enhancing passenger experiences. As per the 'Amending Decree' in November 2023, the Dubai government has granted the company as a matter of law the sole

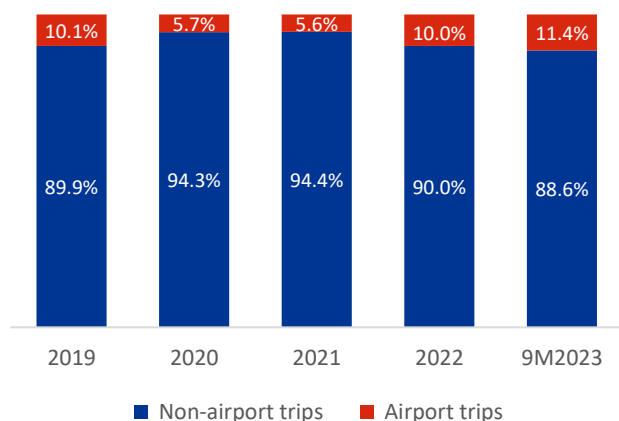
right to be the entity to engage in providing passenger transportation services to Dubai Airports. It has also granted DTC the exclusive right to provide such services to the Dubai International Financial Center (DIFC) and the locations of events held by government entities. The company is permitted to outsource the provision of such services.

DTC's collaboration with DXB airport and Dubai Police facilitated through advanced control centers and signaling systems, allows a smooth traffic flow. The comprehensive approach establishes DTC as a unique value proposition by allowing the Company to sustain the exclusivity with DXB airport in the medium to long term, providing travelers with top-notch service.

Notably, the Company generates higher revenue per trip from airport services compared to non-airport services. For example, for a 10-km distance, the Company generates a revenue of AED 46.9 whereas for the same distance for non-airport services, the Company generates AED 25.9 revenue. Despite paying c. AED 4 per trip to DXB, DTC continues to earn higher as compared to non-airport rides. The limousine segment generates 43.2% of total trips and 52.9% of the total revenue from the exclusivity at the multiple locations.

DTC benefits from the large-scale operation by negotiating favorable terms with suppliers and partners. It enjoys high negotiating power with car suppliers in terms of better payment terms, reduced acquisition costs, and discounts on spare parts. In addition, the Company wields significant bargaining power with fuel suppliers, securing discounts up to the agreed yearly limit with extended credit terms. DTC entered into a fuel agreement with ENOC for the fuel supply within the Dubai Emirate. Once DTC reaches the overall volume cap as per the ENOC contract, it can buy fuel (at market price) from any other fuel supplier.

**Figure 34: Number of Taxi trips (%)**



**Figure 35: DTCs Exclusivity at Key Locations**



Source: Company Information, <sup>3</sup>DTC has exclusivity at both airports in Dubai

## Industry Regulations Favour Incumbent Players

### Dubai's taxi industry benefits from robust regulatory framework and strategic pricing models

**A total of 1,350 new plates have been issued by RTA in Dubai since FY2018 to strategically manage supply and regulate entry barriers in the industry**

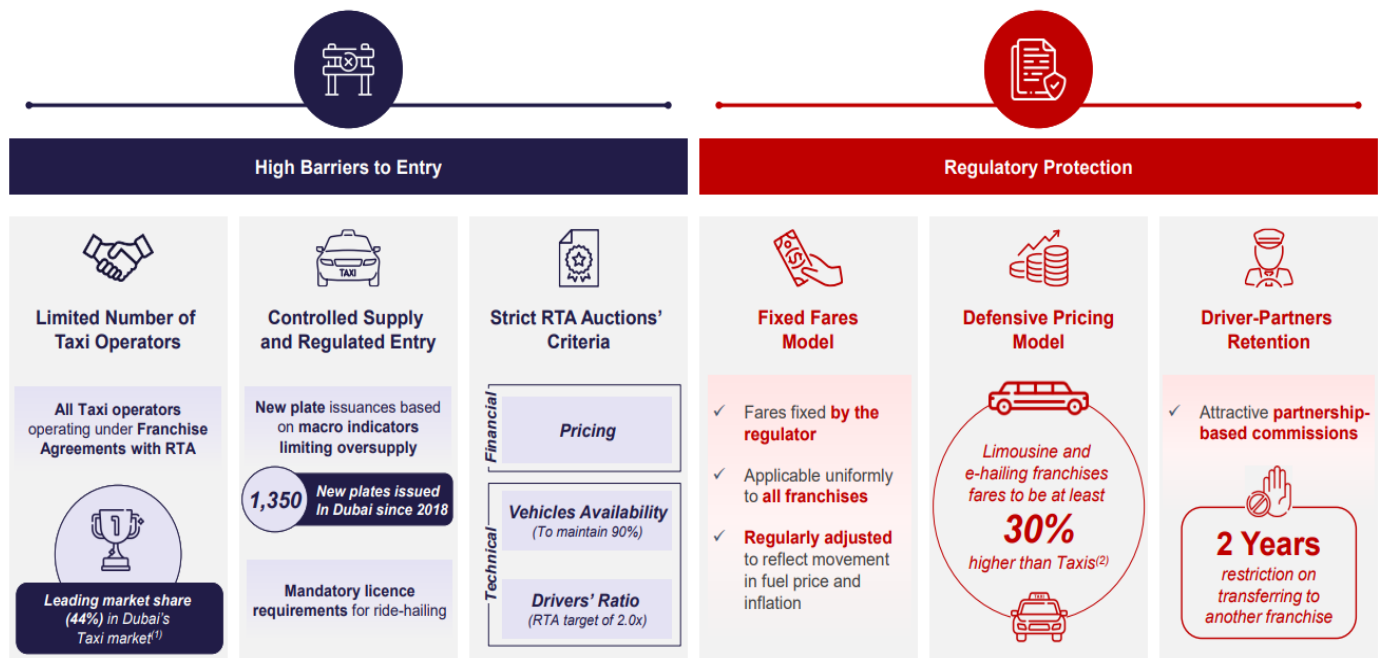
The regulatory framework in the Dubai taxi industry controls the supply of the fleet and regulates the entry of new players in the industry. It lays down guidelines to allow the entry of new players into the industry while ensuring the strict RTA auction criteria for the incumbent players'. Roads and Transport Authority (RTA) of Dubai issues licenses every year based on the macro indicators and demand for taxis is studied to limit the over-supply of taxis. RTA conducts a strategic transportation planning study across the different modes taking into consideration the city's expansion, influx of new residents into the country, increase in tourism, conferences,

and exhibitions. All taxis operators operate in Dubai under the franchise agreement with RTA. RTA also requires all ride-hailing services to secure mandatory license before beginning its services in Dubai.

This framework establishes formidable barriers for potential competitor franchises aiming to enter the market. These barriers, primarily arising from a limited number of taxi operators. RTA has issued 1,350 new plates since 2018 until 2023 YTD to the incumbent players. The regulator lays down financial and technical criteria for selecting eligible franchisees through the prudent auction process. It assigns 70% weight to the financial and remaining 30% to the technical criteria for selection. In the financial parameter, price per plate is determined through bidding process. On the other hand, technical criteria include availability of vehicles, go-to-market timing, and availability of licensed drivers. Franchisees need to ensure that 90% of their fleet is always available with a target driver-to-fleet ratio of 2.0x. After availing the license, taxi franchise needs to start the service in the next three months by purchasing vehicles, completing registration and training the drivers to deploy the taxis on the roads.

In addition, the RTA ensures transparent pricing to protect the franchisee's interest and maintain an economically viable taxi business. The regulator offers fixed fare across all franchises to maintain uniformity. The taxi fares are regularly adjusted for movement in fuel price and inflation. The franchises operating the limousines also need to under-go similar process of licensing before starting the services in Dubai. Furthermore, the defensive pricing model is implemented for Limousine and e-hailing franchises to mandate fares to be at least 30% higher than regular taxis. The system offers enticing commissions based on partnerships to retain driver-partners, complemented by a two-year restriction on transferring to another franchise.

**Figure 36: Regulatory Framework for Taxi and Limousine Segment by RTA**



Source: Company Information, Notes: <sup>(1)</sup> Taxi market share based on the number of taxis owned by DTC as % of total taxis in the Dubai market; data as of June 30, 2023. <sup>(2)</sup> Excludes RTA Careem's Hala e-hailing app



## **DTC Utilizes Multiple Avenues to Build E-hailing Strategies Supported by Proprietary Technological Solutions**

**Taxis and limousines can be booked through the multiple options such as street hailing, e-hailing, dedicated pick-up locations, email and call centers in Dubai**

### **DTC exclusivity with Hala increases the E-hailing rides in Dubai**

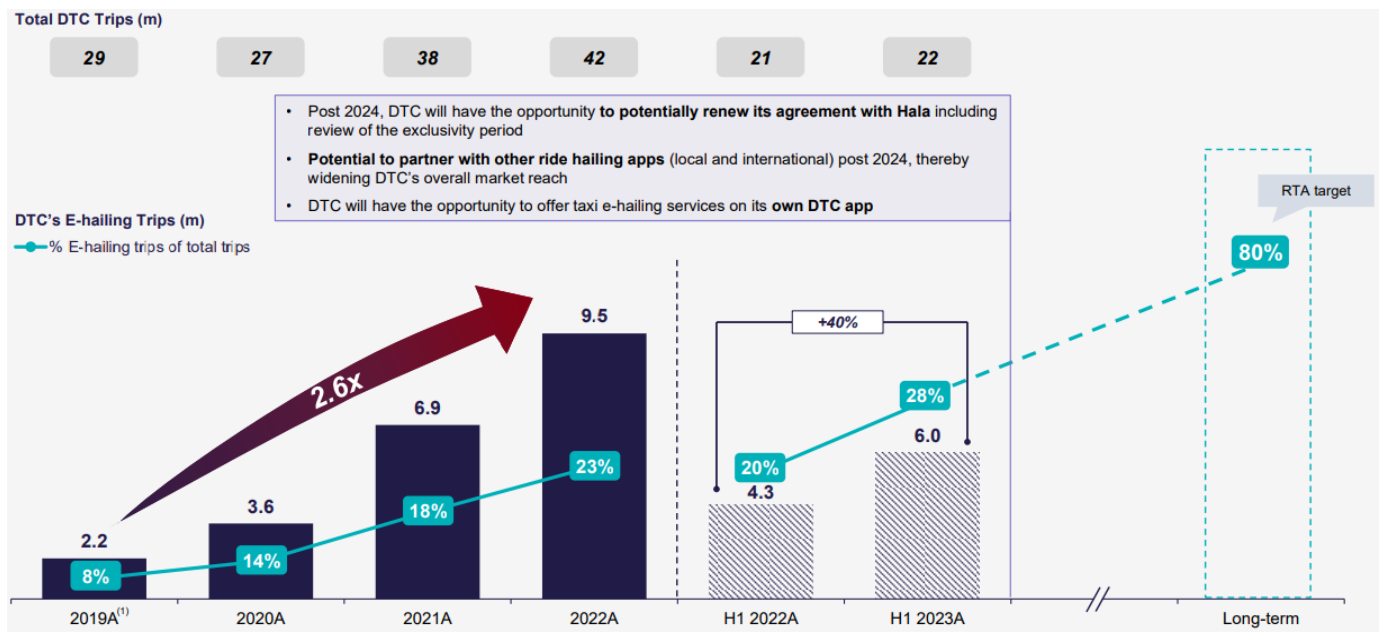
In Dubai, taxi and limousines can be booked through multiple options such as street hailing, e-hailing, dedicated pick-up locations, email and call centers. Among them, e-hailing has started to gain prominence recently after the increase in telecom and internet penetration in Dubai. The e-hailing also offers the ease of booking to the customers. E-hailing rides in Dubai could be booked through Hala while limousines could be booked through in-house DTC app. RTA and Careem entered into a joint venture to establish Hala, an E-hailing taxi platform in Dubai. The prevalence of e-hailing rides of the total rides in Dubai rose from 11% to 31% by June 2023. The RTA holds a majority of 51% in this JV and the remaining 49% is held by Careem Uber. The Hala app combines Careem's world-class technology platform and RTA's infrastructure and public transport expertise to bring safe, cost-efficient, and optimized service to Dubai's taxi customers. Hala application enjoys the exclusivity to provide e-hailing services to all five franchisee operators until July 2023. After that from August 2023, local players are permitted to operate e-hailing platforms for taxi however foreign firms are not allowed to provide taxi services on their platform until April 2024. Moreover, DTC has a private contract with Hala that extends its exclusivity through December 2024. Post FY2024, DTC will have the opportunity to potentially renew its agreement with Hala or potentially partner with other ride-hailing apps (local and international) post-2024, thereby widening DTC's overall market reach. DTC also plans to scale the coverage of its own in-house DTC app to taxis, thereby capitalizing on increasing the e-hailing market.

**Hala reduced its fee charged to DTC from AED 3 per trip to AED 0.9 per trip in June 2022**

Currently, DTC receives 61% of the total taxi booking through street hailing, 28% from e-hailing and the remaining 11% through pick-up locations in 1H2023. DTC enjoys the benefits of the e-hailing platform by optimizing its operation and reducing congestion through the Hala app. The e-hailing trips grew 40% YOY from 4.3 Mn in 1H22 to 6.0 Mn in 1H23. RTA targets e-hailing trips to be 80% of the total trips in Dubai in the long term. DTC also benefits from the higher tariff in case of e-hailing trips as compared to city taxis booked through street hailing or pick-up locations. Hala-taxi rides of DTC have a starting fare of AED 8 per ride as compared to city taxi starting fare of AED 5 per ride, while the per km ride rate remains same across both city and Hala Taxi. Even after sharing a Hala fee of AED 0.9 per trip, DTC still earns higher revenue from e-hailing rides than rides booked through street hailing or pick-up locations. This also adds to the margin and the Company's profitability.

After opening of the market of e-hailing service providers for competition, we believe the franchises will have more options to choose and negotiate better terms. Hala reduced its fee charged to DTC from AED 3 per trip to AED 0.9 per trip in June 2022. We could witness similar things in the future once the market is open and franchises will have more options from the ride-hailing operators.

**Figure 37: DTCs E-hailing Penetration Rides in Dubai**



Source: Company Information, Note: <sup>(1)</sup> For the last 8 months of 2019 (May - December 2019), since the inception of Hala JV

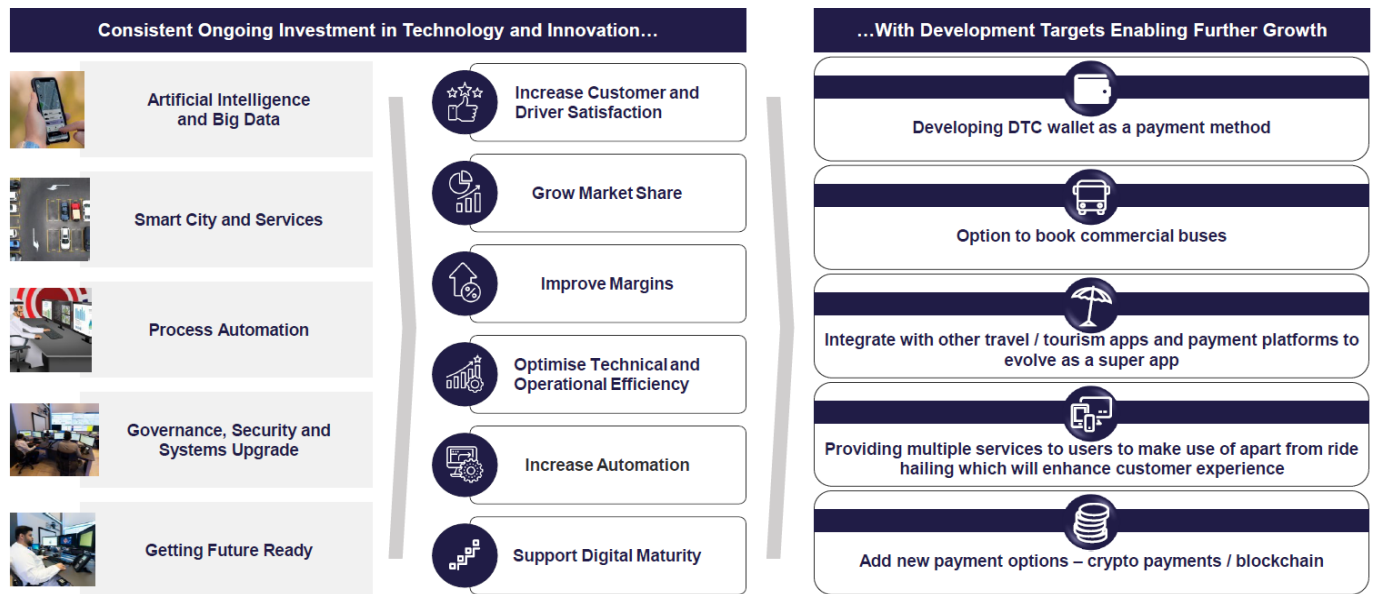
## DTC continues to consistently invest in technological innovation to support operations

**Investment in big data and artificial intelligence will help to improve fuel efficiencies, higher fleet utilization, and reduction in wasted kilometers**

Evolution of technology in the transportation industry has opened avenues of growth, safety and reliability of the service provider to the passengers. DTC also considers technology as the backbone of its business and developed integrated technological platform for efficient operational growth. In-house developed DTC app offers premium services to customers across Dubai, and limousine rides could be booked through this app. In addition, DTC school bus app provides parents and guardians with live-tracking and regular updates. This proprietary service helps to enhance safety and security of the children. The Company also established an operational control center for real-time monitoring of rides, time management, fleet distribution and utilization tracking. DTC's consistent ongoing investment in technology and innovation helps optimize technical and operational efficiency by increasing automation to prepare the future. Furthermore, fuel efficiencies, higher fleet utilization, and reduction in wasted kilometers with an expectation of prudent investments in tech capabilities such as predictive and Big Data analyses and stronger e-hailing penetration via third-party or DTC apps enable the Company to earn higher profits.

Moreover, DTC further aims to develop additional technological solutions and innovations to enable future growth. Among the new offerings, it plans to develop its own wallet to enable smooth payment services to customers and increase customer loyalty. DTC also includes options to book commercial buses through the app to increase the technological automations. The Company further aims to focus on collaborations and integrations with other travel and tourism apps and other payment platforms to evolve as a super app. DTC aims to develop technological innovations in multiple services by adding new payment options such as crypto and blockchains to enhance and enable its customers satisfaction for future growth.

Figure 38: DTC's Ongoing Investment and Development Targets



Source: Company Information

## DTC's Consistent Profitable Growth Coupled with Robust Financials

**DTC bounced back after the pandemic and also surpassed its pre-pandemic revenue on account of healthy growth across segments**

### DTC's consistent top-line growth is accompanied by strong margin expansions

DTC witnessed top-line expansion across its various segments. The growth is mainly attributed to organic fleet expansion of the taxi segment and the ongoing development of emerging segments like limousine, bus, and bike services. The Company operations were impacted during the pandemic however it managed to bounce back above the pandemic levels and revenue grew from AED 1,656 Mn in FY2019 to AED 1,763 Mn in FY2022 owing to the rebound in tourism, recurring events and favorable macro backdrop. Revenue also grew 11.1% YOY to AED 1,414 Mn in 9M23. The growth was predominantly propelled by an organic expansion of the taxi segment's fleet and the ongoing development of emerging segments such as limousine, bus, and bike services.

DTC taxi segment revenue is expected to be fueled by continuous expansion of fleet utilization on account of increase in driver-to-fleet ratio, average revenue per ride as well as from future investments in digitalization (including e-hailing) and longer hours of operations. DTC is an exclusive provider to Dubai's Ministry of Education and Ajman helped boost the Company's bus segment revenue. Bus segment revenue is expected to grow due to the expansion of operations in Ajman and Ras Al Khaimah in September 2023. In the bike segment, DTC signed partnerships with firms including Careem, which is an online delivery service app, and Power Lease which provides rental bikes to major e-commerce and other companies operating in UAE. Post-June 2023, DTC extended its partnerships with Noon, Etisalat (Smiles), and Cari. The growth in the revenue is also underpinned by rising commercial partnerships with Talabat which is expected to commence by 4Q23 or 1Q24.

**Margins significantly surpassed the pre-pandemic levels on account of lower staff and fuel cost. The margin is further**

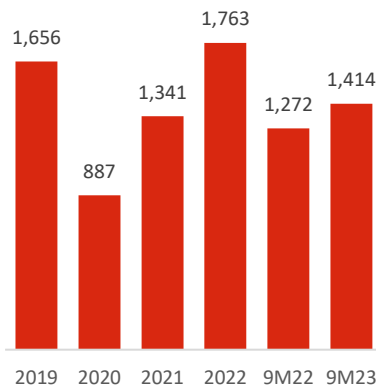
DTC generated losses during 2020 due to the pandemic, however, profitability bounced back in the following years as pandemic-induced fears subsided. EBITDA margin even exceeded the pre-pandemic levels and stood at 25.4% in 1H2023 as compared to 17.8% in 1H22 and 20.7% in FY2019. The expansion of margin is mainly attributable to lower staff and fuel cost. The taxi segment was the largest beneficiary of the margin expansion due to higher fleet utilization and savings in fuel costs. It believes other segment to catch-up in profitability based on the potential scaling up. The margins are expected to expand as DTC further improves utilization of its fleet

expected to benefit due to higher utilization

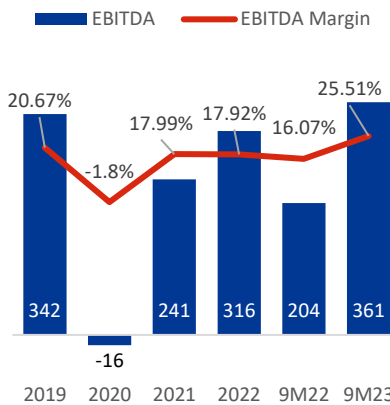
due to increase in driver-to-fleet ratio, 100% conversion of fleet to hybrid/green vehicles by 2024 and optimization of incentives of drivers in addition to exclusivity at strategic locations.

Due to its healthy and profitable growth, DTC generates healthy free cash flow (FCF) over the period. It generated a cumulative free cash of AED 554 Mn from FY2019 to 9M2023 equivalent to an average FCF conversion ratio of 55.2%. We expect the Company to generate healthy free cash flow even in the forecasted period due to healthy growth in revenue and margin expansion. DTC even boasts a negative working capital in the historical period, which limits the investment in working capital. Thus, DTC managed to transfer a cumulative surplus of AED 653 Mn to RTA since FY2019 to 9M2023, excluding the losses recorded in FY2020.

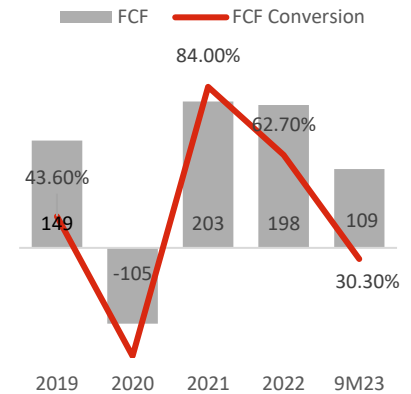
**Figure 39: DTC's Total Revenue (AED, Mn)**



**Figure 40: DTC's EBITDA (AED, Mn) and Margin**



**Figure 41: Free Cash Flows (AED, Mn) and FCF Conversion**



Source: Company Information

## DTC is Primed to Capitalize on Additional Growth Opportunities

**DTC aims to capitalize on additional growth opportunities such as inorganic growth, expansion beyond Dubai, additions to taxi fleet, higher fleet utilization, scaling of other verticals**

### Inorganic growth, expansion beyond Dubai, addition to taxi fleet, higher fleet utilization, scaling of other verticals will be additional levers of growth

DTC plans to grow inorganically, supported by the strength of its balance sheet. As of 9M2023, DTC net debt to EBITDA ratio stood at 1.0x, providing ample headroom to increase leverage. The Company also generates consistent free cash flow and generated a cumulative free cash flow of AED 554 Mn since FY2019 to 9M2023. The Company plans to capitalize once this opportunity is available in the market. In addition, DTC predominantly operates in Dubai and started to expand beyond Dubai to other emirates. It has recently expanded its bus segment to Ajman and Ras Al Khaimah and already operates in the commercial transportation segment in Abu Dhabi, Al Ain and Al Dhafra region. DTC is also studying options to expand its bus segment to these regions as well. The Company even plans to expand its limousine segments to other regions.

In addition, DTC taxi segment also looks to participate in plate auctions conducted by RTA to expand its taxi fleet. The Company looks forward to maintaining its current market share in the taxi fleet by winning additional licenses in the RTA auction. DTC looks to maintain its market share and plans to increase utilization by further improving its driver-to-fleet ratio. It plans to maintain a driver-to-fleet ratio of 2.50x, further scaling from 2.37x in 1H2023. The increase in driver-to-fleet ratio in 1H2023 yielded positive results as utilization improved from 64% in 2022 to 80% in 1H2023, and the margin too improved. DTC aims to reach a utilization level of 90% by FY2028. The increase will be beneficial for both the topline and the bottom-line. Moreover, the Company also aims to increase its e-hailing penetration in line with Dubai government. The

increase in e-hailing penetration will lead to an increase in the number of rides as it provides the convenience of booking over a handheld device.

DTC also aims to scale other segments such as buses and delivery bikes segment. It plans to scale bus segment by entering into new emirates and expand its operation in Dubai by entering into partnership with new schools and acquiring new students. Bike segment also signed new contracts from additional clients which will help in scaling operations. DTC is expected to grow to consistent investment in digital capabilities like AI, big data, security, systems upgrades, and process automation, including the enhancement of its own in-house DTC app. DTC's expansion to the broader UAE proposes compelling growth supported by well-defined organic and inorganic growth strategies.

**Figure 42: DTC Growth Drivers**



Source: Company Information, Note: <sup>(1)</sup> for the period January 1, 2023 to June 30, 2023.



## Highly Experienced Management Team

Highly experienced and a well-rounded management team.



### A seasoned management team with strong execution capabilities

The Management team of DTC comprises of Chief Executive Officer (CEO), and Chief Financial Officer (CFO). The management team at DTC is highly experienced with nearly 20 years of professional experience in business management and corporate finance.

### DTC – Management Team

#### Chief Executive Officer – Mr. Mansoor Rahma Juma Abdulla Alfalasi

Mr. Mansoor Rahma Juma Abdulla Alfalasi comes with around 20 years of experience in business management within the mobility sector as part of the regulatory body at the RTA and has been serving as DTC's CEO since 2020. He oversees a team of 2,500 employees and 13,500 drivers, overseeing a corporate annual budget of AED 1.4 Bn. Before joining DTC Mr. Alfalasi had various roles in RTA including as Director of the Drivers Licensing Department, Director of the Human Resources and Development Department, Director of the Marine Transport Department, and Director of the Administrative Services Department. Before RTA, he also served as Director of the Support and Resources Department at DTC from 2011 to 2014, and as Director of the Drivers Affairs Department at the Public Transport Agency (PTA) from 2009 to 2011. Additionally, he has been the Chairman of the Board at Al Nasr Sports Club Investment Company since 2021 and also serves on the Board of Directors of Al Nasr Sports Club. Further, Mr. Alfalasi completed a Higher National Diploma in Construction in 1999 and holds a Bachelor's degree in Construction Engineering in 2004 from Dubai's Men's College. He also holds certificates from Harvard Business School on Leading with Finance, Organizational Leadership, Specialization in Strategy and Global Business.

#### Chief Financial Officer – Amit Khandelwal

Mr. Amit Khandelwal is the Chief Financial Officer (CFO) of DTC and comes with more than 20 years of experience as a senior corporate finance and accounting executive in other companies. Mr. Khandelwal was with Emaar Properties and his last role was Senior Director – Treasury from 2010-2017. Further, he was a Senior Vice President of Accounts and Finance at Dubai Holding LLC from 2017 to 2023 and also served as the Chief Financial Officer of Dubai Creek Harbour, a subsidiary of Dubai Holding LLC from 2018 to 2022. Mr. Khandelwal holds a Bachelor of Engineering in Construction in 1999 and a Master of Management Studies in Finance in 2001 from Mumbai University (India).

### DTC – Board of Directors

#### Chairman – Mr. Abdul Muhsen Ibrahim Kalbat

Mr. Abdul Muhsen Ibrahim Kalbat is a Chairman of DTC's board of directors and comes with more than 30 years of senior leadership experience in the public sector. He is also a key member of the RTA's Board of Directors since its inception in 2005. Mr. Kalbat was CEO of RTA's Strategy and Corporate Governance sector during 2005-2015 and was also awarded by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, a medal of honour in 2011. He is also the CEO of the Rail Agency, an agency established under the RTA since 2015. Additionally, he has also been serving as vice-chairman of the board of directors of the RTA since 2021 and of Salik Company P.J.S.C. since 2022. Mr. Kalbat holds a Bachelor of Arts in Computer Science from the University of the United Arab Emirates, Al Ain, and is a graduate of the Mohammed Bin Rashid Executive Leadership Development Program.

**Vice Chairman – Mr. Ahmed Ali Al Kaabi**

Mr. Ahmed Ali Al Kaabi is a Vice Chairman of DTC's board of directors and comes with more than 20 years of senior leadership experience in the public sector. Mr. Kaabi has held the position of Executive Director of the Finance Department at the RTA since 2015 and oversees the financial aspects of all the RTA's sectors. He joined the RTA in 2005 as General Budget Manager, where he also served as Deputy Director and Senior Budget Manager from 2007 to 2009 and as Director of the Finance Department from 2009 to 2015. Prior to joining the RTA, Mr. Al Kaabi served as Costing and Budget Accountant, in the Roads and Projects Department, at the Dubai Municipality from 2000 to 2002, before being appointed as Head of the Cost and Financial Analysis Unit from 2002 to 2005. He holds a Higher Diploma in Accounting from the Higher Colleges of Technology of Dubai in 2000.

**Director – Mr. Shehab Hamad Abdullah Hamad Bu Shehab**

Mr. Shehab Hamad Abdullah Hamad Bu Shehab, with over 30 years of experience in the legal industry, is the Executive Director of the Legal Affairs Department at the RTA. He has contributed to federal and local legislation, legal training programs, and research publications. He was also a member of the Company's supervisory board from 2016 to 2023. Beyond the RTA, he has also provided legal services to many relevant governmental authorities and participated in the development of many regulations and legislation for governmental entities. Mr. Bu Shehad holds a Bachelor of Law and a Higher Diploma in Police Studies from the Dubai Police Academy.

**Director – Mr. Abdulla Mohammed Abdulla Bin Damithan Al Qemzi**

Mr. Abdulla Mohammed Abdulla Bin Damithan Al Qemzi, a professional in the maritime and logistics industry, has managed DP World's GCC region portfolio since July 2023. He has over 20 years of experience, including serving as CEO and Managing Director of DP World UAE as well as various senior leadership roles including Chief Commercial Officer of DP World UAE. Mr. Qemzi holds a BBA in Business Administration in Marketing from Suffolk University (Boston, U.S.A.) in 2001 and a Graduate Diploma in Maritime and Port Management from the National University of Singapore in 2004.

**Director – Mr. Essa Abdulla Khamis Bin Natoof Al Falasi**

Mr. Essa Abdulla Khamis Bin Natoof Al Falasi has been the Chief Executive Director of the Operations Sector at the Dubai Government Human Resources Department since 2022. He previously served as the Director of the Social Security Affairs Department within the same department since 2009. His responsibilities include managing various aspects of human resources, payroll, health insurance, and pension services for the Dubai Government. Prior to these roles, from 2002 to 2009, he held several positions, including Administrative Officer, Payroll Officer, and Head of the Payroll Section at H.H. The Ruler's Court in the Human Resources Department. Mr. Bin Natoof holds a Bachelor's Degree in Business Administration in 2005 and a Higher Diploma in Business Administration received in 2002, from the Higher Colleges of Technology in Dubai.

**Director – Mr. Yousuf Ahmad Ali Saeed Bin Ghulaita Almheiri**

Mr. Yousuf Ahmad Ali Saeed Bin Ghulaita Almheiri comes with almost 30 years of experience in accounting and public administration. Since 2007, he has held the position of Director of the Finance and Administration Department at the Dubai Public Prosecution. He served as the Director of Finance at Dubai Public Prosecution from 2005 to 2006. He was also the head of the Cases Accounts Division at the Justices Department of Dubai from 2004 to 2005 and the Head of the Financial Department at Dubai Public Prosecution from 1994 to 2004. Additionally, Mr. Bin Ghulaita has been a member of the Board of Directors at Alshabab Al-Arabi Club of Dubai since 2004. He has also held various positions within the club, including General Financial Controller, General Secretary, and Director of Finance from 2004 to 2006. He completed the Higher Diploma in Accounting Management from the Higher Colleges of Technology in Dubai in 1992.

**Director – Dr. Hanan Sulaiman Mohamed Khalifa Al Suwaidi**

Dr. Hanan Sulaiman Mohamed Khalifa Al Suwaidi is a specialist in general practice medicine and holds the position of family physician specialist and Chief Business Officer at the Dubai Academic Health Corporation. She has served as the Director of Governance at the Mohammed Bin Rashid University of Health Sciences since 2021 and has been an Assistant Professor of Family Medicine since 2019. She was appointed as Medical Coordinator at Teladoc Health in 2018, and she served as a flight surgeon for the Mohammed Bin Rashid Space Centre during Mission 1, the UAE's first astronaut mission into space in 2019. She has been a Partner at the United Medical Center since 2013 and holds a Bachelor of Medicine and Bachelor of Surgery from the Faculty of Medicine and Health Sciences at UAE University since 2005. She also holds a Master of Science in Public Health: Excellence in Health Care Management from the Hamdan Bin Mohammed Smart University (HBMSU) since 2011. In 2011, she received certification in Family Medicine from the Arab Board of Health Specializations.

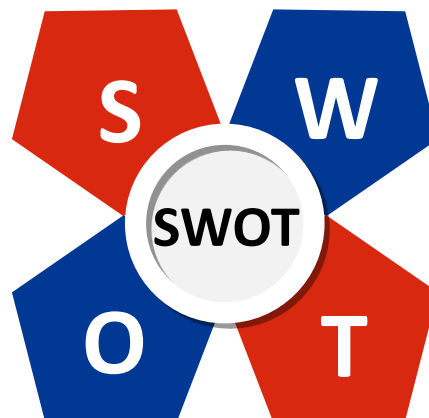
## SWOT Analysis

### STRENGTHS

- DTC dominates the Dubai taxi service market with the largest **market share of 44% of the total number of taxis in Dubai** as of 1H23
- Diversified revenue segments benefits from a range of booking options with omnichannel services integrated through online and offline channels
- Favorable taxi regulations leading to high entry barriers
- Well-regulated business model, plans to expand regional presence, inorganic growth, and consistent investment in technology and innovation
- Modern and diversified fleet with a robust fleet replacement strategy and in-house maintenance facility
- Target to achieve 100% hybrid vehicle fleet by 2024 further lead to higher profit margins and improved fuel efficiency
- 24/7 operating control center monitoring real-time KPIs, fleet distribution, and vehicle utilization
- DTC operates a diverse fleet of vehicles namely, Regular taxi, Ladies & Family Taxi, Airport Taxi and Taxi Equipped and designed for people with special needs, enabling it to cater to a wide range of customer preferences and needs.

### WEAKNESSES

- DTC relies heavily on the Taxi Segment to generate a major portion of the revenue. Taxi Segment contributed 87.4% to the total revenue in 1H23, while the limousine segment, bus segment, and delivery bike contributed 6.1%, 6.0% and 0.6%, respectively of the total revenue in 1H2023.
- The proportionate change in fuel price is higher as compared to the change in the taxi fare, especially in a high fuel prices scenario will lead to lower margins.
- Hala remains the only authorized shared mobility operator for DTC's taxi segment.



### OPPORTUNITIES

- Scaling of the existing businesses such as Limousine, Bus and Delivery Bike Segment will further boost top line and bottom line
- UAE Tourism Strategy 2031 supporting the development of UAE's tourism sector
- Increasing urbanization supported by Dubai 2040 Urban Masterplan
- E-hailing platforms will be open for international players post December 2024; this will result in an increase in the negotiating power of the taxi operators
- Collaboration with hotels, airports, and other local businesses could lead to mutually beneficial arrangements. The partnership can generate a steady stream of customers and enhance the DTC's brand visibility

### THREATS

- Regulatory changes pose a threat to the company's operations
- The company employs the majority of international drivers leading to a threat of inability to obtain and renew work permits, visas, and UAE ID
- RTA issued 1,350 plates since 2019 until 2023 YTD out of which only 100 plates were awarded to DTC. The Company market share may fall if it continues to receive fewer awards in the forecasted period
- The potential widespread adoption of self-driving cars in the future could disrupt the taxi industry by reducing the need for human drivers and possibly lowering costs for rideshare services

## Industry Overview

### UAE's Robust Economic Growth, Strategic Connectivity in the Global Supply Chain, and the Government's Focus on Transport Development Support the Taxi Operators' Industry

**Dubai's resident population is projected to grow at a CAGR of 2.8% from 2023 to 2040**

**UAE's transportation sector thrives on geographical advantage and strategic connectivity in global supply chains**

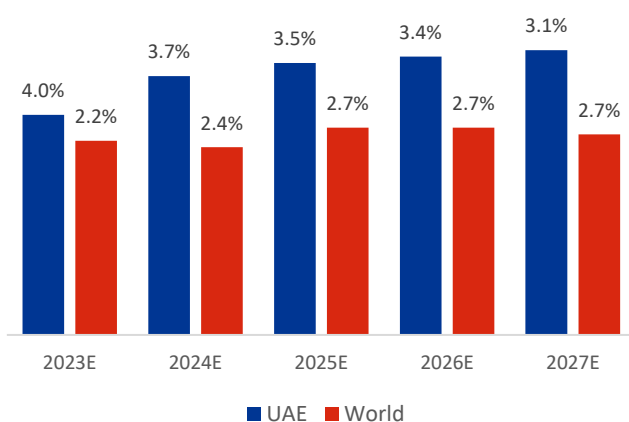
#### UAE's transportation sector poised for substantial growth in 2023

After a strong recovery in economic growth in 2022, the UAE economic growth rate is expected to return to its long-term rate in 2023 and later expected to bounce back again in 2024. UAE's real GDP is expected to grow by 4.0% in 2023 mainly due to a steady growth in the non-oil sector, rebound in tourism and heightened activity in the real estate & construction sector partially offset by a decline in oil production and softening energy prices. UAE's real GDP growth exhibited a noteworthy surge from 4.4% in 2021 to 7.9% in 2022. According to the FTI report, the global GDP growth rate is expected to reach 2.2% in FY2023, followed by 2.4% in FY2024 due to increased uncertainty in the financial system which led to decrease in lending and consumer expenditure.

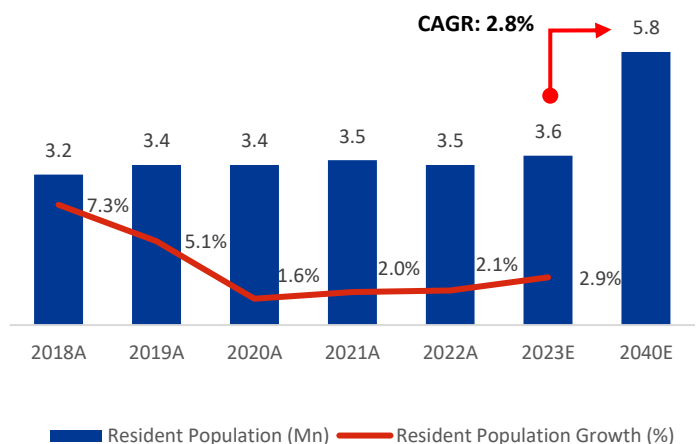
UAE is the center of the Middle Eastern trade flows with a significant commercial and tourist destination. UAE holds a rating of AA- from Fitch and Aa2 from Moody's, signifying very strong prospects for ongoing economic viability. Additionally, according to the World Bank's 'Doing Business 2020' report UAE ranked 16th globally among 190 countries and stands out as the foremost nation in the Middle East and North Africa regions.

The outlook for UAE's transportation sector remains promising due to its strategically advantageous geographical position, enabling it to serve as a crucial link in regional and global supply chains. The rising urbanization in the UAE, coupled with the government's commitment to enhancing tourism and expanding both internal and external logistical connectivity, continues to be the primary catalysts for the development of the transport sector in the country. Dubai, the most rapidly expanding city in the UAE, recorded a population of 3.5 Mn in 2022 and it is further anticipated to grow by 2.9% to 3.6 Mn in 2023. According to the FTI report, the UAE population is expected to grow at a CAGR of 2.8% from 3.6 Mn in 2023 to 5.8 Mn in 2040.

**Figure 43: Forecasted UAE and World GDP Growth (%)**



**Figure 44: Dubai's Resident Population (Mn, %)**



Source: Company Information, As per FTI report



## The transportation sector in UAE is likely to have positive growth going forward ...

The Federal government in UAE places a high value on the transportation sector creating a strong demand for logistics services

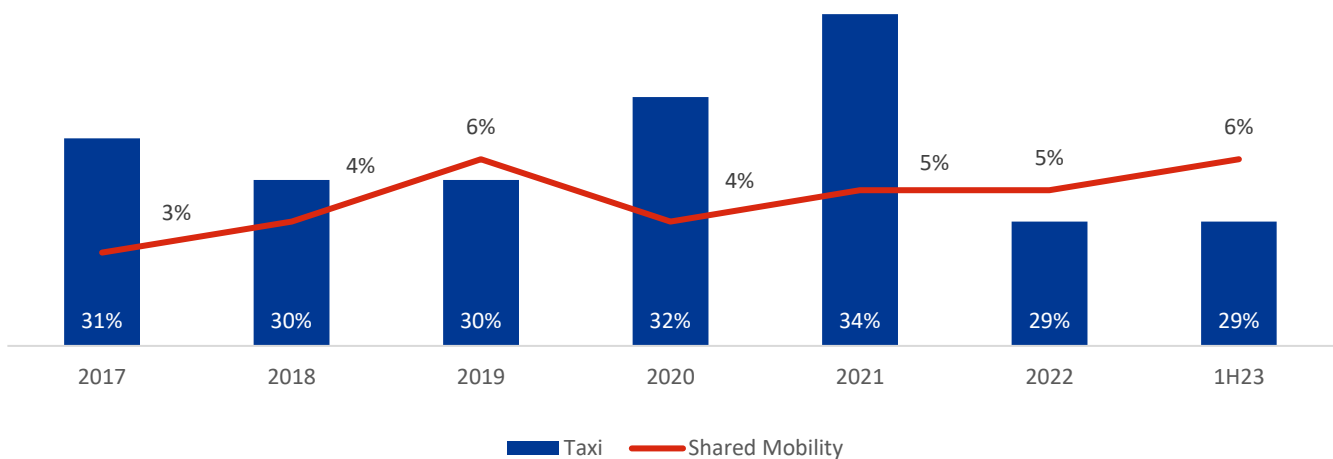
RTA aims to achieve 80% e-hailing by the year 2030

Public transport ridership in Dubai grew at a CAGR of 9% to 621 Mn in 2022, and taxis segment witnessed a consistent growth mainly fueled by major events and shared mobility prospects

Transportation has evolved into a pivotal catalyst for UAE's economic, social, and environmental advancement over the years in shaping Dubai into a logistics hub contributing to and enhancing the liveability across the region. This transformation is leveraging the country's strategic geographical location that provides access to local, regional, and global economic centers. Dubai's Roads and Transport Authority (RTA) is committed to progressively augmenting the proportion of public transportation within the city, striving to attain the strategic goal of a 25% share in public transport by the year 2030. In order to achieve this, RTA provides several public transport mobility systems in an integrated and seamless manner. This includes the metro (being the longest driverless metro in the world), tram, buses, and marine transport, as well as focusing more on the first- and last-mile modes and services. Taxis are an integral part of Dubai's public transportation system and exhibit a robust correlation with the increasing population, GDP growth rate, and the number of visitors, all of which are anticipated to experience growth in the upcoming years.

The Public transport ridership (number of passengers) in Dubai grew at a CAGR of 9% from 163 Mn in 2006 to 621 Mn in 2022. Particularly in FY2022, several major events including the complete easing of pandemic restrictions, the Dubai Expo 2022, and the Qatar World Cup played a vital role in the notable upsurge in public transport ridership. Taxis play a prominent role in Dubai's transportation system catering to 183 Mn riders with 105 Mn trips in 2022. The ridership in taxis consistently increased since 2017, with a contribution of 32%, 34%, and 29% in 2020, 2021, and 2022 to the total trips, respectively. In 1H23, the taxi segment contributed 29% to the total public transport ridership with shared mobility identified as the next growth factor for the upcoming period. RTA aims to achieve 80% e-hailing by the year 2030.

**Figure 45: Taxi and Shared Mobility Contribution to Total Public Transport Ridership (%)**



Source: Company Information, Note: As of August 2023.

**UAE Tourism Strategy 2031 delineates a thorough approach comprising 25 initiatives and policies designed to nurture the development of the country's tourism sector**

**The tourism sector in UAE remains one of the pillars of the country's diversification strategy and aims to host 400 global events annually by 2025**

### ... supported by a consistent increase in the visitor population

According to the UAE ministry of economy the travels and tourism sector significantly boosted the UAE's GDP by contributing nearly AED 167 Bn, equivalent to 9% of the total GDP in FY2022. International tourists spent a substantial AED 117.6 Bn during FY2022. The country witnessed a growth in the number of hotels which increased to 1,189, while the total hotel capacity soared to 203,000 rooms in 2022. The UAE Tourism Strategy 2031 outlines a comprehensive approach with 25 initiatives and policies aimed at fostering the development of the country's tourism sector. The strategy aims

- To elevate the tourism sector's contribution to the GDP
- Enhance the UAE's positioning in the global tourism landscape, and
- To boost competitiveness by attracting significant investments

Dubai has the world's busiest airport for nine consecutive years and sustains one of the highest global hotel occupancy rates. Furthermore, Dubai witnessed a flourishing influx of visitors in 2022, driven by an exceptional array of events such as the Dubai Shopping Festival, GITEX Global, Gulf Food, Emirates Dubai Rugby, Dubai Duty-Free Tennis Championships, Dubai Airshow, Dubai International Boat Show, DP World Tour Championship, The Big five International Building and Construction Show, and the Dubai World Cup (Thoroughbred horse race) increased the international visitors in Dubai and strengthened Dubai's hospitality sector. Dubai is also holding COP28-United National Climate Change Conference from 30 November 2023 to 12 December 2023. Dubai aims to host 400 global events annually by 2025. The city successfully hosted the Expo2020 Mega Event by attracting over 24 Mn visitors from around the globe.

**Figure 46: Main Events Held and to be Held in Dubai**



Source: Company Information

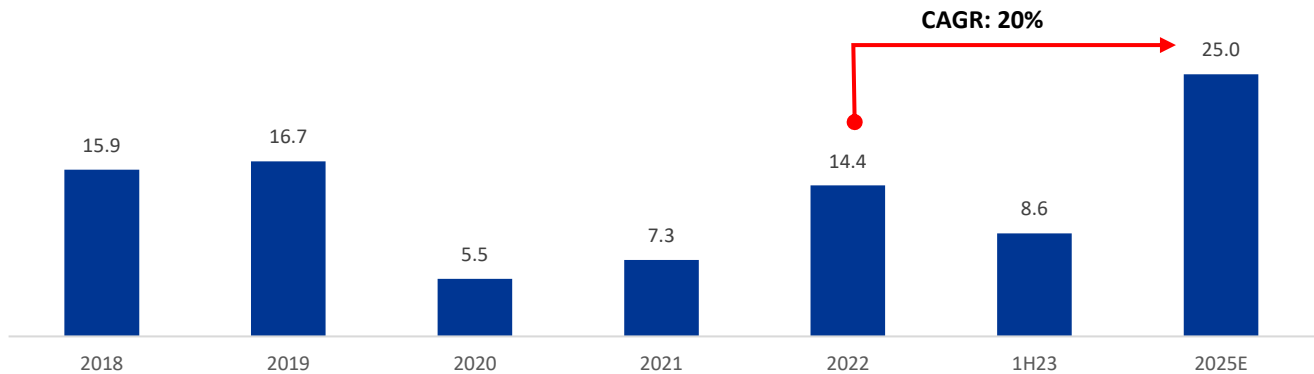
### An increase in the number of events contributed to Dubai's thriving visitor growth

**Dubai's International visitors almost doubled from 7.3 Mn in 2021 to 14.4 Mn in 2022**

Dubai International Airport (DXB) solidified its status as the busiest international airport, welcoming 32.7 Mn passengers in 2022, excluding transit passengers. Dubai demonstrated robust growth in 2022, adapting to the dynamic global tourism landscape as evidenced by welcoming 14.4 Mn overnight visitors, showcasing an impressive growth of 97%. Furthermore, Dubai hosted the highest number of international visitors, primarily from India, totaling 1.6 Mn among the 11.1 Mn overnight visitors in the first eight months of 2023. The remarkable growth firmly positions Dubai as a leading destination for initial and return visits. The number of international visitors is anticipated to expand at a CAGR of 20% from 14.4 Mn in 2022 to 25.0 Mn in 2025. The increase in the number of events plays a crucial role in contributing to Dubai's

remarkable growth in visitor numbers. In addition, Dubai's is centrally located between Asia and Europe which thrives in the growth in the tourist flow.

**Figure 47: International Visitors in Dubai (Mn)**



Source: Company Information, Note: FTI Report

### Buses and delivery bikes enhance Dubai's expanding fleet beyond tourism

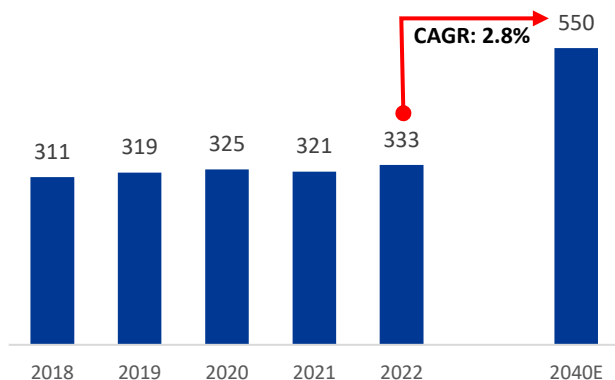
**DTC runs new vehicles with a range of smart features in school buses to ensure a safe and secure transportation environment**

The UAE Federal Government introduced the National Strategy for Higher Education 2030 as part of its commitment to advancing the education sector. Dubai stands out with the highest number of international schools globally, totaling 333 international schools in the year 2022. The school population is projected to grow at a CAGR of 2.8% from 333,000 students in 2022 to 550,000 students by 2040. The growth particularly evident in larger schools generated a consistent demand for bus operators, leading to the establishment of enduring contracts. DTC, a prominent player in comprehensive mobility solutions currently deployed 946 school buses and commercial buses as of June 2023. After the launch of the National Strategy for Higher Education in 2030, the large schools operating in Dubai will engage with bus operators to lock-in contracts in order to create captive demand for school buses.

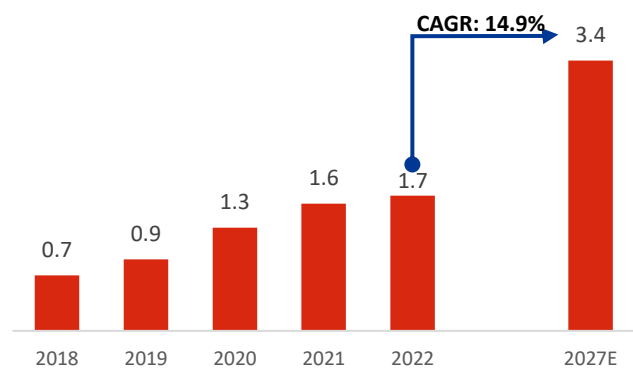
**The Food Delivery bikes aim to capitalize on the growing demand for last-mile delivery in the transportation industry**

The Food industry is anticipated to sustain its growth, propelled by the shift to online shopping channels prompted by the pandemic. The primary driving force behind the growth is the increasing population of working professionals who opt for online food delivery services. Thus, the demand for delivery bikes is expected to grow in the upcoming years. The sector is predicted to keep expanding due to the surge in online shopping habits which is influenced by the pandemic. UAE food-delivering revenue is expected to grow at a CAGR growth rate of 14.9% from USD 1.7 Bn in 2022 to USD 3.4 Bn in 2027.

**Figure 48: Number of School Population - Dubai's ('000)**



**Figure 49: UAE's Food Delivery Revenue (USD, Bn)**



Source: Company Information

## Macroeconomic Environment

### The Global Economy Stabilizes Despite Challenges to Support DTC

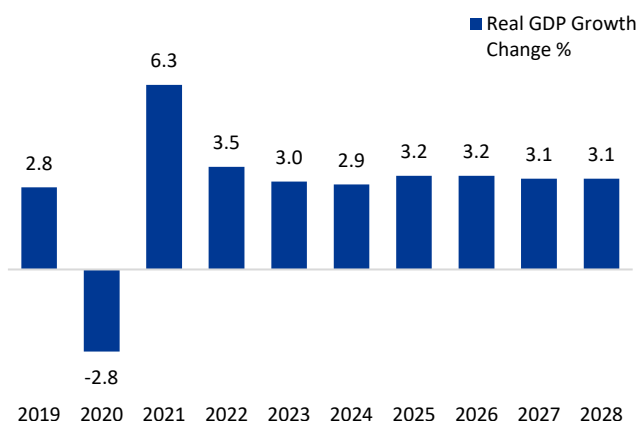
As per the IMF estimates, the global economy grew 3.5% in FY2022 and is expected to grow 3.0% in FY2023 and 2.9% in FY2024

Increased energy prices played a larger role in driving core inflation upward

The global economy faced challenges in FY2022 due to factors such as the fight against inflation, the war in Ukraine, the resurgence of COVID-19 in China, and the cost-of-living crisis. However, despite the disruption in energy and food markets caused by the war in Ukraine, and the unprecedented tightening of global monetary conditions to combat decades-high-inflation, real GDP growth remained strong in FY2022 due to stronger-than-expected private consumption and investment amid tight labor markets and greater-than-anticipated fiscal support. Thus, according to the IMF (World Economic Outlook, October 2023), the worldwide economy expanded by 3.5% during the fiscal year 2022. Projections indicate a lower growth of 3.0% in FY2023 and 2.9% in FY2024. This moderation in growth is primarily attributed to ongoing repercussions from escalating interest rates and the adverse effects of the war on the economy.

The IMF maintains a positive outlook with a bias towards downward risk marked with uncertainties around factors such as a severe health outcome in China, escalation of Russia's war in Ukraine, worsening debt distress due to tighter global financing conditions, and sudden market repricing in response to inflation news. There is a noticeable economic slowdown in advanced economies, particularly in the euro area and the United Kingdom, with projections of declining growth in FY2023. The IMF mentions that the turbulence is building under the surface, as evident from recent banking instability, indicating a delicate situation. Surprisingly, inflation has been more persistent than anticipated, even though global inflation has declined. This persistence can be attributed to the reversal in energy and food prices. Economies heavily dependent on Russian energy imports experienced a steeper increase in energy prices. Higher energy prices played a larger role in driving core inflation upward. Core inflation pressure reflects resilience, defying earlier expectations. Furthermore, according to the IMF, the priority in most economies remains disinflation, with the deployment of macroprudential tools and stronger debt restructuring frameworks necessary to maintain financial and debt stability.

Figure 50: Change in World Real GDP – FY2019 – 2028 (%)

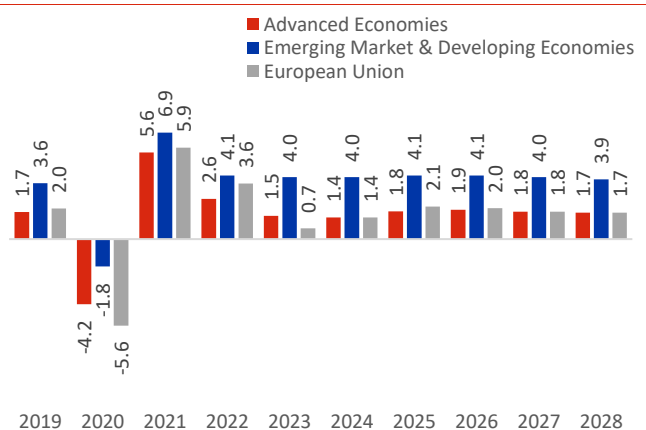


Source: IMF, World Economic Outlook, October 2023

Global headline average inflation is projected to decline from a peak of 8.7% in 2022 to 6.9% in FY2023 and further to 5.8% in FY2024

Global inflation is expected to decrease from 8.7% in FY2022 to 6.9% in FY2023 and 5.8% in FY2024, and most of the countries are expected to experience lower inflation in FY2023. Global headline inflation peaked at 9.5% in 3Q23 and has been declining since then. Before the pandemic, inflation averaged 3.5% during 2017-19. The decline in inflation is mainly driven by the monetary tightening and fall in international commodity prices. Central banks worldwide raised interest rates to dampen demand and reduce underlying inflation, leading to a slowdown

Figure 51: Change in Real GDP Growth by Region – FY2019 – 2028 (%)



Source: IMF, World Economic Outlook, October 2023

in new home construction in many countries. However, despite the decline, headline and core inflation rates remain elevated in many major economies, compared to pre-2021 levels and above target. According to the IMF estimate, approximately two-third of the countries are expected to experience a slowdown in inflation in 2023, however the trend of disinflation is higher in developed economies as compared emerging and developing economies due to strong monetary policy framework and lower exposure to shock from commodity prices and exchange rates. Despite this projected disinflation in FY2023, inflation is still expected to remain above the pre-pandemic levels in the majority of economies.

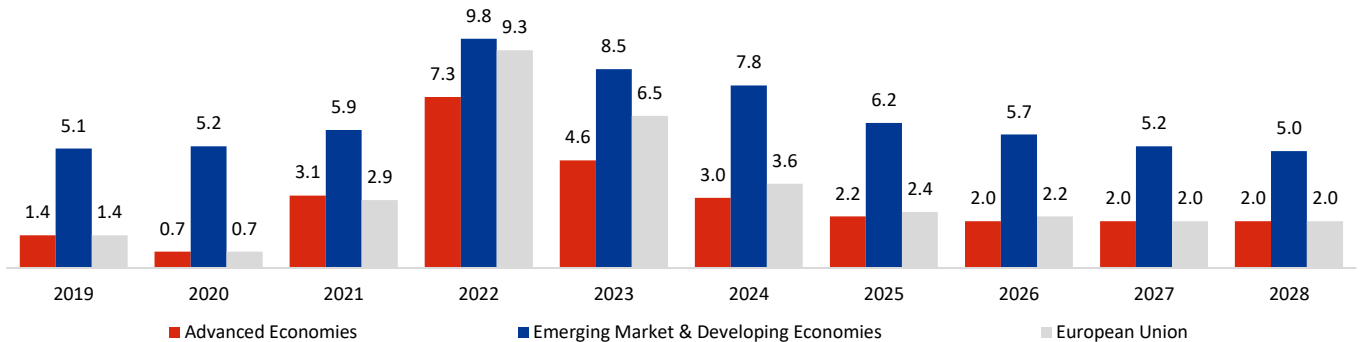
**Growth in advanced economies is forecasted to decelerate from 2.6% in FY2022 to 1.5% in FY2023 and 1.4% in FY2024**

Advanced economies are expected to be particularly affected and would see a sharp decline in growth from 2.6% in FY2022 to 1.5% in FY2023 and 1.4% in FY2024 amid stronger-than-expected US momentum but weaker-than-expected growth in the euro area. In the United States, growth is expected to remain constant at 2.1% in FY2023 as compared to FY2022 and further fall down to 1.5% in 2024. In the euro area, economic growth is projected to fall from 3.3% in 2022 and bottom out at 0.7% in FY2023 before rising to 1.2% in FY2024. Economic growth in Japan is projected to rise to 2.0% in FY2023, with continued monetary and fiscal policy support from a depreciated yen and earlier delays in implementing projects.

**As per the IMF, GDP for emerging markets and developing economies are projected to grow 4.0% in FY2023 and FY2024**

As per the IMF, the global economy is projected to see modest growth over the next few years, with emerging markets and developing economies expected to lead the way. In particular, growth in emerging and developing economies is expected to decline modestly from 4.1% in FY2022 to 4.0% in FY2023 and FY2024, largely due to a crisis in the Chinese property market. China's real GDP is projected to rise to 5.0% in FY2023 and then moderate down to 4.2% in FY2024, as business dynamism and progress on structural reforms slow over the medium term.

**Figure 52: Inflation by World Economies – FY 2019 –2028 (%)**



Source: IMF, World Economic Outlook, October 2023

## The End of Unprecedented Interest Rates Hikes

**Impacts of US Federal Reserve's interest rate hike & global inflation concerns**

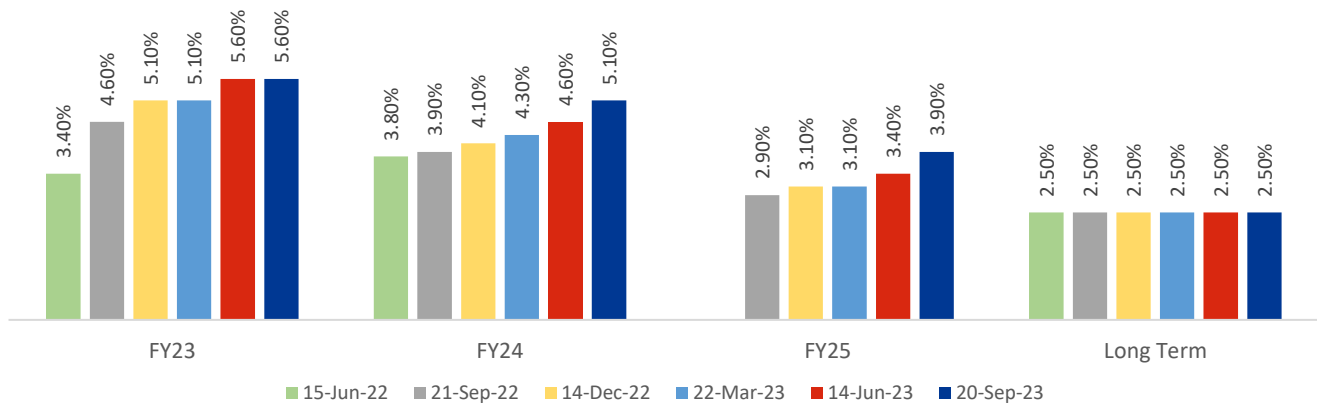
Since March 2022, the US Federal Reserve has implemented a significant interest rate hike, with the majority of these increases occurring in FY2022. This action was taken in response to the escalating inflation, which was primarily driven by expansionary fiscal and monetary policies implemented worldwide to boost demand after the pandemic. After hiking the interest rates by seven times in 2022, the Federal Reserve hiked interest five times in 2023. It hiked interest rates by 25 bps every time in 2023 slower than the hike in 2022. In the September 2023 policy meeting, the Federal Reserve opted to keep the interest rate steady, indicating that the committee would assess additional information and its potential effects on monetary policy. Despite having increased rates by 25 basis points in July 2023, the Fed chose to maintain a target range for the federal funds rate between 5.25% and 5.50%. Nevertheless, the most recent forecasts from the central bank indicate that Fed officials anticipate another rate hike this year, projecting a median rate of 5.65% by the conclusion of 2023. The Fed will assess the necessity of potential future



interest rate hikes, considering the cumulative tightening of monetary policy, the time lags associated with the impact of monetary policy on economic activity and inflation, as well as ongoing economic and financial developments.

During the FOMC meeting on 20 September 2023, the median projected rates indicated that the fed fund rate is expected to peak at 5.6% in FY2023, and gradually decline to 5.1% in FY2024. The US annual consumer inflation declined from a peak of 9.1% in June 2022 to 3.7% in September 2023. However, it is still below the Fed's long-term target of 2%.

**Figure 53: Historic Fed Fund Rates & Forecasts (%)**



Source: US Federal Reserve, New York Fed, IMF WEO September-23

## The UAE Economy is Projected to Show Moderate Growth and Steady Fiscal Position

**UAE's economy is expected to grow faster than the global economy in FY2023, supported by continuous expansion in the non-oil sector, ensuring strong and sustained growth in the medium and long run**

The UAE economy distinguishes itself as one of the rapidly advancing economies globally, driven by a robust resurgence in tourism, real estate and construction sector, partially offset by a decline in oil production aligning with the OPEC+ production agreements. The UAE experienced an economic boost with a real GDP growth of 7.9% while the non-oil GDP expanded 7.2% in FY2022. The growth is primarily driven by strong performance in the non-oil sectors, especially in construction and tourism. According to the IMF World Economic Outlook October 2023, the UAE economy is expected to slow down to 3.4% in FY2023 and further rise to 4.0% in FY2024. The slower growth in GDP is mainly attributed to the OPEC+ production cut announcement and the prevailing global economic slowdown.

**The economic slowdown is majorly driven by the OPEC+ oil production cut and global economic slowdown**

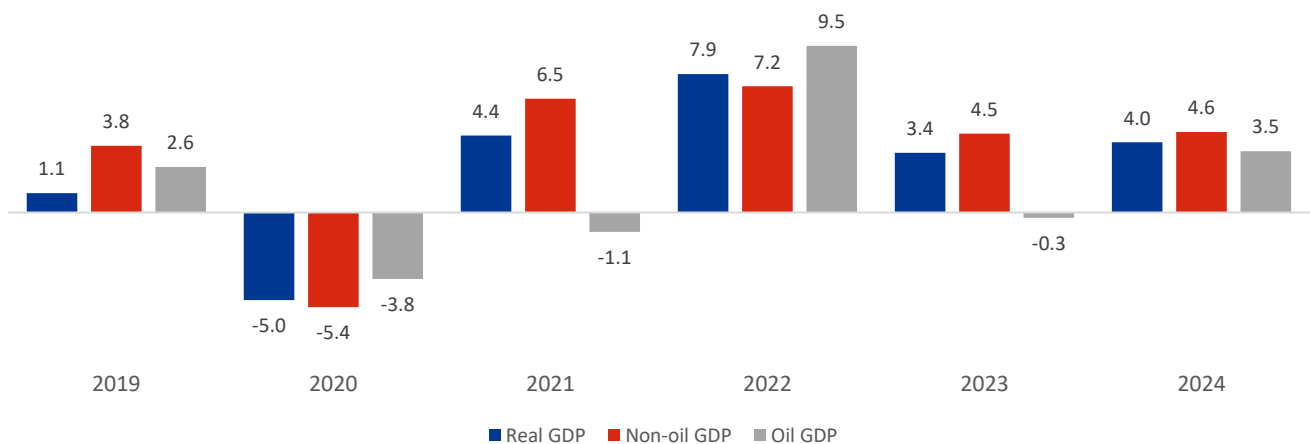
OPEC+ further plans to extend the production cut to the end of 2024 to provide stability to oil prices. On the other hand, according to the Central Bank of UAE, the non-oil GDP is expected to grow by 4.5% in FY2023 and further moderately rise by 4.6% in FY2024. The non-oil segment of the UAE's economy experienced a slowdown to 4.5% in 1H23, down from 5.2% compared to the preceding quarter. Within various sectors of the non-oil economy, the most substantial expansions are observed in transportation and storage, which registered a growth of 10.9%, followed by construction at 9.2% in 1Q23. Meanwhile, the oil sector of the UAE's economy significantly decelerated in 1Q23, to 1.5% YOY from 6.4% YOY in the 4Q22. The decline is influenced by a reduction in oil production to 3 Mn barrels per day, aligning with the OPEC+ agreements. However, the decrease in oil production in 2023 was offset by the production of other hydrocarbon products, such as natural gas liquids (NGL) which are not subject to regulation by the OPEC+ agreements.

**Dubai is a prominent commercial and tourist destination in transforming UAE into a logistics hub in the region**

The UAE serves as a focal point for trade activities in the Middle East, and Dubai, a prominent commercial and tourist destination, plays a pivotal role in transforming into a logistics hub, thereby contributing to and improving the overall quality of life in the region. Dubai's GDP grew by 4.4% in FY2022 followed by a 3.6% increase, reaching AED 112.5 Bn in 1Q23. The accommodation & food service activities and transportation & storage sectors recorded double

digit growth and outperformed all other sectors in Dubai with a significant growth of 14.4% and 10.3% in 1Q23 as compared to the same period last year. The tourism industry experienced a resurgence, with the number of international visitors reaching 14.4 Mn in FY2022, nearing the pre-pandemic levels. This marked a significant increase from the 7.3 Mn visitors recorded in FY2021. Furthermore, Dubai witnessed a flourishing influx of visitors in 2022, driven by an exceptional array of events such as the Dubai Shopping Festival, DP World Tour Championship, and the Dubai World Cup. A noteworthy one-time event the Dubai Cop28 which is scheduled from 30 November 2023 to 12 December 2023 is expected to boost the tourism sector in the city. Further, Dubai's economy expanded 3.2% to AED 223.8 Bn in 1H23 driven by strong performance of the transport and storage sector which rose 10.5% in 1H2023. In addition, Dubai welcomed 11.1 Mn visitors in the first months of 2023 as compared to 9.12 Mn during Jan-Aug 2022 and higher than 10.85 Mn during Jan-Aug 2019.

**Figure 54: UAE's Real GDP & Non-Oil GDP (Annual Growth %)**



Source: CBUAE

## Dubai's Individual Wealth Provides Strong Support for a Healthy Economy

**Dubai's dynamic growth, fueled by a thriving economy, rising population, and vibrant tourism positioned it as a global hub with strategic urban planning for the upcoming years**

Dubai distinguishes itself as one of the rapidly advancing cities in the UAE, driven by a robust resurgence in tourism, population growth, per capita disposable income, and improved transportation. The tourism industry plays a vital role in molding Dubai into a logistical center, contributing to and enhancing the livability across the region. This transformation is reinforced by the country's strategic geographical location providing access to local, regional, and global centers. Its diverse and fast-growing economy led to incredible growth over the decades Dubai's population surpassed 3.6 Mn, experiencing a year-to-date growth of 1.43% in 2023, as reported by the Dubai Statistics Center.

Dubai's 2040 Urban Master Plan, which includes expanding green spaces, parks, and other recreational areas in the emirate, envisions the population to grow to 5.8 Mn by 2040. UAE's disposable income per household reached USD 88,600 in 2022, significantly higher than other GCC countries. The robust growth in per capita disposable income is expected to exhibit a CAGR growth rate that is 2.4 times higher than the global average from 2022 to 2027.

Figure 55: Dubai's Resident Population (Mn)

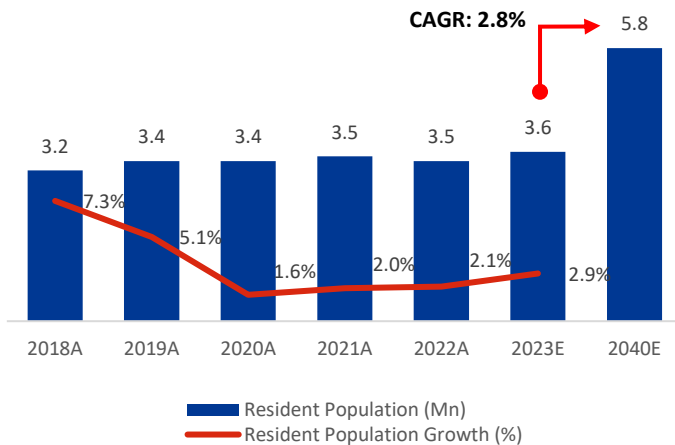
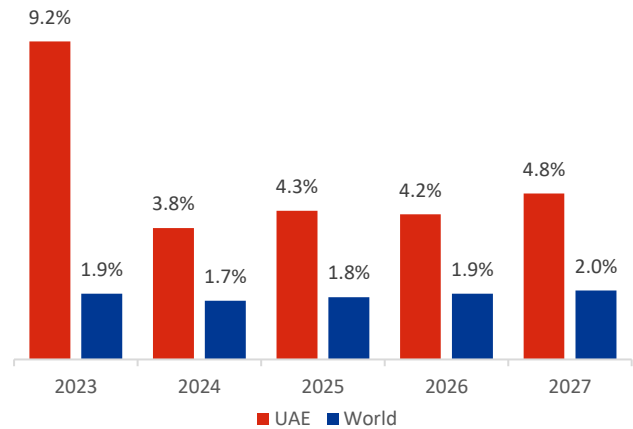


Figure 56: Growth in Per Capita Disposable Income (%)



Source: Company Information

## Dubai's Growth Fuelled by Various Economic Initiatives and Visionary Urban Plans for Sustainability and Global Business Expansion

Dubai's economic advancement is propelled by a comprehensive strategy that includes boosting foreign trade, fostering foreign direct investments, increasing government expenditures, and encouraging private-sector investments

Dubai International Airport (DXB) solidified its status as the busiest international airport, welcoming 32.7 Mn passengers in 2022, excluding transit passengers. Dubai demonstrated robust growth in 2022, adapting to the dynamic global tourism landscape as evidenced by welcoming 14.4 million overnight visitors, showcasing an impressive YOY growth of 97%. Furthermore, Dubai hosted the highest number of international visitors, primarily from India, totaling 1.6 Mn among the 8.6 Mn overnight visitors in the 9M23. In addition, Dubai welcomed 11.1 Mn visitors in the first months of 2023 as compared to 9.12 Mn during Jan-Aug 2022 and higher than 10.85 Mn during Jan-Aug 2019.

Dubai's economic expansion is propelled by a series of strategic initiatives outlined in the Dubai Economic Agenda D33, which targets a substantial foreign trade value of AED 25.6 Tn by 2033. The city aims to secure an annual contribution of AED 100 Bn from digital transformation, attracting targeted foreign direct investments exceeding AED 177 Bn over the next decade. Launched in 2023, the 10-year economic plan is geared towards doubling the size of Dubai's economy by 2033 and positioning it among the top three global cities. The comprehensive strategy involves increasing foreign trade, fostering foreign direct investments, boosting government expenditures, and encouraging private sector investments, collectively driving the city's economic advancement.

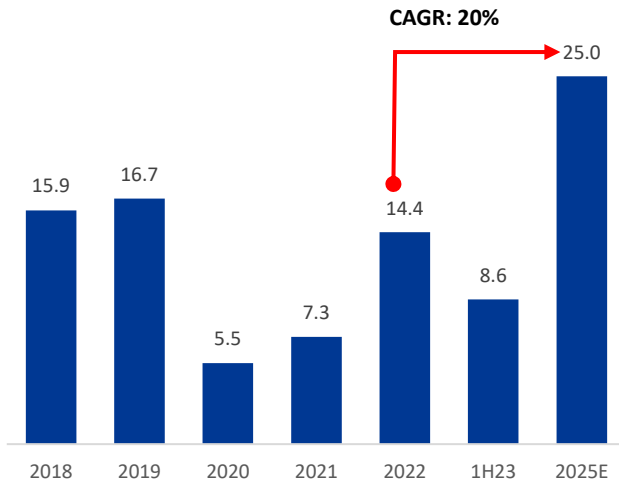
The Dubai 2040 Urban Master Plan outlines a future blueprint for the sustainable urban development of the city with key objectives. These objectives encompass:

- The enhancement of urban areas,
- Increased efficiency in resource utilization, and
- The provision of sustainable and flexible modes of mobility.

Dubai's visionary plan is to attract global investments and add new markets to global business lines

Simultaneously, the Dubai Global initiative aims to position the city as a premier global business hub. This involves establishing 50 commercial representative offices across five continents, thereby expanding Dubai's reach on a global scale. The initiative seeks to attract international investments and integrate new markets into the city's global business lines, further solidifying Dubai's standing in the international business landscape.

Figure 57: International Visitors in Dubai (in Mn)



Source: Company Information

Figure 58: Dubai's Well-defined Strategic Plans



## Valuation Methodology

### Target Fair Value Analysis

**We arrive at DTC fair value of AED 2.47 per share based on a mix of valuation methods**

#### DCF, RELATIVE VALUATION and DDM

We have used a mix of Discounted Cash Flow (DCF), Comparable Company Method (CCM), and Dividend Discount Model (DDM) valuation methods to arrive at the fair value of DTC. The Company was founded through a decree and has been operating as a subsidiary of the Road and Transport Authority of Dubai since 2008, which was amended by a decree after that DTC is wholly owned by the Government of Dubai represented by the Department of Finance (DoF). DTC holds a leading position in Dubai's taxi operator industry, boasting a substantial market share of 44% with a fleet of 5,216 taxis reported as of 30 June 2023. The Company diversified into various mobility businesses like VIP Limousines, School & Corporate Buses and Delivery Bikes by leveraging its dominant leadership position and operational capabilities. We have assigned a higher weight to DCF valuation as it considers the Capex incurred over the plate and new fleet and provides comprehensive value over multiple periods as opposed to other valuation methods. In CCM valuation, EV/EBITDA is used to value the Company as this multiple excludes the impact of the difference in capital structure over the peers. DTC is expected to pay a regular dividend of at least 85% of annual net profit thus, it considered valuing it using the DDM valuation method. In DDM valuation, the dividend paid to shareholders is used to value the Company.

### CONSOLIDATED VALUATION DTC

Name of Entity	Valuation (AED, Mn)	Weight (%)	Total Valuation (AED, Mn)
<b>Valuation of the DTC based on -</b>			
Discounted Cash Flow	6,330	70.0%	4,431
Dividend Discount Model	6,112	15.0%	917
Relative Valuation (EV/EBITDA)	5,446	15.0%	817
<b>Total Valuation (AED, Mn)</b>			<b>6,165</b>
<b>Total Valuation (USD, Mn)</b>			<b>1,679</b>
<b>Valuation AED per share</b>			<b>2.47</b>

The performance of DTC is analyzed in detail to arrive at fair value estimates. We took a fair estimate across the respective companies' income statements and financial positions to arrive at their valuation. The valuation brought forward a target of AED 2.47 per share.

The weightage assigned to the DCF, EV/EBITDA, and DDM valuation methods stood at 70%, 15%, and 15%, respectively.

**We arrived at a value of AED 2.53 per share using DCF valuation.**

#### 1) Discounted Cash Flow Valuation

We relied upon the guidance provided by the Company management for the next six financial years starting from FY2023 and ending FY2028 to arrive at the valuation through DCF methodology. We derived the Company's Terminal Value using the Gordon Model and extrapolated last year's adjusted free cash flows at a terminal growth rate of 2.0% to perpetuity. To arrive at Ke (Cost of Equity), we have used the 10-year government bond yield of 5.2%, Country risk premium of 3.8%, and average Beta of 0.87 for the Transportation sector. After applying all these, we arrived at the cost of equity of 8.5%. We have used a 10-year US

Government Yield and further added a 10-year Dubai Government CDS spread to arrive at an appropriate risk-free rate. DTC recently borrowed funds through a term facility to repay related parties. The debt is borrowed at 3-Month EIBOR plus a margin of 0.80% basis point. Therefore, we have used free cash flow to a firm to arrive at the valuation using the DCF methodology. The same is used to arrive at a weighted average cost of capital. We assume the cost of debt of 6.1% and adjusted for the tax rate to arrive after the tax cost of debt of 5.5%. We used the Company current outstanding debt and market capitalization to compute the weighted average cost of capital.

## I. DCF Valuation of DTC

	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
<b>All figures in AED Mn, unless stated</b>						
NOPAT	382	418	462	492	535	582
(+/-) Depreciation & amortization	129	138	140	166	163	165
(+/-) CAPEX	-361	-118	-151	-282	-281	-298
(+/-) Working Capital	-20	-99	88	73	-24	-2
<b>Free Cash flow to Firm</b>	<b>33</b>	<b>339</b>	<b>538</b>	<b>449</b>	<b>394</b>	<b>446</b>
Discount factor	1.00	0.93	0.86	0.79	0.74	0.68
<b>Present Value of FCFF</b>	<b>32</b>	<b>314</b>	<b>462</b>	<b>357</b>	<b>289</b>	<b>304</b>
<b>Total Present value of FCFF</b>						1,758
Terminal Value						5,174
Terminal growth rate						2.0%
Weighted average cost of capital						8.0%
<b>Enterprise Value</b>						<b>6,933</b>
Cash/ (Net Debt) as of Sep 2023						-602
<b>Equity Value</b>						<b>6,330</b>

Source: FAB Securities Research

### a) Sensitivity of DCF to Key Assumptions

**Sensitivity analysis generates the highest valuation of AED 3.77 per share and the lowest valuation of AED 1.91 per share**

Our DCF valuation is based on a weighted average cost of capital (WACC) of 8.0%. A sensitivity analysis shows that a change of +/- 0.5% in the weighted average cost of capital and terminal growth rate will provide a valuation range of AED 1.91 per share to AED 3.77 per share. The table below shows the sensitivity between the change in terminal growth rate and the weighted average cost of capital.

#### 1. DCF Sensitivity to Terminal Growth Rate and WACC

		Terminal growth				
WACC		1.0%	1.5%	2.0%	2.5%	3.0%
	7.0%	2.63	2.83	3.08	3.39	3.77
	7.5%	2.41	2.58	2.78	3.03	3.33
	8.0%	2.22	2.36	2.53	2.73	2.97
	8.5%	2.06	2.18	2.32	2.49	2.68
	9.0%	1.91	2.02	2.14	2.28	2.44



We are using EV/EBITDA multiple in CCM valuation to value the firm

## 2) Relative Valuation

In the CCM valuation, we used the EV/EBITDA multiple for the relative valuation as it allows us to compare companies of various sizes with different capital structures. DTC is an important part of the UAE's infrastructure and exhibits similar characteristics to other infrastructure players, like Salik, Empower, Dewa, and ADNOC. These companies possess similar KPIs as compared to DTC. Further, the infrastructure company growth is linked to Dubai's economic expansion and population growth. In addition, the business model is inflation-linked with high barriers to entry, leading to strong market share resulting in generating favorable margins with attractive cash conversion. Further, we have also used public Rental and Leasing across the region to value DTC.

## II. Relative Valuation of DTC

(All Figures in Million AED, unless stated)

### Based on EV/EBITDA Multiple

EBITDA (FY2024)	579
Peer Median Valuation	10.5x
<b>Enterprise Value</b>	<b>6,049</b>
Net (Debt)/Cash	-602
<b>Equity Value</b>	<b>5,446</b>

Source: Company Information, FAB Securities Research

## III. Peers Valuation

Company. Name	Market Cap (USD, mn)	EV/EBITDA (x)		PE (x)		Dividend Yield (%)	
		2023	2024	2023	2024	2023	2024
Salik	6,417	19.3	17.8	21.7	21.5	4.6	4.6
Empower	4,932	14.7	13.3	19.2	19.0	4.8	4.8
Dewa	32,698	10.9	10.2	16.5	17.1	5.5	5.3
ADNOC Drilling	16,639	12.7	10.7	17.8	15.1	4.1	4.6
ADNOC Distribution	12,219	14.9	13.4	19.3	17.8	5.7	5.5
Budget	1,260	7.5	9.6	16.2	15.1	3.3	3.8
Theeb	711	6.0	6.3	16.3	11.6	3.8	4.3
Lumi	1,286	10.4	8.7	21.3	15.7	1.5	2.9
<b>Average</b>		<b>12.1</b>	<b>11.2</b>	<b>18.5</b>	<b>16.6</b>	<b>4.2</b>	<b>4.5</b>
<b>Median</b>		<b>11.8</b>	<b>10.5</b>	<b>18.5</b>	<b>16.4</b>	<b>4.4</b>	<b>4.6</b>
<b>Max<sup>1</sup> (Quartile 3)</b>		<b>14.8</b>	<b>13.3</b>	<b>19.8</b>	<b>18.1</b>	<b>4.9</b>	<b>4.9</b>
<b>Min<sup>2</sup> (Quartile 1)</b>		<b>9.7</b>	<b>9.3</b>	<b>16.5</b>	<b>15.1</b>	<b>3.7</b>	<b>4.2</b>

Source: Bloomberg, <sup>1</sup> Values correspond to Quartile 3, <sup>2</sup> Values correspond to Quartile 1

Using DDM approach, we arrive at a fair value of AED 2.44 per share

### 3) Dividend Discount Valuation (DDM)

The company maintains a policy to declare regular dividend 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 forecasted based on the management estimate. All forecasted dividend is discounted to present value using the cost of equity. Detail related to the cost of equity calculation is provided above. We have also calculated our terminal growth rate assuming the Company business will continue to operate until perpetuity using the terminal growth rate of 2%.

#### IV. Dividend Discount Valuation

	FY2023E	FY2024E	FY2025E	FY2026E	FY2027E	FY2028E
All figures in AED million, unless stated						
Total Dividend	71	294	333	361	400	438
Discount factor	1.00	0.92	0.85	0.78	0.72	0.67
Present value of Dividend	71	272	284	283	289	292
Total Present Value of Dividend						1,491
Terminal Value						4,622
Terminal growth rate						2.0%
Cost of Equity						8.5%
Equity Value						6,112

Source: Company Information, FAB Securities Research

## Key Financial Metrics

### Financial Performance at a Glance

#### Growth Dynamics

**Dubai Taxi Company (DTC) leads the market with a fleet of 7,146 vehicles and held a market share of 44% of Dubai's taxi industry**

Dubai Taxi Company, or DTC, was established in 1994 by a decree and was operating as a subsidiary of the Road and Transport Authority of Dubai since 2008 which was amended by a decree after that DTC is wholly owned by the Government of Dubai represented by the Department of Finance (DoF). DTC is the market leader in the taxi operator industry in Dubai and commands a market share of 44% with a fleet of 5,216 taxis, as of June 30, 2023. Dubai taxi market is composed of five players that operate 11,827 vehicles in total, as of 30 June 2023. The company expanded beyond taxis to other mobility businesses by capitalizing on its dominant leadership and operational strength. It benefits from multiple booking and hailing channels, including online platforms such as Careem-Hala and the DTC App, as well as offline channels like street hailing and dedicated RTA taxi pickup points providing 24x7 taxi service across Dubai. DTC expanded its fleet from an average of 221 vehicles in 1995 to a total of 7,146 vehicles by 1H23, with a primary focus on the taxi segment. The company also ventured into the delivery bike segment with 98 delivery bikes in the 2H22, and it currently operates 597 delivery bikes as of 1H23. The Company's current fleet includes 5,216 taxis, 387 VIP limousines, 946 buses, and 597 delivery bikes totaling 7,146 fleet of vehicles in 1H2023. DTC recorded a significant jump in total number of trips which rose from 1 Mn trips in 1995 to 32 Mn trips in 2010, and further grew to 44 Mn trips 1H23 (included trips for last twelve months ending 30 June 2023 for Taxi and VIP Limousines). The Company employs 14,538 drivers from 38 different nationalities with a churn rate of 4.5%. Currently, the total driver-to-fleet ratio stands at 2.37x for the taxi segment and 1.56x for the Limousines segment. DTC derived most of its revenue from Taxi Segment, contributing to 88.2% of the total revenue in 9M23 followed by 6.1% from the Limousine, 4.9% from Bus Segment and the remaining 0.8% from the recently started Bike Segment in 9M23.

**Revenue growth is attributed to higher fleet utilization, longer trips, increase in realization per kilometer, urban expansion, digital investments, exclusive partnerships, fleet & population growth and rising demand for last-mile delivery in Dubai**

We expect DTC to add on an average of 396 new fleet of vehicles per year between 2022-28 to grow to 9,019 fleet of vehicles, while we expect the total number of drivers employed to reach 18,312 by FY2028. Thus, we anticipate DTC's revenues to grow at a CAGR of 6.5% from AED 1,763 Mn in FY2022 to AED 2,571 Mn in FY2028. The growth in revenue is underpinned by growth in average trip length owing to the expansion of the Dubai City area/urban centers, increase in average revenue per kilometer amid moderate inflation in UAE, expansion of fleet utilization, investments in digitalization, a growing number of exclusive agreements with additional venues and hotel aggregators, fleet expansion, population and GDP growth, coupled with ubiquity of delivery services and a growing demand for the convenience of last-mile delivery in Dubai.

The company steadily enhanced its cost profile by optimizing operations and reducing core operational costs in proportion to its revenue-generating capabilities. In 1H23, DTC successfully executed a strategic transformation in its direct cost structure, substantially improving margins. Consequently, the Company's gross margin improved 890 bps from 13.2% from 9M2022 to 22.1% in 9M2023. DTC's Taxi Segment remained the major contributor and the most profitable segment, with a gross profit margin of 24.0% and constituted 96.9% of the company's total gross profit in 9M23. This is mainly attributed to improvement in driver-to-fleet ratio leading to improved fleet utilization, decline in fuel cost owing to switch to hybrid vehicles and fall in other operating cost.

In addition, DTC's EBITDA also grew in line with revenue with a substantial margin expansion, driven by strong top-line performance and ongoing improvements in operational efficiency. DTC's EBITDA margin expanded 944 bps from 16.0% in 9M22 to 25.5% in 9M23. We expect EBITDA to grow at a CAGR of 16.2% from AED 316 Mn in FY2022 to AED 777 Mn in FY2028, with margins expansion of 1,230 bps to 30.2% by FY2028.

The Company maintains a consistent and predictable capex profile, primarily composed of expenses related to fleet replacement. Historically, DTC adhered to a prudent and flexible policy that aligns with the regulations set by the RTA regarding the useful life of its fleet. DTC incurred cumulative net capex of AED 816 Mn during FY2019-9M23. In addition, the Company bought 2,971 taxis, 69 limousines, 312 buses and 590 bikes over FY2022-1H23. We expect the Company to incur a net capex of AED 1,491 Mn during FY2023-28.

**Figure 59: Summary Financials (AED, Mn)**

	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E
Total Fleet	6,031	6,643	7,504	7,932	8,310	8,563	8,791	9,019
Total Driver	9,145	11,283	15,167	16,388	17,071	17,506	17,914	18,312
Driver to Fleet Ratio (Overall)	1.5x	1.7x	2.0x	2.1x	2.1x	2.0x	2.0x	2.0x
Driver to Fleet Ratio (Taxi)	1.5x	1.9x	2.4x	2.5x	2.5x	2.5x	2.5x	2.5x
Driver to Fleet Ratio (VIP Limousine)	1.1x	1.1x	1.6x	1.8x	2.0x	2.0x	2.0x	2.0x
<b>Revenue</b>	<b>1,341</b>	<b>1,763</b>	<b>1,936</b>	<b>2,085</b>	<b>2,230</b>	<b>2,367</b>	<b>2,472</b>	<b>2,571</b>
Gross Profit	211	267	436	490	543	582	634	690
<b>EBITDA</b>	<b>241</b>	<b>316</b>	<b>493</b>	<b>579</b>	<b>627</b>	<b>685</b>	<b>727</b>	<b>777</b>
<b>Net profit</b>	<b>150</b>	<b>224</b>	<b>356</b>	<b>346</b>	<b>392</b>	<b>425</b>	<b>470</b>	<b>515</b>
Gross Profit Margin	15.8%	15.2%	22.5%	23.5%	24.4%	24.6%	25.6%	26.8%
EBITDA Margin	18.0%	17.9%	25.4%	27.8%	28.1%	28.9%	29.4%	30.2%
Net Profit Margin	11.1%	12.7%	18.4%	16.6%	17.6%	18.0%	19.0%	20.0%
Net Debt/EBITDA	NA	NA	1.2	0.9	0.6	0.5	0.5	0.5

Source: Company Information, FAB Securities research 2023-28

## Financials:

DTC's revenue grew at a CAGR of 2.1% from FY2019 to FY2022, bouncing back from a pandemic dip, mainly driven by the thriving taxi segment and expansion into other mobility services

### Revenue

DTC revenue grew at a CAGR of 2.1% from AED 1,656 Mn in FY2019 to AED 1,763 Mn in FY2022. The Company's revenue was impacted by the pandemic beyond the Company's control, revenue declined by 46.4% to AED 887 Mn in FY2020. However, the topline bounced back and grew 51.2% to AED 1,341 Mn in FY2021 and further grew by 31.4% to AED 1,763 Mn in FY2022. Operations began to recover steadily from December 2020, fully recovering in FY2022, with a growth rate of 6.5% compared to FY2019 levels. A favorable driver-to-taxi ratio primarily drove this recovery. The robust post-Covid recovery is largely attributed to the swift reintroduction of the parked fleet and prudent hiring process of drivers. Revenue grew 11.1% YOY to AED 1,414 Mn in 9M23 driven majorly by organic fleet expansion within the taxi segment, alongside the continuous scaling up of emerging segments, including limousine, bus, and bike services.

Revenue from **taxi segment** grew at a CAGR of 2.1% from AED 1,439 Mn in FY2019 to AED 1,534 Mn in FY2022. Furthermore, revenue grew 13.0% YOY to AED 836 Mn in 1H23 driven by an increase in the number of taxi trips and higher customer tariffs, compensating for the rise in DTC's operational costs due to increased fuel prices. Taxi Segment contributes 87.4% of total revenue as of 1H23. DTC's Taxi fleet consisted of 5,216 vehicles as of 1H23 making it market leader in Taxi Operator segment in Dubai with 44.1% Market Share. DTC taxi segment achieved average utilization rate of 69.5% during FY2019-22. Additionally, the DTC maintained average driver-to-taxi ratio of 1.81x during the same period. Total number of driver stood at 12,336 in 1H23 with driver to fleet ratio at 2.37x. Notably, out of 5,216 taxi fleet, c. 80% consist of Hybrid/Electric vehicles, with a 100% green fleet target set for FY2024. The Taxi segment completed 149.9 Mn and 21.7 Mn trips during FY2019-22 and 1H23, respectively. We expect revenue from Taxi Segment to grow at a CAGR of 5.4% from AED 1,534 Mn in FY2022 to AED 2,102 Mn in FY2028, primarily driven by factors, including an increase in the average trip length and the average revenue per KMs coupled with adjusted fare rates to account for inflation and changes in fuel prices. Additionally, investments in digitalization, extended operational hours, and fleet expansion will contribute to this growth. We expect taxi segment to maintain driver to fleet ratio of 2.5x and average utilization rate of 82.5% during FY2023-28. The increase in driver-to-taxi ratio drives this growth and the transition to hybrid vehicles, which require less maintenance, streamline operations, and reduce the frequency of refueling. Surge pricing for e-hailing taxis is set to be introduced in Q4 2023, serving as an extra pricing adjustment mechanism.

Taxi Segment	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E
Total Fleet (units)	5,204	5,214	5,219	5,319	5,419	5,519	5,619	5,719
Total Driver (units)	7,589	9,700	12,526	13,298	13,548	13,798	14,048	14,298
Driver-to-Fleet Ratio	1.5x	1.9x	2.4x	2.5x	2.5x	2.5x	2.5x	2.5x
Total Trip (Mn)	37.8	41.3	44.5	48.0	49.5	50.5	52.0	53.5
<b>Revenue (AED, Mn)</b>	<b>1,181</b>	<b>1,534</b>	<b>1,695</b>	<b>1,801</b>	<b>1,894</b>	<b>1,985</b>	<b>2,049</b>	<b>2,102</b>

Source: Company Information, FAB Securities Estimates 2023-28

The **VIP Limousine segment** of DTC was introduced in FY2012 with a fleet of 113 VIP Limousines. However, the revenue from this segment declined from AED 177 Mn in FY2019 to AED 137 Mn in FY2022. This decline was primarily due to fleet optimization measures undertaken after the COVID-19 pandemic, resulting in a reduction in a fleet total to 387 vehicles as of 1H23. Notably, c. 77% of this fleet consists of hybrid/electric vehicles, aiming to achieve a 100% green fleet by FY2024. The VIP Limousine segment contributed 6.1% to total revenue as of 1H23. DTC

maintained an average driver-to-fleet ratio of 1.3x during FY2019-22, and this ratio inclined to 1.6x with 602 drivers in 1H23. The VIP Limousine segment completed 6.62 Mn trips between FY2019-22 and 0.6 Mn trips in 1H23. Looking ahead, we expect Limousine segmental revenue to grow at CAGR 10.9% from AED 137 Mn in FY2022 to AED 255 Mn in FY2028. This growth will be driven by investments in digitalization, including e-hailing services, and the establishment of exclusivity agreements with additional venues and hotel booking aggregators. Additionally, we anticipate the total number of trips to reach 2.4 Mn, and the driver-to-fleet ratio to increase to 2.0x by FY2028.

Limousine Segment	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E
Total Fleet (units)	387	387	387	395	403	411	419	427
Total Driver (units)	613	522	619	711	806	822	838	854
Driver-to-Fleet Ratio	1.6x	1.3x	1.6x	1.8x	2.0x	2.0x	2.0x	2.0x
Total Trip (Mn)	1.6	1.5	1.3	1.4	1.7	2.0	2.3	2.4
Revenue (AED, Mn)	115	137	125	137	170	200	225	255

Source: Company Information, FAB Securities Estimates 2023-28

**We expect consolidated revenue to grow at CAGR of 6.5% from AED 1,763 Mn to AED 2,571 Mn over FY2022-2028**

DTC introduced its **Bus segment** in FY2015 with an initial fleet of 117 buses. Revenue from bus Segment grew at CAGR 31.2% from AED 40 Mn in FY2019 to AED 90 Mn in FY2022. Further, revenue continued to grow by 15.4% YOY to AED 57 Mn in 1H23. This growth was primarily driven by fleet expansion and the acquisition of new contracts, including a substantial one with the Emirates School Establishment. DTC has contracts with 49 schools in Dubai, 5 private schools, and 26 schools in Ajman, with an MOU signed after 1H23. The Bus segment contributed 6.0% of the total revenue as of 1H23. Furthermore, a significant portion of the Bus segment revenue, 87.0%, is derived from contracts with the Ministry of Education and the Emirates School Establishment. DTC's School Bus fleet stood at 790 as of 1H23, accounting for an 11% market share of total school buses in Dubai, and serves over a total of 24,533 students, which represents 7% of the market share in Dubai. The total Bus fleet comprises of 946 buses as of 1H23, with a total of 970 drivers, resulting in a driver-to-bus ratio of 1.03x. We expect revenue from bus segment to grow at a CAGR of 10% growing from AED 90 Mn in FY2022 to AED 157 Mn in FY2028 fueled by long-term contracts with the Ministry of Education in Dubai and Ajman, as well as the provision of commercial transport services in the regions of Abu Dhabi city, Al Dhafra, and Al Ain.

Bus Segment	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E
Total Fleet (units)	440	944	950	970	990	1,010	1,030	1,050
Total Driver (units)	943	961	998	1,019	1,069	1,101	1,133	1,155
Driver-to-Fleet Ratio	2.1x	1.0x	1.1x	1.1x	1.1x	1.1x	1.1x	1.1x
Revenue (AED, Mn)	46	90	103	120	130	140	150	157

Source: Company Information, FAB Securities Estimates 2023-28

DTC's **bike segment** is still in its early stages, having started operations in September 2022 to tap into Dubai's growing delivery market. This segment primarily serves food delivery aggregators, with bikes fully integrated into customers' businesses and payment based on a per-delivery model with negotiated minimum commitment clauses. During the first month of operation in September 2022, DTC completed 2,000 deliveries, and this number surged to 123,000 as of June 2023. Furthermore, the fleet size expanded from 26 bikes in Sept 2022 to 597 bikes in 1H23. Additionally, the company has contracts with Careem and Power Lease as of 1H23, and further additional contracts were signed with Smile, Cart, and Noon after 1H23. We expect revenue from bike segment to grow at 6.5x from AED 2 Mn in FY2022 to AED 14 Mn in FY2023, further to grow at a CAGR of 19.8% from AED 28 Mn in FY2024 to AED 57 Mn by FY2028.



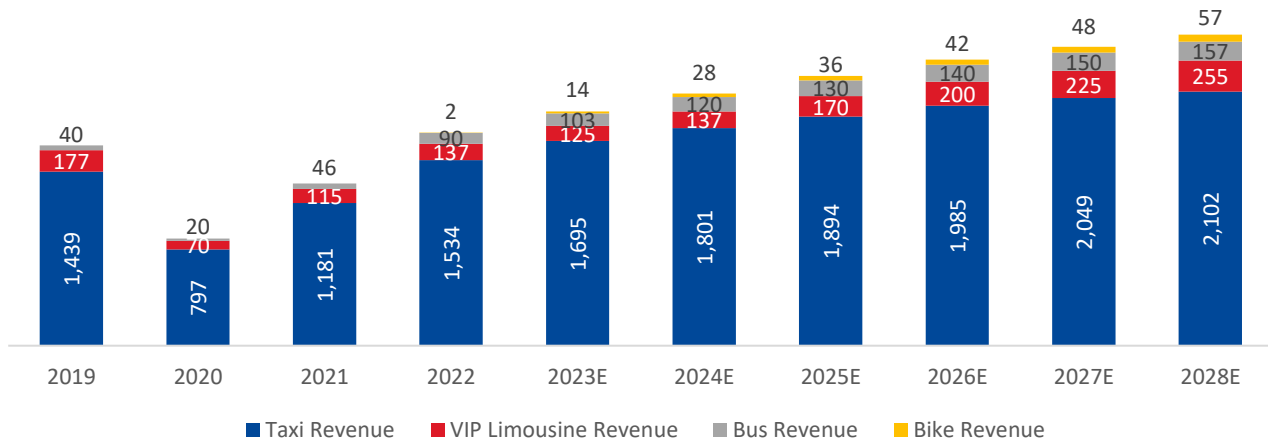
This is underpinned by strong fundamentals, including robust population and GDP growth in the UAE, the widespread availability of delivery services, and an increasing demand for the convenience of last-mile delivery.

Bike Segment	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E
Total Fleet (units)	NA	98	948	1,248	1,498	1,623	1,723	1,823
Total Driver (units)	NA	100	1,024	1,360	1,648	1,785	1,895	2,005
Driver to Fleet Ratio	NA	1.0x	1.1x	1.1x	1.1x	1.1x	1.1x	1.1x
Revenue (AED, mn)	NA	2	14	28	36	42	48	57

Source: Company Information, FAB Securities Estimates 2023-28

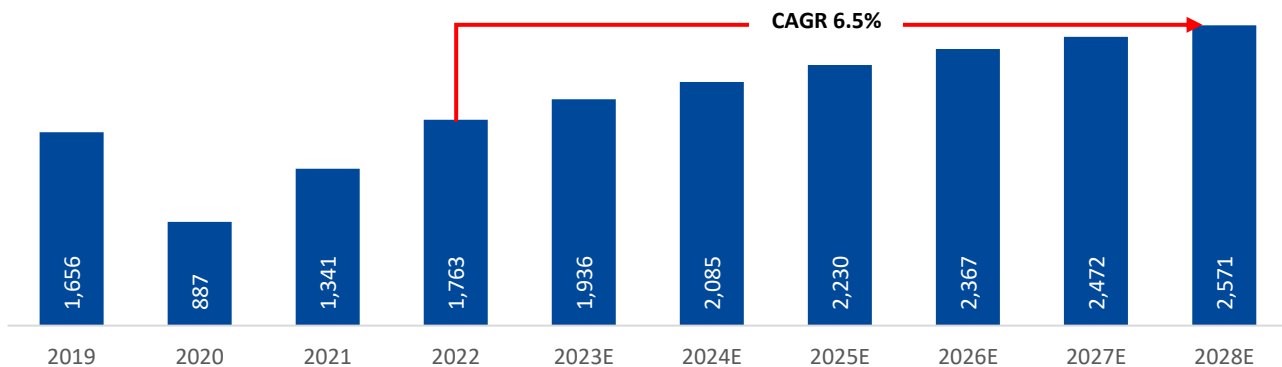
We expect DTC's **consolidated revenues** to grow at a CAGR of 6.5% or 1.5x from AED 1,763 Mn in FY2022 to AED 2,571 Mn in FY2028. This is driven by the increasing average trip length, growth in average revenue per kilometer, expansion of the Dubai City area and urban centers, investments in digitalization, a growing number of exclusive agreements with additional venues and hotel aggregators, fleet expansion, population and GDP growth, along with the widespread availability of delivery services and the rising demand for the convenience of last-mile delivery in Dubai.

**Figure 60: Revenue by Segment (AED, Mn)**



Source: Company Information, FAB Securities research 2023-28

**Figure 61: Total Revenue (AED, Mn)**



Source: Company Information, FAB Securities research 2023-28

DTC improved its cost profile significantly in 1H23, with notable margin improvements driven by efficiency and fleet optimization

Operational expenses to grow at a CAGR of 4.8% to AED 1,559 by FY2028. While G&A expenses are expected to grow at a CAGR of 8.2% to AED 111 Mn by FY2028

## Operating & Other Expenses

DTC steadily improved its cost profile by optimizing its operations and reducing core operational costs in relation to its revenue-generating capacity. In 1H23, DTC accomplished a significant structural shift in its direct cost composition, resulting in notable margin improvements.

The **direct cost** mainly includes expenditure on Direct Staff Cost, Fuel Cost, Vehicle maintenance Cost, Insurance Cost, VAT, Depreciation of vehicle and Other Operating Cost. Other significant cost impacting margin is Plate and License Fee.

The margins for FY2022 and FY2021 were adversely affected by higher staff costs, which included drivers' commissions, as well as rising fuel expenses. This rise in costs was largely as a result of the post-covid rebound. However, there was a substantial improvement in the 1H23 direct cost margin, primarily driven by operational efficiency and strong top-line performance. This improvement can be attributed to a broader adoption of fuel-efficient hybrid/electric vehicles, increased vehicle utilization, a notable increase in e-hailing trips and a reduction in drivers' commission as a percentage of revenue due to a higher driver-to-taxi ratio. The RTA granted a temporary extension in the useful life of DTC's taxi fleet from four to five years. This alteration affected the company's Capex cycle and consequently led to a structural reduction in its depreciation and amortization expenses in FY2021 and FY2022A. In addition, the Taxi franchise in Dubai is required to pay a monthly Plate and License fee to the RTA. The standard monthly fee is AED 5,000 for each license plate. However, DTC benefits from a reduced monthly fee of AED 3,600 for its airport and ladies' taxis. Additionally, DTC is exempt from paying monthly franchisee fees for the People of Determination, Hatta taxis, and 268 cars under maintenance.

We anticipate **operational cost** to grow at a CAGR of 4.8% from AED 1,177 Mn in FY2022 to AED 1,559 Mn in FY2028. The increase is mainly due to the high driver staff cost, higher charges & commission expenses and depreciation expenses. We expect direct staff costs to grow from AED 528 Mn in FY2022 to AED 839 Mn in FY2028. These costs mainly consist of salaries for driver employees at DTC. Depreciation cost related to the fleet is expected to grow at CAGR 9.1% to AED 157 Mn by FY2028 primarily driven by the expansion of the fleet. We also expect Charges and Commission to grow at a CAGR of 3.3% from AED 103 Mn in FY2022 to AED 125 Mn in FY2028. Additionally, we anticipate fuel cost to decline from AED 266 Mn in FY2022 to AED 202 Mn in FY2028 driven by the complete transition to fuel-efficient hybrid vehicles, significantly reducing fuel usage. Furthermore, **Plate and License fee** is expected to grow to AED 322 Mn by FY2028.

The Company's **gross margin** declined to negative 8.3% in FY2020 due to the COVID-19 pandemic. However, DTC managed to rebound to pre-COVID margin levels, reaching 15.2% in FY2022. Further, DTC's gross profit margin grew by 756 bps YOY to 22.6% in 1H23. This improvement is attributed to sustainable structural shifts and a full post-COVID recovery. Furthermore, strong top-line expansion driven by new contracts & fleet expansion and higher operational efficiency, such as reduced staff and fuel costs have pushed its gross margin profile well above the levels seen in FY2022. The taxi segment is the highest-earning segment with the largest gross profit margin, reaching 24.0% in 1H23. However, the company anticipates that the ancillary segments will catch up in profitability in the future.

The consolidated gross profit margin of the Taxi and Bike segment stood at 24.0% in 1H23, up from 15.1% in 1H22. The structural shift in the gross profit margin has been a result of several key factors, including rapid fleet expansion, cost optimization, and improved operational efficiency. This shift is expected to continue with the full transition to fuel-efficient hybrid vehicles projected for FY2024. Moreover, further fuel efficiency gains, higher vehicle utilization,

and a reduction in wasted kilometers are anticipated through prudent investments in technology capabilities such as predictive and Big Data analyses, as well as increased e-hailing penetration through both third-party and DTC apps. We expect Taxi and Bike segment consolidated gross margin to grow 1,227 bps from 16.8% in FY2022 to 29.0% in FY2028. Additionally, the expected growth in gross profit margin is also attributed to the scaling up of the high-growth bike segment.

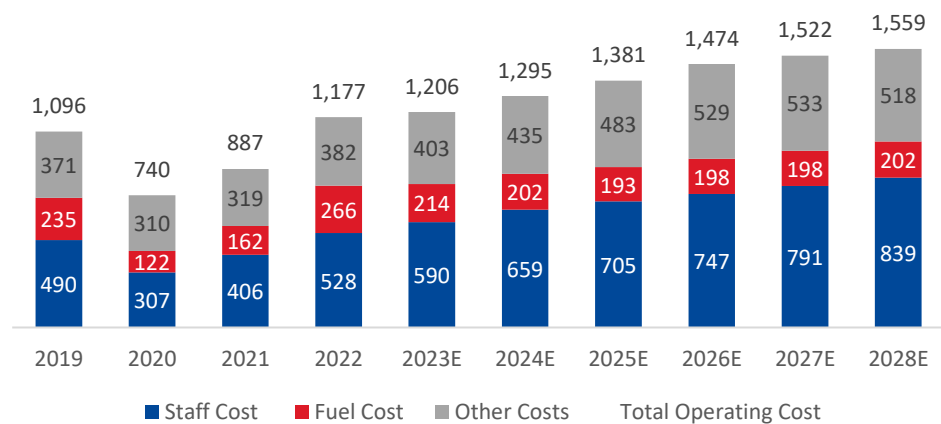
The Limousine Segment's gross margin is anticipated to increase from 9.0% in FY2022 to 15.4% in FY2028, driven by the higher driver-to-limousine ratio, resulting in increased utilization.

Similarly, the Bus Segment is projected to grow from a negative 2.5% in FY2022 to 15.5% in FY2028 fueled by several factors, including market saturation, serving a growing number of schools and corporate clients, and expansion into other Emirates beyond Dubai. Resultant, the Consolidated Gross margin is expected to grow from 15.2% in FY2022 to 26.8% in FY2028.

**Other Income** amounted to AED 43 Mn in FY2022 and it is expected to grow at a CAGR of 5.6% to AED 60 Mn in FY2028.

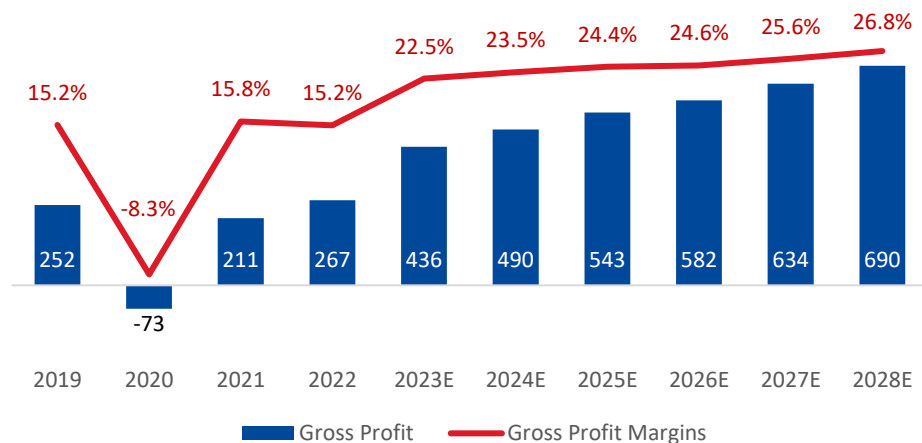
**G&A expense** stood at AED 69 Mn in FY2022 and expected to grow at a CAGR of 8.2% to AED 111 Mn in FY2028.

**Figure 62: Operating Expenses (AED, Mn)**



Source: Company Information, FAB Securities research 2023-28

**Figure 63: Gross Profit (AED, Mn)**



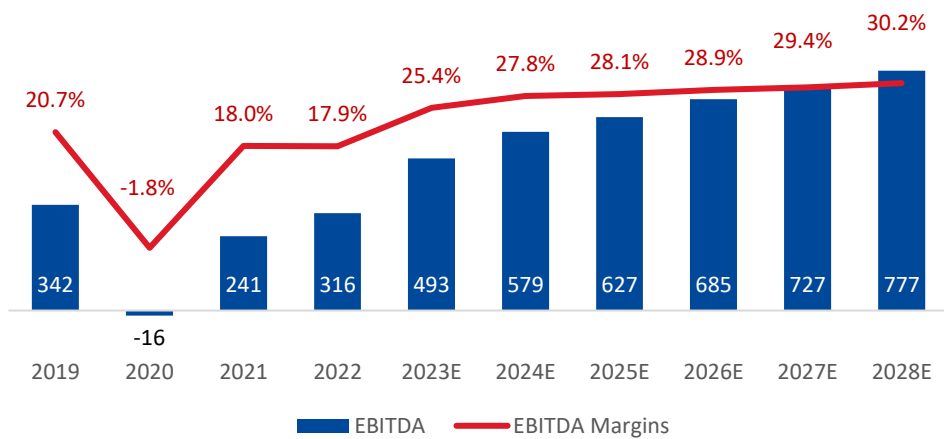
Source: Company Information, FAB Securities research 2023-28

## EBITDA

EBITDA margin is anticipated to expand 1,230 bps from 17.9% in FY2022 to 30.2% in FY2028

DTC experienced a decline in EBITDA from AED 342 Mn in FY2019 to AED 316 Mn in FY2022, primarily attributed to the impact of the COVID-19 pandemic. However, EBITDA rebounded strongly driven by swiftly bringing parked fleets back into operation, rapidly expanding the workforce by hiring more drivers, and securing new businesses and contracts, with a notable focus on the bus segment in FY2019-22. EBITDA margin stood at 25.4% in 1H23, up from 17.8% in 1H22, primarily driven by an increase in the number of taxi trips and higher customer tariffs, leading to top-line growth and substantial cost reductions. In addition, reduced staff costs, adoption of hybrid vehicles, and enhanced fleet utilization further improved EBITDA margins. Looking ahead, we expect EBITDA margin to expand 1,230 bps from 17.9% or AED 316 Mn in FY2022 to 30.2% or AED 777 Mn in FY2028.

Figure 64: DTC's EBITDA (AED, Mn) and Margin



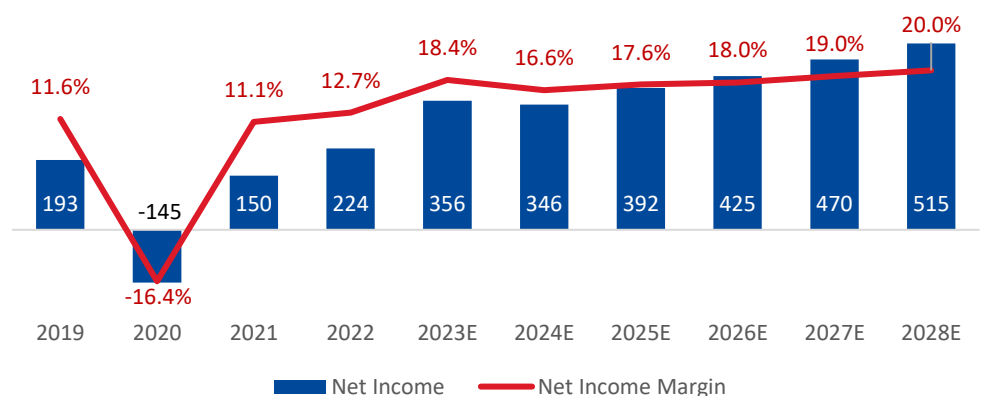
Source: Company Information, FAB Securities research 2023-28

## Net Profit

Net profit is expected to grow significantly at CAGR 14.9% during FY 2022-2028

The Company's net profit is expected to incline at CAGR 14.9% from AED 224 Mn in FY2022 to AED 515 Mn in FY2028. Net finance cost is likely to decline from a positive AED 6 Mn in FY2022 to a negative AED 44 Mn in FY2028, majorly due to a new term loan borrowed by DTC. The company is able to maintain a net profit margin of average of 11.8% over the last three years (excluding FY2020, year of the pandemic). The net profit margin stood at 12.7% in FY2022 while at 19.5% in 1H23. We forecast this margin to steadily raise up to 20.0% in FY2028.

Figure 65: Net Income (AED, Mn) and Margin



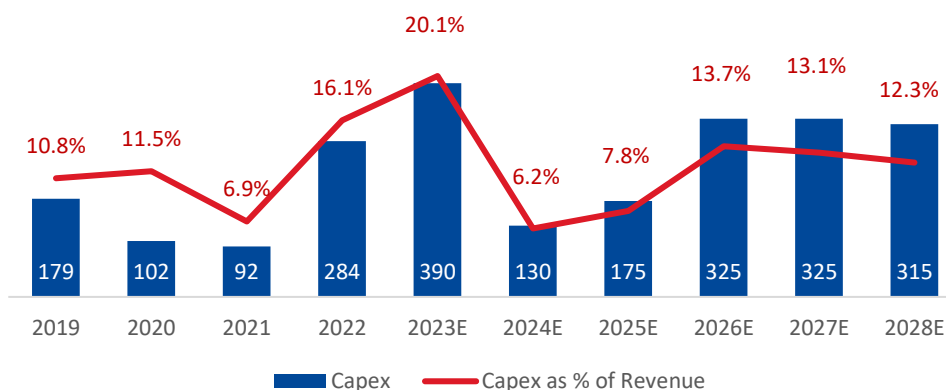
Source: Company Information, FAB Securities research 2023-28

**We anticipate DTC to spend AED 1,660 Mn on capex during FY2023-28**

## Capital Expenditure

The company maintains a consistent and predictable Capex pattern centered on replacing its fleet. Over time, DTC has adhered to a cautious and adaptable approach, aligning with the regulations set forth by the RTA regarding the useful life of fleet. The Company refreshes approximately 25-30% of its fleet each year. The RTA extended the useful life of taxis from four to five years in FY2021. This adjustment allowed taxi companies to continue using fully depreciated taxi cars, altering the replacement cycle for the Company's vehicle fleet. As a result, capex, depreciation, and amortization initially decreased in FY2021 but increased in FY2022 and 1H23. Additionally, the Company incurs plate capital expenditure, which is paid over a five-year period, in contrast to the replacement capex, typically settled over a 12-month. The Company bought a total of 2,971 taxis, 69 limousines, 312 buses, and 590 bikes during FY2022-1H23. Going forward, we expect the company to incur a capex of c. AED 390 Mn in FY2023. We expect DTC to incur AED 575 Mn on the taxi segment over the next four years. After this initial period, it will shift towards an average similar to the preceding years. Out of the AED 575 Mn, AED 460 Mn is anticipated to be incurred in FY2026-27. This capital expenditure mainly comprises replacement capex, with some minor growth capex included. In addition, the taxi segment is expected to have an annual plate capex of AED 30 Mn starting from the FY2024. This is subject to DTC winning additional licenses. Additionally, we expect the average net Capex of AED 50 Mn per annum for the limousine, bus, and bike segments, starting from the FY2024. Additionally, we expect capex of AED 15 Mn per annum allocated for other digitalization initiatives from the FY2024. Cumulatively, we expect the Company to incur a cumulative capex of AED 1,660 Mn during FY2023-28.

**Figure 66: DTC Total Capex (AED, Mn)**



Source: Company Information, FAB Securities research 2023-28

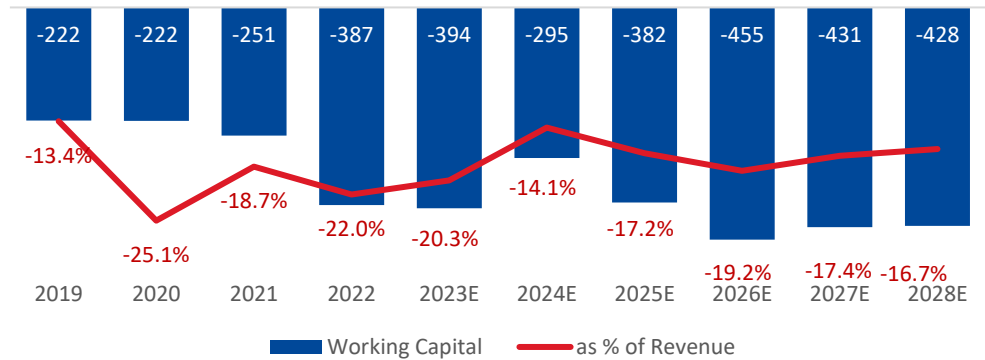
## Working Capital

**We anticipate DTC to maintain average negative net working capital of AED 398 Mn during FY2023-28**

DTCs enjoys favorable negative working capital cycle working capital, mainly comprised of Trade and Other Receivables, Trade and Other Payables, and Inventories. DTC net working capital stood at negative AED 387 Mn during FY2022. The company receives immediate payments for its taxi and limousine services and consistently maintains minimal inventory. The majority of its net accounts receivable consists of trade and staff receivables, after factoring in allowances for potential impairments. The average Days Sales Outstanding (DSO) was 26 days during FY2019-22. DTC's accounts payable primarily include payments for capital expenditures, operating expenses, and staff salaries. The Average Days Payable Outstanding (DPO), averaged 140 days over the same period. The increase in net working capital to negative AED 387 Mn in FY2022 is attributed to the post-COVID-19 recovery, resulting in higher capital expenditure payables and staff/trade receivables.

We anticipate Receivable days to average 41 days, Inventory Days to average of 0.8 days and 170 Payable days during the forecasted period from FY2023-28. The Net Working Capital (NWC) is projected to be 14.1% of revenue in FY2024, with a gradual increase to 19.2% by FY2026, and finally stabilizing at 16.7% by FY2028. Also, we anticipate DTC to maintain an average negative net working capital of AED 398 Mn during FY2023-28.

**Figure 67: Net Working Capital (AED, Mn)**



Source: Company Information, FAB Securities research 2019-28

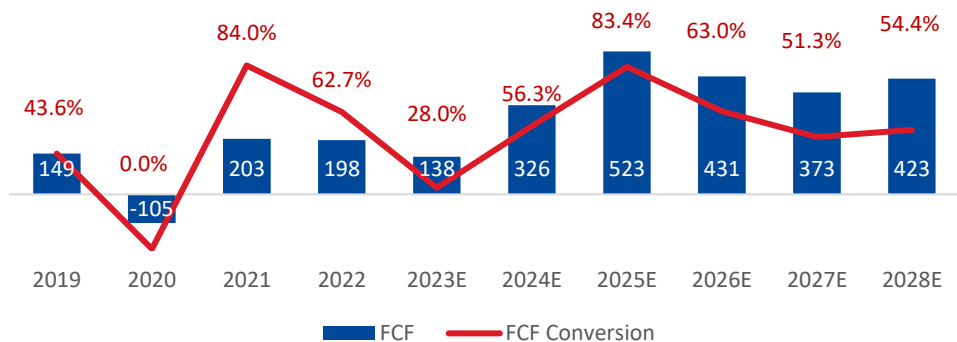
### Cash Flow Generation

**DTC is expected to generate a cumulative AED 3.3 Bn cash flow from operations during FY2023-2028 with a cumulative free cash flow of AED 2.2 Bn during FY2023-2028**

DTC generated AED 149 Mn, negative AED 105 Mn, AED 203 Mn and AED 198 Mn in free cash flow (FCF) with a FCF conversion ratio of 43.6%, NA, 84.0% and 62.7% in FY2019, FY2020, FY2021 and FY2022, respectively. Further, the Company generated AED 109 Mn in free cash flow in 9M2023. The high free cash flow generating enables the potential for offering attractive dividends to shareholders while also creating opportunities to invest in growth prospects. We expect DTC to generate robust free cash flow and generate a cumulative of AED 2,214 Mn in free cash flow during FY2023-28.

DTC is also expected to generate an average operating cash flow of AED 549 Mn in FY2023-28. DTC's cash flow investing activities primarily include fleet replacement capex. We expect DTC to spend cumulative AED 1,660 Mn capex during FY2023-28, in line with management's estimate. Cash flows from financing activities include an inflow of AED 89 Mn in FY2019-22, primarily due to addition to share capital. DTC borrowed term of AED 1,000 Mn and RCF of AED 200 Mn during 2H23. RCF remains unutilized but available for borrowing in the future.

**Figure 68: Free Cash Flows (AED, Mn)**



Source: Company Information, FAB Securities research 2023-28



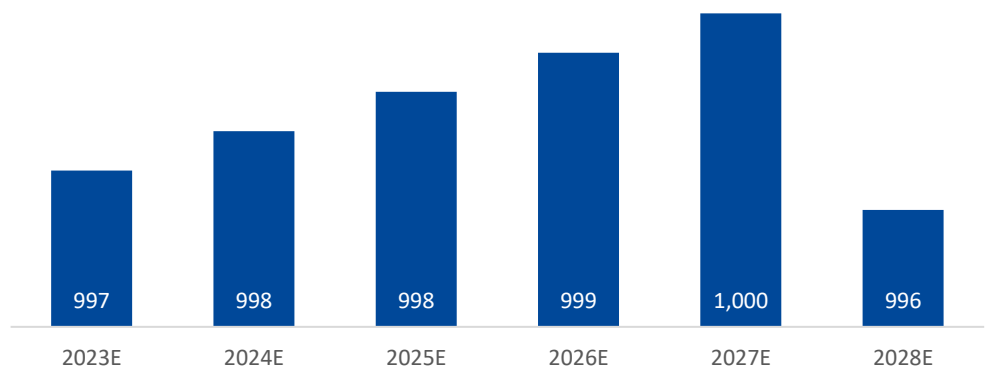
**DTC recently secured a term loan facility of AED 1.0 Bn at a favorable interest rate, and also obtained AED 200 Mn revolving credit facility to ensure ample liquidity**

## Debt Balance

DTC secured a new AED 1.0 Bn term loan facility on September 28, 2023. This loan features a non-amortizing structure and will be repaid in a single lump sum at the end of a five-year term. The loan comes with an attractive cost of funding, with an interest rate of 3M EIBOR + 0.80% and an upfront fee of 0.25%. Additionally, the company obtained an AED 200 Mn revolving credit facility (RCF) to ensure sufficient liquidity. The RCF carries a commitment fee of 0.22% annually, which is calculated based on the daily unused portion of the available commitments. The complete facility stands unutilized as of 30 September 2023. DTC maintains a healthy level of debt headroom, with a net leverage ratio of approximately 1.5x in 9M23. This newly acquired debt facility has been utilized to repay the outstanding balance owed to the RTA, categorized as "Due to Related Parties," as of August 31, 2023.

We expect company to incur a consolidated cumulative interest expense of AED 272 Mn during FY2023-28.

**Figure 69: Debt (AED, Mn)**



Source: Company Information, FAB Securities research 2023-28

**DTC is expected to pay a dividend of AED 71 Mn in FY2023 and pay a cumulative dividend of AED 1.7 Bn during FY2024-28**

## Dividend

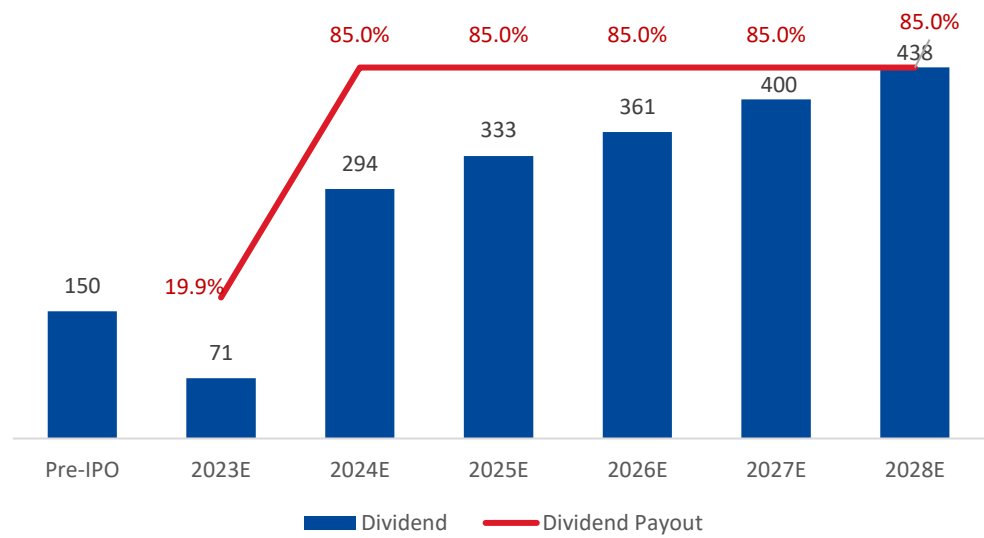
As of 30 September 2023, the Board of Directors of RTA approved and passed a resolution towards:

1. The Company decreased the share capital from AED 200 Mn to AED 100 Mn. The proceeds received from the reduction of share capital will be used to pay AED 100 Mn to the RTA
2. Additionally, DTC also plans to pay a pre-IPO dividend of AED 150 Mn to the RTA before the Global Offering

In addition, we expect DTC to pay a minimum dividend of AED 71 Mn for 4Q23, with the distribution expected in the subsequent year in April 2024.

The company's dividend policy aims to pay out a minimum of 85% of the annual net profit available for distribution as dividends. This policy is strategically designed to align with the company's cash flow projections and long-term earnings potential while maintaining an adequate level of capital to support ongoing operational needs and investments for long-term growth. The Company intends to pay dividends twice each year after the Global Offering in April and October. We expect DTC to distribute a total of AED 1.7 Bn as dividends during FY2024-28.

**Figure 70: Dividend Declared (AED, Mn) and Payout Ratio**



Source: Company Information, FAB Securities research 2023-28

## Financial Statements

### Income Statement, (AED, Mn)

	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E
<b>Revenues</b>	<b>1,341</b>	<b>1,763</b>	<b>1,936</b>	<b>2,085</b>	<b>2,230</b>	<b>2,367</b>	<b>2,472</b>	<b>2,571</b>
Operating expenses	-887	-1,177	-1,206	-1,295	-1,381	-1,474	-1,522	-1,559
Plate and license fees	-243	-319	-294	-300	-305	-311	-316	-322
<b>Gross profit</b>	<b>211</b>	<b>267</b>	<b>436</b>	<b>490</b>	<b>543</b>	<b>582</b>	<b>634</b>	<b>690</b>
Other Income	29	43	47	50	53	56	58	60
General and administrative expenses	-68	-69	-74	-81	-89	-97	-104	-111
Impairment Loss on financial assets	-21	-12	-27	0	0	0	0	0
<b>EBITDA</b>	<b>241</b>	<b>316</b>	<b>493</b>	<b>579</b>	<b>627</b>	<b>685</b>	<b>727</b>	<b>777</b>
<b>Adjusted EBITDA</b>	<b>262</b>	<b>328</b>	<b>520</b>	<b>579</b>	<b>627</b>	<b>685</b>	<b>727</b>	<b>777</b>
<b>EBIT</b>	<b>152</b>	<b>230</b>	<b>382</b>	<b>459</b>	<b>508</b>	<b>541</b>	<b>588</b>	<b>640</b>
Finance Income	5	6	11	1	1	1	1	1
Finance Cost	0	0	-18	-60	-55	-50	-45	-45
<b>Earning before tax and staff bonus (EBTSB)</b>	<b>157</b>	<b>236</b>	<b>375</b>	<b>400</b>	<b>454</b>	<b>492</b>	<b>544</b>	<b>596</b>
Income tax	0	0	0	-36	-41	-44	-49	-54
<b>Earning after-tax and staff bonus (EBTSB)</b>	<b>157</b>	<b>236</b>	<b>375</b>	<b>364</b>	<b>413</b>	<b>447</b>	<b>495</b>	<b>542</b>
Staff bonus	-8	-12	-19	-18	-21	-22	-25	-27
<b>Net profit</b>	<b>150</b>	<b>224</b>	<b>356</b>	<b>346</b>	<b>392</b>	<b>425</b>	<b>470</b>	<b>515</b>

Source: Company Information, FAB Securities research (2023E-28E)

### Key Ratios:

	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E
<b>YoY % Change</b>								
Revenue	51.2%	31.4%	9.8%	7.7%	6.9%	6.1%	4.5%	4.0%
Gross profit	NM	26.5%	63.0%	12.4%	10.9%	7.1%	8.9%	8.9%
EBITDA	NM	30.9%	55.9%	17.5%	8.3%	9.2%	6.1%	7.0%
Net profit	NM	50.1%	58.8%	-2.9%	13.3%	8.4%	10.6%	9.5%
<b>% Margin</b>								
Gross profit	15.8%	15.2%	22.5%	23.5%	24.4%	24.6%	25.6%	26.8%
EBITDA	18.0%	17.9%	25.4%	27.8%	28.1%	28.9%	29.4%	30.2%
EBIT	11.4%	13.0%	19.7%	22.0%	22.8%	22.9%	23.8%	24.9%
Net profit margin	11.1%	12.7%	18.4%	16.6%	17.6%	18.0%	19.0%	20.0%
<b>Leverage</b>								
Net Debt/EBITDA	NA	NA	1.2	0.9	0.6	0.5	0.5	0.5
Debt/Equity	0.0	0.0	3.1	2.2	1.9	1.7	1.4	1.3
<b>Return ratios</b>								
ROE	40.2%	56.1%	111.4%	77.3%	74.5%	70.4%	67.8%	65.2%
ROA	10.8%	12.5%	18.5%	16.6%	17.3%	17.5%	18.9%	20.0%
ROCE	38.2%	53.7%	28.3%	31.0%	32.5%	32.9%	33.8%	34.8%
<b>Free Cash Flow</b>								
Free cash flow (FCF)	203	198	138	326	523	431	373	423
FCF conversion	84.0%	62.7%	28.0%	56.3%	83.4%	63.0%	51.3%	54.4%
<b>KPIs</b>								
Total fleet <sup>1</sup>	6,031	6,643	7,504	7,932	8,310	8,563	8,791	9,019
Total drivers	9,145	11,283	15,167	16,388	17,071	17,506	17,914	18,312

Source: Company Information, FAB Securities research (2023E-28E),<sup>1</sup> The reported fleet is of the year-end and revised based on management.

## Balance Sheet (AED, Mn)

	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E
<b>Assets</b>								
Property, plant and equipment	412	570	802	752	733	819	906	1,010
Intangible assets	557	557	557	587	617	647	677	707
Investment in financial assets	46	263	0	0	0	0	0	0
Right-to-use assets	6	0	0	0	0	0	0	0
<b>Total non-current assets</b>	<b>1,020</b>	<b>1,390</b>	<b>1,358</b>	<b>1,339</b>	<b>1,350</b>	<b>1,465</b>	<b>1,583</b>	<b>1,716</b>
Inventories	4	2	4	5	5	5	5	6
Trade and other receivables	98	147	180	269	275	279	264	254
Investment in financial assets	30	18	0	0	0	0	0	0
Cash and cash equivalents	232	235	416	506	670	713	671	637
<b>Total current assets</b>	<b>363</b>	<b>403</b>	<b>601</b>	<b>779</b>	<b>950</b>	<b>997</b>	<b>941</b>	<b>897</b>
<b>Total assets</b>	<b>1,383</b>	<b>1,793</b>	<b>1,959</b>	<b>2,117</b>	<b>2,300</b>	<b>2,463</b>	<b>2,523</b>	<b>2,613</b>
<b>Equities and liabilities</b>								
<b>Equity</b>								
Share capital	200	200	100	100	100	100	100	100
Retained earnings	0	0	170	298	376	454	544	640
Statutory reserve	86	100	50	50	50	50	50	50
General reserve	86	100	0	0	0	0	0	0
<b>Total equity</b>	<b>372</b>	<b>400</b>	<b>320</b>	<b>448</b>	<b>526</b>	<b>604</b>	<b>694</b>	<b>790</b>
<b>Liabilities</b>								
Employees' end-of-service benefits	24	29	32	35	39	42	46	50
Lease liabilities	3	0	0	0	0	0	0	0
Debt	0	0	997	998	998	999	1,000	996
<b>Total non-current liabilities</b>	<b>27</b>	<b>29</b>	<b>1,029</b>	<b>1,033</b>	<b>1,037</b>	<b>1,041</b>	<b>1,045</b>	<b>1,046</b>
Trade and other payables	353	537	578	568	662	739	700	688
Due to related parties	627	828	32	33	34	34	35	35
Lease Liability	5	0	0	0	0	0	0	0
Provision for taxes	0	0	0	36	41	44	49	54
<b>Total current liabilities</b>	<b>985</b>	<b>1,364</b>	<b>610</b>	<b>637</b>	<b>737</b>	<b>817</b>	<b>784</b>	<b>777</b>
<b>Total liabilities</b>	<b>1,011</b>	<b>1,393</b>	<b>1,639</b>	<b>1,670</b>	<b>1,773</b>	<b>1,859</b>	<b>1,830</b>	<b>1,823</b>
<b>Total equity and liabilities</b>	<b>1,383</b>	<b>1,793</b>	<b>1,959</b>	<b>2,117</b>	<b>2,300</b>	<b>2,463</b>	<b>2,523</b>	<b>2,613</b>

Source: Company Information, FAB Securities research

### Cash Flow Statement (AED, Mn)

	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E
<b>Cash flow from operating activities</b>								
<b>Profit for the year</b>	<b>150</b>	<b>224</b>	<b>356</b>	<b>346</b>	<b>392</b>	<b>425</b>	<b>470</b>	<b>515</b>
Adjustments for:								
Depreciation	93	98	129	138	140	166	163	165
Provision for End of Service Benefit	0	5	3	3	4	4	4	4
Other	20	2	34	95	59	53	49	49
<b>Operating cash flows before changes in op. assets and liabilities</b>	<b>262</b>	<b>329</b>	<b>523</b>	<b>582</b>	<b>594</b>	<b>648</b>	<b>686</b>	<b>732</b>
<b>Changes in operating assets and liabilities</b>								
Trade and Other Receivables	-38	-61	-60	-88	-6	-4	15	11
Inventories	-1	1	-2	0	0	0	0	0
Trade and Other Payables	47	189	42	-11	94	77	-39	-13
Due to Related Parties	-153	-1	-491	1	1	1	1	1
<b>Net operating cash flows</b>	<b>117</b>	<b>457</b>	<b>11</b>	<b>484</b>	<b>683</b>	<b>721</b>	<b>663</b>	<b>730</b>
<b>Cash flows from investing activities</b>								
Proceeds from matured Invest in debt & equity Instruments	170	30	282	0	0	0	0	0
Purchase of Property and Equipment	-92	-284	-390	-100	-145	-295	-295	-285
Purchase of Intangible Assets	0	0	0	-30	-30	-30	-30	-30
Proceeds from Disposal of Property and Equipment	25	30	29	12	24	43	44	17
Others	-69	-230	11	1	1	1	1	1
<b>Net cash outflow from investing activities</b>	<b>34</b>	<b>-454</b>	<b>-68</b>	<b>-117</b>	<b>-150</b>	<b>-281</b>	<b>-280</b>	<b>-297</b>
<b>Cash flow from financing activities</b>								
Repayment of Lease Liabilities	-4	0	0	0	0	0	0	0
Change in Share Capital	0	0	-100	0	0	0	0	0
Proceeds from Debt	0	0	997	1	1	1	1	997
Repayments of Debt	0	0	0	0	0	0	0	-1,000
Repayment of Related Party	0	0	-491	0	0	0	0	0
Payment of Dividend	0	0	0	-218	-314	-347	-381	-419
Pre-IPO Dividend	0	0	-150	0	0	0	0	0
Interest paid			-18	-60	-55	-50	-45	-45
<b>Net Cash inflow/ outflow from financing activities</b>	<b>-4</b>	<b>0</b>	<b>238</b>	<b>-277</b>	<b>-368</b>	<b>-397</b>	<b>-425</b>	<b>-467</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>146</b>	<b>3</b>	<b>181</b>	<b>90</b>	<b>164</b>	<b>43</b>	<b>-42</b>	<b>-34</b>
Cash and cash equivalents at the beginning of the year	86	232	235	416	506	670	713	671
<b>Cash and cash equivalents at the end of the year</b>	<b>232</b>	<b>235</b>	<b>416</b>	<b>506</b>	<b>670</b>	<b>713</b>	<b>671</b>	<b>637</b>

Source: Company Information, FAB Securities research

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