

Dubai Taxi Company

Fleet expansion and high tariffs boosted profitability

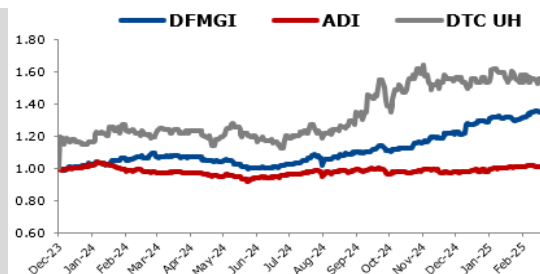
Current Price
AED 2.77

Target Price
AED 3.00

Upside/Downside (%)
+8.3%

Rating
HOLD

- Added 744 taxis, 79 limousines, 24 buses, and 1,089 delivery bikes to its fleet in 2024.
- Completed 48.8 Mn trips during 2024 in the taxi and limousine segment compared to 45.9 Mn trips in 2023.
- Won 994 taxi plates in 2024 leading to a taxi fleet of 5,960 taxis increasing DTC's share to 47% in the Dubai Taxi Market.
- Strategic partnership with Bolt resulted in more than one million trips during December and mid-January.
- Board proposed a dividend of AED 122.3 Mn for 2H24 leading to a total dividend of AED 281.6 Mn for 2024 with a healthy dividend yield of 4.1%.



Stock Information

Market Cap (AED, Mn)	6,725.00
Paid Up Capital (Mn)	100.00
52 Week High	2.96
52 Week Low	2.06
3M Avg. daily value (AED)	7,445,258

4Q24 Net Profit lower than our estimate

Dubai Taxi Company P.J.S.C. (DTC/the Company) net profit increased 7.6% YOY to AED 84 Mn in 4Q24, lower than our estimate of AED 101 Mn. The increase in the net profit is mainly due to a rise in revenue and positive other income along with a decline in net finance cost and impairment charge partially offset by an increase in operating cost, plate and license fee, and G&A expenses.

P&L Highlights

DTC's revenue rose 11.1% YOY to AED 600 Mn in 4Q24 owing to strong growth across all segments except a decline in bus segment. Revenue from the Taxi segment rose 13.3% YOY to AED 528 Mn in 4Q24 mainly due to the increased number of trips, expansion in the fleet, and higher tariffs. Limousine segment revenue rose 23.7% YOY to AED 35 Mn in 4Q24 owing to higher tariffs and increased trips driven by fleet expansion. Delivery bike revenue almost doubled to AED 14 Mn in 4Q24 from AED 7 Mn in 4Q23, mainly driven by an increase in the delivery fleet and signing of new commercial agreements. However, bus segment revenue fell 17.0% YOY to AED 32 Mn in 4Q24 attributable to contractual changes impacting revenue recognition cycle. The Company added 24 new buses to its portfolio in 2024. DTC's taxi fleet increased 5,960 taxis with 994 plates awarded in 2024. Similarly, delivery bike fleet increased substantially to 1,841 bikes in 2024 compared to 752 bikes in 2023. DTC's operating costs rose 8.8% YOY to AED 360 Mn in 4Q24 mainly due to a substantial rise in staff costs partially offset by a decline in fuel cost. Additionally, plate and license fee rose 12.1% YOY to AED 87 Mn in 4Q24 due to winning new license plates. Thus, the Company's gross profit increased 16.2% YOY to AED 153 Mn in 4Q24. DTC's G&A expenses more than doubled from AED 20 Mn in 4Q23 to AED 41 Mn in 4Q24, while the Company's other income fell 20.0% YOY to AED 7 Mn in 4Q24. In addition, DTC's impairments fell from AED 25 Mn in

4Q24 Result Review (AED, Mn)

Total Assets	2,318
Total Liabilities	1,908
Total Equity	411
EBITDA	152
Net Profit	84

Financial Ratios

Dividend Yield (12m)	4.74
Dividend Pay-out (%)	84.97
Price-Earnings Ratio(x)	20.29
Price-to-Book Ratio (x)	16.38
Book Value (AED)	0.16
Return-on Equity (%)	92.24

Stock Performance

5 Days	0.00%
1 Months	-1.47%
3 Months	-2.54%
6 Months	17.98%
1 Year	21.72%
Month to Date (MTD%)	0.37%
Quarter to Date (QTD%)	-3.24%
Year to Date (YTD%)	-3.24%

4Q23 to AED 8 Mn in 4Q24. The operating profit rose 16.5% YOY to AED 112 Mn in 4Q24 due to strong fleet expansion. DTC's EBITDA grew 16.7% YOY to AED 152 Mn in 4Q24. The EBITDA margin stood at 25.4% in 4Q24 compared to 24.2% in 4Q23. Furthermore, DTC's finance income stood at AED 3 Mn in 4Q24 compared to AED 1 Mn in 4Q23, while the finance cost decreased 2.6% YOY to AED 15 Mn in 4Q24. Staff bonus grew 69.3% YOY to AED 7 Mn in 4Q24. In addition, the Company incurred an income tax charge of AED 8 Mn in 4Q24 compared to a reversal of AED 1 Mn in 4Q23.

Balance Sheet Highlights

DTC's cash and cash equivalent including Wakala deposits stood at AED 336 Mn in 4Q24 compared to AED 272 Mn in 3Q24. DTC's debt remained flat at AED 998 Mn in 4Q24 compared to 3Q24, while the unutilized credit facility stood at AED 200 Mn in 4Q24. The Company's net debt to LTM EBITDA ratio fell from 1.3x in 3Q24 to 1.1x in 4Q24. DTC's cash generated from operating activities increased to AED 237 Mn in 4Q24 from AED 163 in 3Q24. Capex increased from AED 104 Mn in 3Q24 to AED 178 Mn in 4Q24.

Target Price and Rating

We maintain our HOLD rating on Dubai Taxi Company P.J.S.C. with an unchanged target price of AED 3.00. DTC added 744 taxis, 79 limousines, 24 buses, and 1,089 delivery bikes to its fleet in 2024. The Company completed 48.8 Mn trips in 2024 compared to 45.9 Mn trips in 2023 on the back of rising demand and an increase in the fleet. Rising student population in Dubai resulted in a strong growth in the Company's Bus segment, while the delivery bike fleet expanded with more than 1,000 bikes owing to strategic agreements with aggregators and strong demand in the delivery market. DTC won 994 taxi plates during 2024, increasing DTC's share to c. 47% in the Dubai taxi market. The Company's strategic agreement with Bolt resulted in more than one million trips during December to mid-January. DTC further aims to scale up its operation by expanding its fleet, optimizing operations, and attracting new customers. Furthermore, a solid budget allocation on the emirate's infrastructure, record tourist inflow, significant population growth, and Dubai emerging as a global hub for business events also contributed toward the Company's growth. Additionally, the Company launched a new five-year strategy to position DTC as a leading mobility partner in the region. The board of directors recommended a dividend of AED 122.3 Mn for 2H24 equivalent to 4.89 fils per share resulting in a final dividend of AED 281.6 Mn with a strong dividend yield of 4.1% in line with its dividend policy of a minimum payout ratio of 85%. Thus, considering the abovementioned factors, we maintain our HOLD rating on the stock.

DTC- Relative valuation

(at CMP)	2022	2023	2024	2025F
PE (x)	NA	20.1	20.9	16.1
PB (x)	NA	22.5	16.9	13.4
EV/EBITDA	NA	15.5	13.0	11.5
Dividend yield (%)	NA	1.0%	4.1%	5.3%

FABS Estimates & Co Data

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

DTC- P&L

AED mn	4Q23	3Q24	4Q24	4Q24F	Var.	YOY Ch	QOQ Ch	2023	2024	Change
Revenue	540	507	600	618	-3.0%	11.1%	18.2%	1,954	2,197	12.4%
Operating cost	-331	-319	-360	-375	-4.0%	8.8%	12.7%	-1,183	-1,345	13.7%
Plate & license fee	-77	-81	-87	-82	5.4%	12.1%	7.6%	-310	-329	6.1%
Gross profit	131	107	153	161	-5.1%	16.2%	42.6%	461	523	13.6%
Other Income	9	8	7	13	-46.3%	-20.0%	-5.5%	28	37	31.5%
G&A Expenses	-20	-29	-41	-29	41.1%	104.2%	38.1%	-73	-118	61.4%
Impairments	-25	-3	-8	-14	-48.0%	-69.4%	NM	-44	-4	-90.7%
Operating profit	96	82	112	131	-14.8%	16.5%	36.3%	371	438	17.9%
EBITDA	130	123	152	161	-5.5%	16.7%	NM	489	584	19.4%
Finance Income	1	4	3	3	0.5%	NM	-29.7%	7	15	98.6%
Finance Cost	-16	-16	-15	-16	-4.6%	-2.6%	-4.3%	-16	-63	NM
Staff Bonus	-4	-4	-7	-5	33.8%	69.3%	NM	-18	-26	41.4%
Profit Before Tax	77	66	92	113	-18.1%	20.0%	40.3%	344	364	5.8%
Tax	1	-6	-8	-12	-29.7%	NM	35.3%	1	-33	NM
Net Profit	78	60	84	101	-16.7%	7.6%	40.9%	345	331	-4.1%

FABS estimate & Co Data

DTC - Margins

	4Q23	3Q24	4Q24	YOY Ch	QOQ Ch	2023	2024	Change
Gross margin	24.4%	21.1%	25.5%	112	436	23.6%	23.8%	24
EBITDA margin	24.2%	24.2%	25.4%	122	114	25.1%	26.6%	155
Operating margin	17.8%	16.2%	18.6%	86	248	19.0%	19.9%	93
Net profit margin	14.5%	11.8%	14.0%	-45	226	17.7%	15.1%	-260

FABS estimate & Co Data

Valuation:

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

Valuation Method	Valuation	Weight	Weighted Value
DCF Method	3.19	70.0%	2.24
DDM Method	2.43	15.0%	0.36
EV/EBITDA	2.67	15.0%	0.40
Weighted Average Valuation (AED)			3.00
Current market price (AED)			2.77
Upside/Downside (%)			+8.3%

1) DCF Method:

Dubai Taxi Company P.J.S.C. is valued using free cash flow to firm. We have discounted the cash flow using the weighted average cost of capital of 9.7%. It is arrived after using the cost of equity of 9.3% and after tax cost of debt of 5.7%. Cost of equity is calculated by using a 10-year government bond yield of 5.7%, beta of 0.90 and equity risk premium of 4.0%. Government bond yield is calculated after adding Dubai's Government spread over 10-year US risk free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (AED, Mn)	2,248
Terminal value (AED, Mn)	6,326
FV to Common shareholders (AED, Mn)	7,983
No. of share (Mn)	2,500
Current Market Price (AED)	2.77
Fair Value per share (AED)	3.19

DCF Method

(All Figures in AED, Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
NOPAT	502	533	580	630	635
Depreciation & Amortization	132	157	149	145	156
Capex	-240	-219	-225	-209	-199
Change in Working Capital	166	85	28	8	31
Free Cash Flow to Firm (FCFF)	561	556	531	574	623
Discounting Factor	0.93	0.86	0.79	0.72	0.67
Discounted FCFF	523	477	418	416	415

Source: FAB Securities

2) Relative Valuation:

We have used local as well as international peers to value Dubai Taxi Corporation P.J.S.C. and it is valued using the EV/EBITDA multiple of 11.0x in line with peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
Regional Infrastructure and Taxi Cos					
Salik	10,333	19.8	18.3	23.9	21.6
Empower	4,520	12.0	11.2	16.5	14.9
Dewa	36,077	10.0	9.3	18.6	16.7
ADNOC Drilling	23,868	12.0	11.1	16.7	15.3
ADNOC Distribution	11,912	12.0	11.4	17.5	15.9
Budget	2,432	8.4	6.2	NM	NM
Theeb	851	5.6	6.5	17.9	16.2
Lumi	1,117	6.5	7.1	18.7	16.6
Average		10.8x	10.1x	18.5x	16.7x
Median		11.0x	10.2x	17.9x	16.2x
Max		12.0x	11.3x	18.6x	16.6x
Min		7.9x	6.9x	17.1x	15.6x

Source: FAB Securities

3) DDM Method:

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 discounted at the cost of equity of 9.3%.

Sum of PV (AED, Mn)	1,665
Terminal value (AED, Mn)	4,401
FV to Common shareholders (AED, Mn)	6,066
No. of share (Mn)	2,500
Current Market Price (AED)	2.77
Fair Value per share (AED)	2.67

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Dividend Paid					
H1	183	197	218	239	241
H2	183	197	218	239	241
Total Dividend					
Discounting Factor	366	395	436	477	481
Present Value of Dividend	0.93	0.85	0.78	0.71	0.65

Source: FAB Securities

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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