Dubai Taxi Company (DTC)

Current Price AED 2.59	Target Price AED 3.00	Upside/Downside (%) +15.8%	Rating BUY

1Q25 Net Profit lower than our estimate

- DTC's revenue grew 5.4% YOY to AED 588 Mn in 1Q25, owing to fleet expansion across all segments, supported by strong growth across the Taxi and Delivery Bikes segments. Adjusted revenue excluding Connectech rose 7.1% YOY in 1Q25.
- Total trips across the Taxi and Limousine segments rose 8% YOY to 12.8 Mn in 1Q25.
- Total fleet stood at 9,872 vehicles as of 1Q25. Out of which, 6,210 included Taxi, 537 Limousine, 1,132 Bus and 1,933 Delivery Bikes.
- Direct cost rose 7.9% YOY to AED 354 Mn in addition, plate cost grew 16.4% YOY to AED 91 Mn in 1Q25.
- Gross profit declined 5.9% YOY to AED 143 Mn in 1Q25 with a 290 bps YOY fall in gross margin to 24.3%. The decline in margin is attributed to contraction in the margin of Limousine, Bike and Delivery Segment partially mitigated by expansion in margin of Taxi Segments.
- DTC's EBITDA decreased 9.1% YOY to AED 154 Mn in 1Q25 with an EBITDA margin of 26.3% in 1Q25 compared to 30.4% in 1Q24. Adjusted EBITDA excluding Connectech rose 4.0% YOY in 1Q25.
- The Company's operating profit fell 20.0% YOY to AED 110 Mn in 1Q25 due to higher depreciation expenses owing to the addition of new vehicles across segments.
- DTC's net profit fell 22.6% YOY to AED 84 Mn in 1Q25. Adjusted net profit excluding Connectech declined 1.7% YOY in 1Q25.

Earnings Call Summary

- Bolt integrated DTC's 700 airport taxis on its platform.
- The Company signed a 5-year exclusive partnership with Dubai Airports to be the exclusive provider of taxi services at Dubai International (DXB) and Dubai World Central - Al Maktoum International (DWC).
- DTC added 250 new electric taxis with a total operational fleet of 6,210 taxis in 1Q25.
- The Company invested in marketing and promotions under the Connectech subsidiary in 1Q25, with a focus on customer acquisition to drive long-term growth. These initiatives were front-loaded in 1Q25 and capped at 2% of annual revenue.
- DTC's Delivery Bike segment showed strong growth, driven by aggregator partnerships.
- Expenditure on promotion is not going to be flat across each quarter and will be heavy in the first and fourth quarters
- Revenue per kilometer is reviewed and adjusted by RTA once in two months based on the change in fuel prices
- Trips per vehicle declined YOY in 1Q25, primarily due to the phased deployment of the newly added fleet, as all 250 taxis were not operational from 1 January 2025. The full impact of this ramp-up is expected to be reflected in 2Q25 and 3Q25.
- A higher depreciation charge is due to the replacement of old taxis with new.
- The current depreciation-to-sales ratio of the Company is between 8–9% and is expected to stabilize or slightly rise with more fleet additions but is unlikely to exceed double digits.
- DTC participated in RTA's recent auction for 600 plates and is currently awaiting the results.
- The Company in collaboration with RTA to begin trials for autonomous robo-taxis, however, no commercial rollout is expected in 2025, with potential deployment anticipated in 1Q26.

DTC − P&L

AED Mn	1Q24	4Q24	1Q25	1Q25F	Var.	YOY Ch	QOQ Ch
Revenue	558	600	588	635	-7.4%	5.4%	-1.9%
Direct costs	-328	-360	-354	-380	-6.7%	7.9%	-1.6%
Plate & license fees	-78	-87	-91	-89	2.4%	16.4%	4.8%
Gross profit	**152**	**153**	**143**	**166**	**-14.1%**	**-5.9%**	**-6.4%**
G&A expenses	-27	-41	-36	-30	21.4%	36.0%	-10.9%
EBIT	**137**	**112**	**110**	**152**	**-27.9%**	**-20.0%**	**-1.7%**
EBITDA	**170**	**152**	**154**	**175**	**-11.9%**	**-9.1%**	**1.5%**
Profit before tax	**119**	**92**	**92**	**129**	**-28.6%**	**-22.6%**	**-0.6%**
Tax	-11	-8	-8	-12	-31.5%	-22.4%	0.0%
Profit for the period	**108**	**84**	**84**	**117**	**-28.4%**	**-22.6%**	**-0.6%**

FABS estimate & Co Data

Research Rating Methodology:

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

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