

## Dubai Taxi Company

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.68	AED 3.00	+11.9%	ACCUMULATE

### 2Q25 Net Profit lower than our estimate

- DTC's revenue grew 17.7% YOY to AED 625 Mn in 2Q25, owing to fleet expansion and higher number of trips. Like-for-like total revenue excluding Connecttech rose 16.9% YOY in 2Q25.
- Total trips across the Taxi and Limousine segments rose 19% YOY to 13.6 Mn in 2Q25.
- Total fleet stood at 10,180 vehicles as of 2Q25. Out of which, 6,210 included Taxi, 645 Limousine, 1,161 Bus and 2,164 Delivery Bikes.
- Direct cost rose 10.4% YOY to AED 380 Mn, in addition plate cost grew 10.9% YOY to AED 92 Mn in 2Q25.
- Gross profit significantly increased 47.1% YOY to AED 153 Mn in 2Q25 with a 490 bps YOY increase in gross margin to 24.5%. The growth is attributed to an expansion in the margins of Taxi Segment, partially offset by lower margins across the Limousine, Bus and Delivery Bike Segments.
- DTC's EBITDA increased 29.6% YOY to AED 181 Mn in 2Q25 with an EBITDA margin of 28.9% in 2Q25 compared to 26.2% in 2Q24. Adjusted EBITDA excluding Connecttech rose 32.1% YOY in 2Q25.
- The Company's operating profit increased 30.8% YOY to AED 128 Mn in 2Q25.
- DTC's net profit increased 32.8% YOY to AED 105 Mn in 2Q25. Adjusted net profit excluding Connecttech increased 37.3% YOY in 2Q25.

### Earnings Call Summary

- Secured an exclusive five-year strategic partnership with Dubai Airports to serve the rising passenger traffic.
- Partnered with Al-Futtaim Electric Mobility to deploy 200 electric BYD SEALs taxis in Dubai.
- DTC almost doubled its delivery fleet on YOY basis by adding 1,000 bikes.
- The Company is strengthening its relations with government entities to secure large-scale institutional and public sector contracts over small-scale agreements.
- DTC aims to scale up and increase its customer reach by collaborating with Bolt and Talabat. Consequently, DTC expanded its reach by tapping a large customer base of Talabat Pro users and onboarded more than 6,000 taxis on the Bolt platform in 2Q25.
- Bus Service segment is expected to witness a turnaround in 3Q25 driven by the revision of the billing cycle from the previous 10-month academic year alignment to a full 12-month period.
- DTC board approved an interim dividend of 6.43 fils for 1H25, amounting to AED 160.7 Mn, in line with its dividend policy to distribute at least 85% of the annual net profit.
- Remains committed to capping promotional discounts related to Bolt at not more than 2% of total revenue. Additionally, DTC also aims to continue it for a couple of years to maximize the long-term returns.
- DTC is working on finalizing the partnership between Bolt and Talabat to reach a decision that will benefit both DTC and Bolt.
- Anticipates the Limousine segment margins to improve gradually with an increase in utilization rates and fleet stabilization.
- Effective January 2025, airport taxi fares have been marginally increased compared to city taxi rates, following DTC's request to the RTA.
- DTC is protected from the fluctuation in the fuel cost, as RTA revises the tariff to ensure cost recovery, supporting profitability during periods of rising fuel prices and helping retain customers when prices decline.
- Expected to add 200 EVs to its fleet by 2025 year-end.

- Currently, dynamic pricing is limited to e-hailing platforms. However, DTC approached the RTA to seek approval for implementing dynamic pricing along with additional parameters aimed at enhancing overall profitability.
- DTC is exploring opportunities to increase its taxi plates through a possible acquisition.
- The company permanently introduced a 12.5% intermediate driver commission slab between the existing 10% and 15% tiers to create a smoother progression. This change, implemented in April 2025, was well-received and supports driver motivation and operational efficiency.

**DTC – P&L**

<b>AED Mn</b>	<b>2Q24</b>	<b>1Q25</b>	<b>2Q25</b>	<b>2Q25F</b>	<b>Var</b>	<b>YOY Ch</b>	<b>QOQ Ch</b>
Revenue	531	588	625	582	7.5%	17.7%	6.3%
Direct costs	-344	-354	-380	-355	7.1%	10.4%	7.3%
Plate & license fee	-83	-91	-92	-91	1.2%	10.9%	0.9%
<b>Gross profit</b>	<b>104</b>	<b>143</b>	<b>153</b>	<b>136</b>	<b>12.6%</b>	<b>47.1%</b>	<b>7.2%</b>
G&A expenses	-21	-36	-34	-36	-6.3%	58.7%	-6.8%
<b>EBIT</b>	<b>98</b>	<b>110</b>	<b>128</b>	<b>106</b>	<b>21.4%</b>	<b>30.8%</b>	<b>16.9%</b>
<b>EBITDA</b>	<b>139</b>	<b>154</b>	<b>181</b>	<b>146</b>	<b>23.7%</b>	<b>29.6%</b>	<b>16.9%</b>
<b>Profit before tax</b>	<b>87</b>	<b>92</b>	<b>116</b>	<b>89</b>	<b>30.3%</b>	<b>32.8%</b>	<b>26.0%</b>
Tax	-8	-8	-10	-9	22.1%	32.6%	25.6%
<b>Profit for the period</b>	<b>79</b>	<b>84</b>	<b>105</b>	<b>80</b>	<b>31.2%</b>	<b>32.8%</b>	<b>26.0%</b>

*FABS estimate & Co Data*

## Research Rating Methodology:

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

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