

Dubai Taxi Company (DTC)

Strong fleet size expansion and a rise in trips boosted profitability

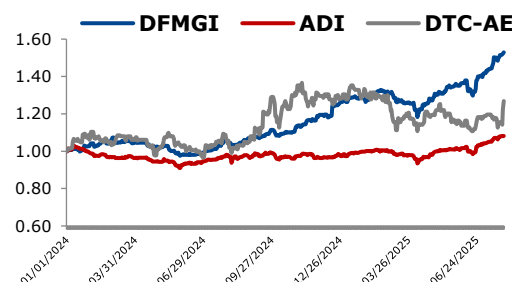
Current Price
AED 2.70

Target Price
AED 3.00

Upside/Downside (%)
+11.1%

Rating
ACCUMULATE

- Total fleet size increased from 8,247 in 2Q24 to 10,180 in 2Q25, while the number of trips grew 19% YOY to AED 13.6 Mn.
- Secured an exclusive five-year strategic partnership with Dubai Airports to serve the rising passenger traffic in the emirate.
- Partnered with Bolt, successfully onboarding more than 6,000 taxis on Bolt's platform, including 700 airport taxis.
- Launched a strategic partnership with Al-Futtaim Electric Mobility Company, deploying 200 all-electric BYD SEAL taxis across Dubai
- Declared an interim dividend of AED 160.7 Mn for 1H25, equivalent to 6.43 fils per share, representing 85% of net income.



2Q25 Net Profit higher than our estimate

Dubai Taxi Company P.J.S.C. (DTC/the Company) Net profit increased 32.8% YOY to AED 105 Mn in 2Q25, higher than our estimate of AED 80 Mn. The increase in the net profit is mainly driven by solid revenue growth, partially offset by an increase in operating cost, plate & license fees, G&A expenses, income tax expenses, and a decrease in other income and finance income.

P&L Highlights

DTC's revenue rose 17.7% YOY to AED 625 Mn in 2Q25 owing to fleet expansion and a rise in number of trips. Like-for-like total revenue excluding Connectech rose 16.9% YOY in 2Q25. Revenue from the Taxi segment rose 17.8% YOY to AED 540 Mn in 2Q25, driven by fleet expansion that enhanced service capacity, while maintaining strong utilization levels. Limousine segment revenue rose 8.0% YOY to AED 31 Mn in 2Q25 attributed to fleet expansion and higher trips. Delivery Bike revenue more than doubled from AED 9 Mn in 2Q24 to AED 18 Mn in 2Q25, mainly driven by an increase in the delivery fleet size and higher demand. However, Revenue from the Bus segment declined 11.9% YOY to AED 31 Mn in 2Q25, primarily due to contractual changes impacting the revenue recognition cycle, while annual contract values remained unchanged. DTC's taxi fleet size increased from 5,510 taxis in 2Q24 to 6,210 in 2Q25. Additionally, DTC partnered with Bolt and added more than 6,000 DTC taxis on its platform, including 700 airport taxis. Similarly, Delivery bike fleet increased significantly from 1,168 bikes in 2Q24 to 2,164 bikes in 2Q25. Revenue from E-hailing Services decreased from AED 14 Mn in 1Q25 to AED 6 Mn in 2Q25. In addition, operating costs rose 10.4% YOY to AED 380 Mn in 2Q25, mainly due to growth in staff costs, higher commission paid to drivers and an increase in D&A expenses, partially offset by a decline in fuel cost. Additionally, the plate and

Stock Information

Market Cap (AED, Mn)	6,525.00
Paid Up Capital (Mn)	2,499.82
52 Week High	2.96
52 Week Low	2.09
3M Avg. daily value (AED)	2,081,797

2Q25 Result Review (AED, Mn)

Total Assets	2,453
Total Liabilities	1,981
Total Equity	472
EBITDA	181
Net Profit	105

Financial Ratios

Dividend Yield (12m)	4.2
Dividend Pay-out (%)	84.92
Price-Earnings Ratio(x)	20.97
Price-to-Book Ratio (x)	16.93
Book Value (AED)	0.16
Return-on Equity (%)	92.24

Stock Performance

5 Days	6.97%
1 Months	3.57%
3 Months	2.76%
6 Months	-6.79%
1 Year	14.47%
Month to Date (MTD%)	4.40%
Quarter to Date (QTD%)	4.40%
Year to Date (YTD%)	-6.12%

license fee increased 10.9% YOY to AED 92 Mn in 2Q25 due to fleet expansion. The Company's gross profit rose significantly 47.1% YOY to AED 153 Mn in 2Q25. Gross margin grew 490 bps YOY to 24.5% in 2Q25 due to an expansion in margins of the Taxi Segment, partially offset by lower margins across the Limousine, Bus and Delivery Bike Segment. DTC's G&A expenses rose 58.7% YOY to AED 34 Mn in 2Q25. The Company's other income fell from AED 12 Mn in 2Q24 to AED 4 Mn in 2Q25. In addition, DTC witnessed an impairment reversal of AED 5 Mn in 2Q25, compared to an impairment reversal of AED 3 Mn in 2Q24. DTC's EBITDA increased 29.6% YOY to AED 181 Mn in 2Q25 due to the solid operating performance. EBITDA margin increased from 26.2% in 2Q24 to 28.9% in 2Q25, supported by a strong growth in trip volumes and revenue, along with a lower impact from Connectech promotions. However, after excluding the impact of Connectech, the like-for-like EBITDA rose 32.1% YOY with a margin of 29.6% in 2Q25. Furthermore, the Company's finance income decreased from AED 5 Mn in 2Q24 to AED 3 Mn in 2Q25, while the finance cost remained unchanged at AED 16 Mn in 2Q25. In addition, the Company's income tax expenses increased 32.6% YOY to AED 10 Mn in 2Q25.

Balance Sheet Highlights

DTC's cash and cash equivalent, including Wakala deposits stood at AED 236 Mn in 2Q25 compared to AED 287 Mn in 1Q25. The Company's debt remained unchanged at AED 998 Mn in 2Q25 compared to 1Q25, while the unutilized credit facility stood at AED 200 Mn in 2Q25. The Company's net debt to LTM EBITDA ratio remained flat at 1.2x in 2Q25 compared to the previous quarter. DTC's net capex fell from AED 104 Mn in 2Q24 to AED 50 Mn in 2Q25.

Target Price and Rating

We revise our rating on Dubai Taxi Company from BUY to ACCUMULATE with an unchanged target price of AED 3.00. DTC price rose 7.2% since our last rating (July 2025). The Company reported a solid growth in net profit during 2Q25, primarily driven by higher operating profit owing to fleet expansion and a rise in the number of trips. DTC's total fleet size increased from 8,247 in 2Q24 to 10,180 in 2Q25. The Company completed 13.6 Mn trips in 2Q25 compared to 11.4 Mn trips in 2Q24, attributed to growing demand and an increase in the fleet size. As of June 2025, the total operational taxi fleet reached 6,210 vehicles, including 335 fully electric vehicles, reflecting a continued commitment to transitioning towards a more sustainable offering. Meanwhile, DTC partnered with Bolt, successfully onboarding more than 6,000 taxis on Bolt's platform, including 700 airport taxis. This will help the Company to expand its reach by tapping a large customer base of Bolt and Talabat. The Company launched a strategic partnership with Al-Futtaim Electric Mobility Company, deploying 200 all-electric BYD SEAL taxis across Dubai. RTA introduced incremental taxi tariff increases, including a 7-fils adjustment in July 2025, resulting in an 8% increase in city fares and an 11% increase in airport taxi fares. Despite these adjustments, DTC fares remain affordable, supporting the residents and tourists in Dubai. Consequently, DTC secured an exclusive five-year strategic partnership with Dubai Airports to serve the rising passenger traffic in the emirate. The Company is strengthening its relations with government entities to secure large-scale institutional and public sector contracts over small-scale agreements. On the other hand, the 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. Additionally, DTC declared an interim dividend of AED 160.7 Mn for 1H25, representing 85% of net income. This translates to a dividend of 6.43 fils per share and is scheduled for distribution in August 2025. Thus, considering the above-mentioned factors, we assign an ACCUMULATE rating on the stock.

DTC- Relative valuation

(at CMP)	2022	2023	2024	2025F
PE (x)	29.9	19.4	20.2	17.6
PB (x)	16.8	21.8	16.3	13.7
EV/EBITDA	20.4	15.0	12.6	11.5
EPS (AED)	0.090	0.138	0.133	0.152
BVPS (AED)	0.160	0.123	0.164	0.195
DPS	0.000	0.028	0.113	0.129
Dividend yield (%)	0.0%	1.0%	4.2%	4.8%

FABS Estimates & Co Data

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

DTC- P&L

AED mm	2Q24	1Q25	2Q25	2Q25F	Var	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	531	588	625	582	7.5%	17.7%	6.3%	2,197	2,448	11.4%
Operating cost	-344	-354	-380	-355	7.1%	10.4%	7.3%	-1,345	-1,483	10.3%
Plate & license fee	-83	-91	-92	-91	1.2%	10.9%	0.9%	-329	-364	10.7%
Gross profit	104	143	153	136	12.6%	47.1%	7.2%	523	601	14.8%
Other Income	12	5	4	6	-35.4%	-69.9%	-20.2%	37	29	-22.2%
G&A Expenses	-21	-36	-34	-36	-6.3%	58.7%	-6.8%	-118	-147	24.1%
Impairments	3	-2	5	0	NM	87.4%	NM	-4	-12	NM
Operating profit	98	110	128	106	21.4%	30.8%	16.9%	438	470	7.5%
EBITDA	139	154	181	146	23.7%	29.6%	16.9%	584	648	10.9%
Finance Income	5	4	3	4	-21.2%	-34.3%	-13.9%	15	17	13.1%
Finance Cost	-16	-16	-16	-15	3.9%	-0.5%	0.5%	-63	-62	-0.4%
Staff Bonus	0	-6	0	-6	NM	NM	NM	-26	-6	-77.1%
Profit Before Tax	87	92	116	89	30.3%	32.8%	26.0%	364	419	15.0%
Tax	-8	-8	-10	-9	22.1%	32.6%	25.6%	-33	-38	16.0%
Net Profit	79	84	105	80	31.2%	32.8%	26.0%	331	381	14.9%

FABS estimate & Co Data

DTC - Margins

	2Q24	1Q25	2Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross margin	19.6%	24.3%	24.5%	490	22	23.8%	24.5%	72
EBITDA margin	26.2%	26.3%	28.9%	265	263	26.6%	26.5%	-13
Operating margin	18.5%	18.7%	20.6%	206	188	19.9%	19.2%	-71
Net profit margin	14.9%	14.2%	16.9%	192	264	15.1%	15.5%	47

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	3.22	70.0%	2.25
DDM Method	2.29	15.0%	0.34
EV/EBITDA	2.66	15.0%	0.40
Weighted Average Valuation (AED)			3.00
Current market price (AED)			2.70
Upside/Downside (%)			+11.1%

1) DCF Method:

Dubai Taxi Company P.J.S.C. is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 8.7%. It is arrived after using the cost of equity of 9.3% and after-tax cost of debt of 5.6%. Cost of equity is calculated by using a 10-year government bond yield of 5.6%, beta of 0.90 and equity risk premium of 4.1%. 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)	2,196
Terminal value (AED, Mn)	6,438
FV to Common shareholders (AED, Mn)	8,046
No. of share (Mn)	2,500
Current Market Price (AED)	2.70
Fair Value per share (AED)	3.22

DCF Method

(All Figures in AED, Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
NOPAT	428	484	512	544	560
Depreciation & Amortization	184	197	202	205	221
Capex	-240	-219	-225	-209	-199
Change in Working Capital	141	74	4	-13	31
Free Cash Flow to Firm (FCFF)	513	536	493	527	613
Discounting Factor	0.97	0.89	0.82	0.75	0.69
Discounted FCFF	496	476	403	396	424

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 11.2x in line with peers.

Company	Market	EV/EBITDA (x)		P/E (x)	
	(USD Mn)	2025F	2026F	2025F	2026F
Regional Infrastructure and Taxi Cos					
Salik	12,802	23.6	23.6	30.1	26.8
Empower	4,601	12.2	12.2	17.1	15.4
Dewa	37,978	10.1	10.1	18.8	17.5
ADNOC Drilling	24,948	12.4	12.4	17.4	15.8
ADNOC Distribution	12,659	12.6	12.6	17.7	17.0
Budget	1,471	6.8	6.8	14.9	12.9
Theeb	710	6.5	6.5	13.8	11.3
Lumi	909	6.6	6.6	16.9	14.7
Average		11.4x	11.4x	18.3x	16.4x
Median		11.2x	11.2x	17.3x	15.6x
Max		12.4x	12.4x	18.0x	17.1x
Min		6.7x	6.7x	16.4x	14.3x

Source: FAB Securities

3) DDM Method:

The Company maintains a policy to declare regular dividends to shareholders in the forecasted period. DTC is expected to pay a regular dividend of at least 85% of annual net profit in the forecasted period. The dividend is discounted at the cost of equity of 9.3%.

Sum of PV (AED, Mn)	1,563
Terminal value (AED, Mn)	4,170
FV to Common shareholders (AED, Mn)	5,733
No. of share (Mn)	2,500
Current Market Price (AED)	2.70
Fair Value per share (AED)	2.29

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Dividend Paid					
H1	162	184	198	211	218
H2	162	184	198	211	218
Total Dividend	324	368	396	422	437
Discounting Factor	0.96	0.88	0.81	0.74	0.68
Present Value of Dividend	312	324	320	312	295

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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