FAB أبوظبي الأول للأوراق المالية SECURITIES

Earnings Call Insight | 2Q26

UAE Equity Research | Sector: Industrials | Market: DFM

Dubai Taxi Company (DTC)

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.10	AED 3.00	+43%	BUY

2Q26 Net Profit lower than our estimate

- DTC's revenue declined 22.5% YOY to AED 485 Mn in 2Q26, reflecting softer trip volumes across the taxi and limousine segments, partially offset by growth in the bus and delivery bike segments.
- Taxi and Limousine trips declined 24.4% YOY to 10.3 Mn in 2Q26. However, activity improved progressively during the quarter, with trips increasing c. 31.0% between April and June, indicating early signs of demand normalisation.
- Total fleet stood at 11,928 vehicles as of 2Q26, of which 6,522 were Taxis, 605 Limousines, 1,186 Buses, and 3,615 Delivery Bikes.
- Operating costs decreased 9.2% YOY to AED 345 Mn. In addition, plate cost increased marginally by 0.4% YOY to AED 92 Mn in 2Q26.
- Gross profit declined significantly from AED 153 Mn in 2Q25 to AED 47 Mn in 2Q26, with the gross margin contracting from 24.5% in 2Q25 to 9.7% in 2Q26, due to lower margins across the Taxi, Limousine and Bus Segments, partially offset by a marginal improvement in the Delivery Bike segment.
- DTC's EBITDA decreased from AED 181 Mn in 2Q25 to AED 77 Mn in 2Q26, with the EBITDA margin declining from 28.9% in 2Q25 to 15.9% in 2Q26, reflecting the continued impact of softer airport and tourism-related demand during April and May.
- The Company's operating profit decreased from AED 128 Mn in 2Q25 to AED 23 Mn in 2Q26.
- DTC reported a decline in net profit from AED 105 Mn in 2Q25 to AED 10 Mn in 2Q26, lower than our estimate of AED 45 Mn. driven by lower revenue owing to lower trip volume, lower finance income, and higher fuel costs, along with higher impairment charges, partially offset by a variable cost base, lower finance costs, lower income tax expenses, and higher other income.
- DTC maintained a healthy balance sheet, with cash and cash equivalents (including short term national bonds) of AED 409 Mn and a reported net debt-to-EBITDA ratio of 1.1x as of June 2026.

Earnings Call Summary

- Total operational fleet increased 17.0% YOY to 11,928 vehicles as of June 2026, driven by fleet expansion across taxis, buses, and delivery bikes, partially offset by a lower limousine fleet.
- The company maintained uninterrupted operations across all business segments with no service disruptions or capacity constraints.
- Taxi and limousine demand improved progressively during the quarter, with the YOY decline in trips narrowing to 11% in June from 37% in April, indicating early signs of demand normalization.
- The RTA approved AED 25.6 Mn in taxi fee reductions for the March–May 2026 period, with the financial benefit expected to be recognized in 3Q26.
- Management highlighted that Abu Dhabi's plate fee structure comprises a fixed fee of AED 1,200 per taxi plus a variable component linked to trip volumes, compared with Dubai's fixed AED 5,000 per taxi fee, providing greater flexibility during periods of weaker demand.
- Management continues to work with the RTA on autonomous mobility initiatives and is targeting c. 1,000 autonomous taxis over the next three years, subject to regulatory approvals.
- The successful completion of the acquisition of National Taxi, increased DTC's Dubai market share to c. 59%, establishing a meaningful presence in Abu Dhabi, and creating the UAE's largest taxi operator.
- National Taxi added more than 2,500 vehicles with fleet utilization exceeding 90.0%, while the acquisition is expected to be earnings accretive from the first full year of ownership, supported by operational synergies.

- Integration of National Taxi is progressing according to plan, with management implementing early synergy initiatives while targeting full integration over the next three years.
- Bolt continued to report strong operational momentum in 1H26, with total trips increasing 40.0% YOY to 4.3 Mn, while app downloads reached 1.7 Mn, registered cars increased to 33,000, and monthly active riders rose 77.0% YOY to c. 162,000.
- Secured an additional 600 taxi license plates through the latest RTA auction, further reinforcing DTC's market leadership in Dubai.
- Continued expanding its regional footprint through a strategic partnership in Ajman while advancing the rollout of Apollo Go autonomous mobility services.
- Bus operations remained supported by long-term government contracts, providing stable recurring income despite the softer operating environment.
- The delivery bike segment continued to deliver strong growth, supported by fleet expansion and sustained demand across the on-demand delivery market.
- Management expects mobility demand to continue recovering during the second half of 2026, supported by the return of residents after the summer period and improving tourism and airport activity.
- Management expects the National Taxi acquisition to begin contributing positively during 2H26 through early operational synergies, with more meaningful earnings contributions anticipated from 2027 following integration.
- Fuel costs increased during the quarter due to a temporary spike in fuel prices. Management expects the fuel cost-to-revenue ratio to normalize to c. 10–11% as fuel prices stabilize, while periodic RTA fare adjustments are expected to partially offset higher fuel costs.
- Management is implementing cost optimization initiatives, including delaying vehicle replacements, improving maintenance efficiency, optimizing fleet utilization, and dynamically adjusting the limousine fleet based on demand to preserve cash and enhance operational efficiency.
- During the March–April slowdown, management supported drivers through reduced and deferred deductions, direct cash assistance, and accommodation support, with direct cash support amounting to a single-digit Mn AED. Driver earnings have since largely normalized.
- Management does not expect Uber's acquisition of Talabat to materially impact its delivery operations, supported by existing contracts and a diversified customer base. The planned launch of Bolt in Dubai is expected to provide an additional growth avenue.
- The company reiterated that it has not changed its dividend policy and deferred the interim dividend decision. Shareholder distributions will be assessed at the end of 2026, while maintaining its commitment to distribute up to 85.0% of annual net profit, subject to Board approval.

DTC – P&L

AED Mn	2Q25	1Q26	2Q26	2Q26F	Var	YOY Ch	QOQ Ch
Revenue	625	551	485	529	-8.4%	-22.5%	-12.1%
Direct cost	-380	-359	-345	-344	0.4%	-9.2%	-3.9%
Plate & license fee	-92	-92	-92	-92	0.2%	0.4%	0.0%
Gross profit	**153**	**100**	**47**	**93**	**-49.3%**	**-69.2%**	**-52.6%**
Other income	4	2	7	4	96.2%	93.4%	NM
G&A expenses	-34	-33	-30	-32	-4.7%	-10.5%	-9.4%
Impairments	5	-1	-1	-2	-25.7%	NM	7.0%
Operating Profit	**128**	**67**	**23**	**63**	**-63.8%**	**-82.2%**	**-65.6%**
EBITDA	**181**	**121**	**77**	**119**	**-35.2%**	**-57.2%**	**-36.0%**
Finance income	3	4	3	3	16.6%	-7.7%	-17.9%
Finance costs	-16	-14	-14	-16	-11.3%	-11.3%	0.2%
Profit before tax	**116**	**56**	**12**	**50**	**-76.4%**	**-89.8%**	**-79.0%**
Income Tax	-10	-5	-1	-4	-69.5%	-86.9%	-74.5%
Profit for the period	**105**	**51**	**10**	**45**	**-77.0%**	**-90.1%**	**-79.5%**

FABS estimate & Co Data

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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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