

## Dubai Taxi Company (DTC)

Promotional discounts related to Bolt's launch campaign affected profit

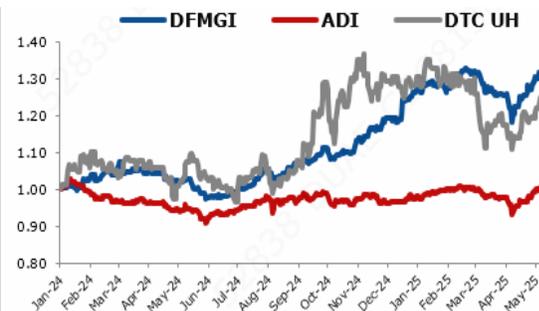
**Current Price**  
AED 2.57

**Target Price**  
AED 3.00

**Upside/Downside (%)**  
+17%

**Rating**  
BUY

- Total fleet size stood at 9,872 units, and the number of trips grew 8% YOY to AED 12.8 Mn in 1Q25.
- Revenue grew 5.4% YOY to AED 588 Mn while like-for-like total revenue excluding Connectech expanded 7.1% YOY in 1Q25.
- Gross profit declined 5.9% YOY to AED 143 Mn, and margin fell 290 YOY to 24.3% in 1Q25, attributed to lower margin in Limousine, Bus and Delivery Bike Segment, partially offset margin expansion in Taxi Segment.
- DTC's EBITDA fell 9.1% YOY to AED 154 Mn, while like-for-like EBITDA excluding Connectech rose 4.0% YOY in 1Q25.
- Net profit declined 22.6% YOY to AED 84 Mn in 1Q25, due to promotional discounts offered for the Bolt's launch campaign.



### 1Q25 Net Profit lower than our estimate

Dubai Taxi Company P.J.S.C. (DTC/the Company) net profit decreased 22.6% YOY to AED 84 Mn in 1Q25, lower than our estimate of AED 117 Mn. The decline in the net profit is mainly driven by higher operating costs, plate & license fees, lower other income and an increase in G&A expenses, partially offset by a growth in revenue, finance income, and lower income tax expenses. Like-for-Like net profit excluding Connectech fell 1.7% in 1Q25.

### P&L Highlights

DTC's revenue rose 5.4% YOY to AED 588 Mn in 1Q25 owing to fleet expansion across all segments, coupled with strong growth across the Taxi and Delivery Bikes segments. Like-for-like total revenue excluding Connectech rose 7.1% YOY in 1Q25. Revenue from the Taxi segment rose 7.5% YOY to AED 515 Mn in 1Q25, mainly due to the increased number of trips, expansion in the fleet, and strong utilization. Limousine segment revenue rose 2.7% YOY to AED 34 Mn in 1Q25 attributed to fleet expansion and higher trips. Delivery Bike revenue more than doubled from AED 8 Mn in 1Q24 to AED 17 Mn in 1Q25, mainly driven by an increase in the delivery fleet and increased demand in the on-demand delivery market, supported by partnerships with major delivery aggregators. However, bus segment revenue fell 13.5% YOY to AED 32 Mn in 1Q25, attributable to contractual changes impacting revenue recognition cycle. The Company added 250 fully electric taxis to its portfolio in 1Q25. DTC's taxi fleet size increased from 5,316 taxis in 1Q24 to 6,210 in 1Q25. Additionally, Bolt expanded its platform by adding 700 airport taxis through its partnership with Dubai Taxi Company to serve Dubai Airports. Similarly, Delivery bike fleet increased significantly from 1,008 bikes in 1Q24 to 1,993 bikes in 1Q25. Revenue from E-hailing Services stood at AED 14 Mn in 1Q25. The segment started operation in 1Q25.

### Stock Information

Market Cap (AED, Mn)	6,425.00
Shares Outstanding(mm)	2,500.00
52 Week High	2.96
52 Week Low	2.06
3M Avg. daily value (AED)	5,632,119

### 1Q25 Result Review (AED, Mn)

Total Assets	2,498
Total Liabilities	2,128
Total Equity	370
EBITDA	154
Net Profit	84

### Financial Ratios

Dividend Yield (12m)	4.38
Dividend Pay-out (%)	84.97
Price-Earnings Ratio(x)	20.92
Price-to-Book Ratio (x)	17.37
Book Value (AED)	0.15
Return-on Equity (%)	86.40

### Stock Performance

5 Days	-3.38%
1 Months	5.76%
3 Months	-7.55%
6 Months	-4.10%
1 Year	10.30%
Month to Date (MTD%)	1.18%
Quarter to Date (QTD%)	2.80%
Year to Date (YTD%)	-7.55%

In addition, DTC also recognized a promotional discount of AED 23 Mn in 1Q25 to accelerate customer acquisition and drive the long-term growth trend of the business. The promotional discount stood at 3.8% of the revenue in 1Q25. DTC plans to cap this promotional discount at 2% for full-year revenue in 2025. Operating costs rose 7.9% YOY to AED 354 Mn in 1Q25, mainly due to a marginal 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 license fee increased 16.4% YOY to AED 91 Mn in 1Q25 due to fleet expansion. Thus, the Company's gross profit declined 5.9% YOY to AED 143 Mn in 1Q25. Gross margin fell 290 bps YOY to 24.3% in 1Q25 due to contraction in margin across the Limousine, Bus and Delivery Bike Segment, partially mitigated by an expansion in margin of Taxi Segment. DTC's G&A expenses rose 36.0% YOY to AED 36 Mn in 1Q25. The Company's other income fell from AED 8 Mn in 1Q24 to AED 5 Mn in 1Q25. In addition, DTC witnessed an impairment charge of AED 2 Mn in 1Q25, compared to an impairment reversal of AED 4 Mn in 1Q24. DTC's EBITDA decreased 9.1% YOY to AED 154 Mn in 1Q25. EBITDA margin stood at 26.3% in 1Q25 compared to 30.4% in 1Q24. However, after excluding the impact of Connectech, the like-for-like EBITDA of DTC rose 4.0% YOY with a margin of 29.6% in 1Q25. Furthermore, the Company's finance income grew from AED 3 Mn in 1Q24 to AED 4 Mn in 1Q25, while the finance cost rose 2.6% YOY to AED 16 Mn in 1Q25. Staff bonus decreased 6.1% YOY to AED 6 Mn in 1Q25. In addition, the Company income tax expenses declined 22.4% YOY to AED 8 Mn in 1Q25, in line with decline in profit before tax.

### Balance Sheet Highlights

DTC's cash and cash equivalent including Wakala deposits stood at AED 287 Mn in 1Q25 compared to AED 336 Mn in 4Q24. The Company's debt remained flat at AED 998 Mn in 1Q25 compared to 4Q24, while the unutilized credit facility stood at AED 200 Mn in 1Q25. The Company's net debt to LTM EBITDA ratio increased from 1.1x in 4Q24 to 1.2x in 1Q25. The Company's net capex increased from AED 60 Mn in 1Q24 to AED 159 Mn in 1Q25.

### Target Price and Rating

We maintain our BUY on Dubai Taxi Company. with a target price of AED 3.00. DTC price dropped 6.5% since our last rating. The Company reported a decline in net profit by 22.6% YOY to AED 84 Mn in 1Q25, primarily driven by promotional discounts related to Bolt's launch campaign under Connectech. This spending was front-loaded in 1Q25 to align with seasonal demand and will be capped at 2% of annual revenue over the next four years. However, excluding the effect of Connectech, the core business demonstrated resilient operational performance, with a just marginal decline in net profit by 2% YOY. DTC total fleet size stood at 9,872 in 1Q25. Additionally, the Company completed 12.8 Mn trips in 1Q25 compared to 11.8 Mn trips in 1Q24 attributed to growing demand and an increase in the fleet. Furthermore, the Company added 250 fully electric vehicles, while its strategic partner, Bolt integrated 700 airport taxis into its platform through its partnership with Dubai Taxi Company to support operations at Dubai's airports in 1Q25. DTC expects to benefit from the fleet expansion over the upcoming quarters as the utilization rate increases. It also expects the expenses on promotional discounts to reduce in the subsequent quarters, which is expected to positively benefit the bottom line. In addition, DTC Delivery Bike is capitalizing on the growing on-demand delivery market by leveraging its partnership with major delivery aggregators. Taxi Segment is also expected to benefit from lower fuel prices and support margins. The company expect that taxi and limousine annual trips from the airports are expected to exceed 8 Mn annually by 2029, with revenues reaching AED 2.5 Bn. DTC participated in RTA's recent auction for 600 plates and is currently awaiting the final results. DTC participated in RTA's recent auction for 600 vehicle plates and is currently awaiting the outcome. The Company, in collaboration with RTA, initiated trials for autonomous robo-taxis, however, no commercial rollout is expected in 2025, with potential deployment anticipated in 1Q26. Thus, considering the above-mentioned factors, we assign a BUY rating on the stock.

**DTC- Relative valuation**

(at CMP)	2022	2023	2024	2025F
PE (x)	NA	18.8	19.6	17.4
PB (x)	NA	21.1	15.8	13.4
EV/EBITDA	NA	14.6	12.3	11.4
DPS	NA	0.028	0.113	0.13
Dividend yield (%)	NA	1.1%	4.3%	4.9%

*FABS Estimates & Co Data*

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

**DTC- P&L**

AED Mn	1Q24	4Q24	1Q25	1Q25F	Var.	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	558	600	588	635	-7.4%	5.4%	-1.9%	2,197	2,406	9.6%
Operating cost	-328	-360	-354	-380	-6.7%	7.9%	-1.6%	-1,345	-1,472	9.4%
Plate & license fee	-78	-87	-91	-89	2.4%	16.4%	4.8%	-329	-351	6.7%
<b>Gross profit</b>	<b>152</b>	<b>153</b>	<b>143</b>	<b>166</b>	<b>-14.1%</b>	<b>-5.9%</b>	<b>-6.4%</b>	<b>523</b>	<b>584</b>	<b>11.6%</b>
Other Income	8	7	5	16	-70.3%	-42.6%	-34.5%	37	28	-23.4%
G&A Expenses	-27	-41	-36	-30	21.4%	36.0%	-10.9%	-118	-132	11.6%
Impairments	4	-8	-2	0	NM	NM	-79.3%	-4	-12	NM
<b>Operating profit</b>	<b>137</b>	<b>112</b>	<b>110</b>	<b>152</b>	<b>-27.9%</b>	<b>-20.0%</b>	<b>-1.7%</b>	<b>438</b>	<b>468</b>	<b>7.0%</b>
<b>EBITDA</b>	<b>170</b>	<b>152</b>	<b>154</b>	<b>175</b>	<b>-11.9%</b>	<b>-9.1%</b>	<b>1.5%</b>	<b>584</b>	<b>632</b>	<b>8.1%</b>
Finance Income	3	3	4	1	NM	19.3%	48.5%	15	20	37.9%
Finance Cost	-16	-15	-16	-15	9.6%	2.6%	5.9%	-63	-56	-10.7%
Staff Bonus	-6	-7	-6	-10	-42.2%	-6.1%	-14.5%	-26	-20	-23.2%
<b>Profit Before Tax</b>	<b>119</b>	<b>92</b>	<b>92</b>	<b>129</b>	<b>-28.6%</b>	<b>-22.6%</b>	<b>-0.6%</b>	<b>364</b>	<b>413</b>	<b>13.4%</b>
Tax	-11	-8	-8	-12	-31.5%	-22.4%	0.0%	-33	-39	18.2%
<b>Net Profit</b>	<b>108</b>	<b>84</b>	<b>84</b>	<b>117</b>	<b>-28.4%</b>	<b>-22.6%</b>	<b>-0.6%</b>	<b>331</b>	<b>374</b>	<b>12.9%</b>

*FABS estimate & Co Data*

**DTC - Margins**

	1Q24	4Q24	1Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross margin	27.2%	25.5%	24.3%	-290	-118	23.8%	24.3%	44
EBITDA margin	30.4%	25.4%	26.3%	-418	88	26.6%	26.3%	-35
Operating margin	24.6%	18.6%	18.7%	-591	4	19.9%	19.5%	-47
Net profit margin	19.3%	14.0%	14.2%	-513	18	15.1%	15.5%	46

*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	3.26	70.0%	2.28
DDM Method	2.31	15.0%	0.35
EV/EBITDA	2.47	15.0%	0.37
<b>Weighted Average Valuation (AED)</b>			<b>3.00</b>
Current market price (AED)			2.57
Upside/Downside (%)			+17%

### 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 5.1%. 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)	2,146
Terminal value (AED, Mn)	6,551
<b>FV to Common shareholders (AED, Mn)</b>	<b>8,157</b>
No. of share (Mn)	2,500
Current Market Price (AED)	2.57
<b>Fair Value per share (AED)</b>	<b>3.26</b>

### DCF Method

(All Figures in AED, Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
NOPAT	426	464	512	561	578
Depreciation & Amortization	184	197	202	205	221
Capex	-240	-219	-225	-209	-199
Change in Working Capital	141	77	-8	-22	30
<b>Free Cash Flow to Firm (FCFF)</b>	<b>510</b>	<b>519</b>	<b>482</b>	<b>535</b>	<b>630</b>
Discounting Factor	0.95	0.87	0.80	0.74	0.68
<b>Discounted FCFF</b>	<b>484</b>	<b>452</b>	<b>387</b>	<b>395</b>	<b>428</b>

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 10.6x in line with peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
<b>Regional Infrastructure and Taxi Cos</b>					
Salik	10,822	20.5	19.2	25.2	22.9
Empower	4,492	11.9	11.2	16.5	14.9
Dewa	36,346	9.7	9.3	18.0	16.7
ADNOC Drilling	22,860	11.6	10.8	16.0	14.8
ADNOC Distribution	11,707	11.9	11.2	16.7	16.0
Budget	1,517	7.5	6.7	16.1	13.5
Theeb	747	6.4	6.1	14.8	12.2
Lumi	909	6.8	6.2	16.2	14.8
<b>Average</b>		<b>10.8x</b>	<b>10.1x</b>	<b>17.5x</b>	<b>15.7x</b>
<b>Median</b>		<b>10.6x</b>	<b>10.0x</b>	<b>16.4x</b>	<b>14.9x</b>
<b>Max</b>		<b>11.9x</b>	<b>11.2x</b>	<b>17.0x</b>	<b>16.1x</b>
<b>Min</b>		<b>7.3x</b>	<b>6.6x</b>	<b>16.1x</b>	<b>14.5x</b>

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)	1,554
Terminal value (AED, Mn)	4,225
<b>FV to Common shareholders (AED, Mn)</b>	<b>5,769</b>
No. of share (Mn)	2,500
Current Market Price (AED)	2.57
<b>Fair Value per share (AED)</b>	<b>2.31</b>

(All Figures in AED Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
<b>Dividend Paid</b>					
H1	159	178	200	220	228
H2	159	178	200	220	228
<b>Total Dividend</b>	<b>318</b>	<b>356</b>	<b>401</b>	<b>440</b>	<b>455</b>
Discounting Factor	0.94	0.86	0.79	0.72	0.66
<b>Present Value of Dividend</b>	<b>300</b>	<b>308</b>	<b>317</b>	<b>318</b>	<b>301</b>

Source: FAB Securities

