

UAE Transportation Sector

Tourism Boom Coupled with Lower Fuel Costs to Drive Transportation Sector

Sector Weighting:
MARKET WEIGHT

We maintain a positive stance on DTC within the UAE's transportation sector, while also recommending investors to stay invested in Air Arabia and Aramex, which are well-positioned to benefit from the sector's robust growth, particularly driven by the tourism boom and favourable macroeconomic conditions. DTC delivered strong revenue growth, primarily driven by an increase in the number of trips, an expansion in fleet size across all vehicle segments, and higher tariffs. The Company's strategic partnership with Bolt facilitated over 1 million trips between December and mid-January. Additionally, DTC secured 994 taxi plates in 2024, increasing its market share to approximately 47% in the Dubai taxi market. The Company continues to focus on operational efficiency through scale and technology adoption, to expand its fleet, streamlining operations, and attracting new customers to drive future growth. DTC is well-positioned to benefit from Dubai's strong economic momentum, rising population, and growing tourism sector. Likewise, Air Arabia sustained a healthy load factor of 82.0% in 2024, benefiting from the global recovery in air passenger demand. The airline served 18.8 million passengers across all hubs in 2024, marking a 12.4% YOY increase. Air Arabia also added 31 new routes to its existing network in 2024, which will likely benefit the airline by attracting additional passengers and enhancing its presence in various markets. Furthermore, Air Arabia is expected to benefit from lower fuel costs, as the EIA forecasts Brent crude oil prices to average USD 68.0 per bbl in 2025 and USD 61.0 per bbl in 2026, down significantly due to demand uncertainties and potential OPEC+ supply increases. The Company offers a healthy dividend yield of 7.7% for 2025 and trades at an attractive valuation, with a P/E of 9.4x and EV/EBITDA of 4.9x. Aramex is also observing a significant industry shift, with e-tailers and brands moving inventories closer to demand centres and end customers in domestic markets. This is significantly driving higher Domestic Express volumes, increased demand for warehousing and fulfilment services, and growth in International Express and Freight Forwarding volumes. The Company is also anticipating continued growth in the Domestic Express segment in 1H25, driven by the increasing impact of nearshoring. Additionally, the Company aims to add 40,000–50,000 sq. meters of high-roof warehouses, facilitating mezzanine racking systems to accommodate rising e-commerce nearshoring demand. The Company's strategic expansion of warehouse capacity in its core markets is expected to drive volume growth going forward.

Stock (in AED)	Target Price	Current Price	Gain	Rating	P/E ¹	EV/EBITDA ¹	Dividend Yield ¹
Air Arabia	3.50	3.25	+7.7%	HOLD	9.4	4.9	7.7%
Aramex	3.10	2.77	+12.0%	ACCUMULATE	20.0	6.4	NA
Dubai Taxi Company	3.00	2.58	+16.3%	BUY	14.6	10.4	5.0%

Source: FABS Estimate, ¹Data refers to FY2025

Key Developments in the Transportation Sector

Growth in Passenger traffic in 2024, boosted the Tourism sector in UAE

According to the General Civil Aviation Authority, the passenger traffic in the UAE's civil aviation sector increased 10.0% YOY to 147.8 Mn in 2024, underscoring its position as a global travel hub. Additionally, the country recorded 41.6 Mn inbound passengers, 41.7 Mn departures and 64.4 Mn transit passengers through its airports in 2024. Furthermore, passenger traffic at Abu Dhabi Airports increased 28.1% YOY to 29.4 Mn in 2024, driven by the launch of 29 new routes in Zayed International Airport (AUH). Dubai International Airport (DXB) saw a 6% YOY increase in passengers to 92.3 Mn in 2024, due to strong travel demand. The hospitality sector experienced high occupancy levels, increased average daily rates, and revenue per available room. Dubai's International overnight visitors increased 9% YOY to 18.72 Mn in 2024. Additionally, Dubai's average occupancy rate rose from 77.4% in 2023 to 78.2% in 2024. The average daily rate (ADR) saw an increased marginally from AED 536 in 2023 to AED 538 in 2024. Revenue per available room (RevPAER) grew 2% YOY to AED 415 Mn in 2024. According to IATA, air travel demand remained grew 5.6% YoY increase in traffic on international routes in February 2025. The global air cargo capacity, measured in Available Cargo Tonne-Kilometers (ACTK) declined by 0.4% YOY in February 2025.

Decline in oil prices to improve the transportation sector's profitability

Brent crude oil prices fluctuated in the bandwidth of USD 82 to USD 68 per barrel in 1Q25, ultimately closing at USD 74.7 per barrel on March 31, marking a modest 0.1% QOQ increase. The quarter began with a 2.8% MOM rise in January, driven by optimism over global expansionary monetary policies, expected interest rate cuts by the Fed, supportive policies in China, and colder weather boosting fuel demand. However, prices dropped 4.7% in February, as the US delayed tariffs on Mexico and Canada, increased US crude inventories (signalling weak demand), and increased geopolitical tensions, including US-China tariff concerns, added pressure. The resumption of oil exports from Kurdistan and global economic uncertainty also weighed on prices, though these were partially offset by new US sanctions on Iran and actions in Venezuela. In March, prices initially dipped due to the US pausing military aid to Ukraine, OPEC+ output hike plans, and new US tariffs on major trading partners. Later in the month, prices rebounded on US military actions in the Middle East and China's stimulus but weakened again after a Russia-Ukraine ceasefire agreement mediated by the US. OPEC+ output cuts and renewed US sanctions on Venezuelan and Iranian oil pushed prices upward toward the end of the month. The average Brent crude price for the quarter stood at USD 75.0 per barrel. Global oil inventories are projected to rise starting mid-2025 due to the unwinding of OPEC+ production cuts, increased output from non-OPEC producers, and a slowdown in global oil demand growth.

Global air cargo demand declined for the first time in February 2025

Industry-wide air cargo demand contracted as Global Cargo Tonne-Kilometres (CTK) declined 0.1% YOY in February 2025 for the first time since mid-2023. The seasonality-adjusted demand also fell 0.6% MOM in February 2025 but remained 3.0% above 2024. However, the International CTK grew 0.4% YOY in February 2025, supported by Asia Pacific airlines. Global Air cargo capacity declined 0.4% YOY, while adjusted Available Cargo Tonne-Kilometres (ACTK) dipped slightly from January 2025 levels but remained 3.3% higher than last year. The Cargo Load Factor (CLF) rose 0.1% YOY

to 45.0% in February 2025. The Asia Pacific region recorded the strongest improvement, with a 1% YOY rise in CLF in February 2025. In contrast, the Middle East recorded the highest decline of 3.9% YOY in CLF during the same period. Moreover, global jet fuel price declined 2.1% MOM in February 2025, primarily due to a 5.1% MOM decline in crude oil prices to USD 75.2 per barrel in February 2025. The global manufacturing activity rose for the second consecutive month with a PMI of 51.5 in February 2025 from 50.1 in January 2025, owing to improved global new export orders. The export orders PMI, an indicator of international trade, stood at 49.6 in February 2025 compared to 49.4 in January 2025.

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1Q25 Preview: **Aramex PJSC**

Strong revenue gains with reduced impairment losses to support profits

Current Price AED 2.77	Target Price AED 3.10	Upside/Downside (%) +12%	Rating ACCUMULATE
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1Q25 estimate

Aramex's (Aramex/ The Company) net profit is expected to increase 17.7% YOY to AED 55 Mn in 1Q25 due to an estimated increase in revenue and decline in net finance cost partially offset by growth in cost of services, operating expenses, and tax expenses. Aramex's revenue is projected to grow 11.9% YOY to AED 1,724 Mn in 1Q25, owing to an anticipated increase in revenue from across all segments. The Company's cost of services is expected to grow 13.2% YOY to AED 1,296 Mn in 1Q25. Thus, gross profit is likely to expand 8.1% YOY to AED 427 Mn in 1Q25. S&M expenses are predicted to grow 8.4% YOY to AED 88 Mn in 1Q25. In addition, administrative expenses are anticipated to boost 9.5% YOY to AED 240 Mn in 1Q25. The net impairment loss is projected to decline 17.1% YOY to AED 5 Mn in 1Q25. Similarly, other income is forecasted to fall 43.5% YOY to AED 2 Mn in 1Q25. As a result, operating profit is likely to increase 4.5% YOY to AED 97 Mn in 1Q25. The Company's EBITDA is estimated to increase marginally 0.8% YOY to AED 183 Mn, while EBITDA margin to decline 116 bps YOY to 10.6% in 1Q25. Aramex's finance income is expected to grow 18.9% YOY to AED 1 Mn, while finance costs are estimated to decline 21.7% YOY to AED 25 Mn in 1Q25. The Company's tax expense is forecasted to increase 16.8% YOY to AED 18 Mn in 1Q25.

2025 forecast

Aramex's net profit is expected to grow 49.6% YOY to AED 203 Mn in 2025 primarily due to estimated growth in revenue, other income, decrease in net finance cost, partially offset by an anticipated increase in cost of services, operating expenses, rise in impairment on financial assets, and tax expense. Aramex's revenue is forecasted to rise 6.4% YOY to AED 6,726 Mn in 2025 attributed to an anticipated increase in revenue across its business segments. The company's cost of services is predicted to grow 5.5% YOY to AED 5,078 Mn in 2025. Thus, gross profit is expected to expand 9.0% YOY to AED 1,648 Mn in 2025. Aramex's S&M expenses are estimated to grow 6.8% YOY to AED 363 Mn in 2025, while administrative expenses are anticipated to increase 4.7% YOY to AED 935 Mn. Other income is projected to grow 6.4% YOY to AED 11 Mn in 2025. Thus, operating profit is anticipated to increase 19.5% YOY to AED 355 Mn in 2025. EBITDA is forecasted to increase 7.5% YOY to AED 699 Mn in 2025. On the other hand, finance income is expected to rise 6.4% YOY to AED 5 Mn in 2025, and finance cost is also anticipated to decline 19.4% YOY to AED 98 Mn. Aramex's income tax expense is estimated to boost 47.5% YOY to AED 68 Mn in 2025.

4Q24 Outturn

Aramex's top line rose 11.2% YOY to AED 1,695 Mn in 4Q24, driven by volume inflows from old and new customers and strong contributions across all segments. The Company's Freight Forwarding segment saw a 21.0% YOY growth in revenue to AED 464 Mn in 4Q24, attributed to growing volumes across all lines. The combined revenue of the International and Domestic Express segment grew 7.7% YOY to AED 1,096 Mn in 4Q24, owing to the strong contribution from the Domestic segment. International Express revenue reported a 6.6% YOY decline to 7.2 Mn shipments in terms of volume in 4Q24. The Domestic Express volumes grew 16.5% YOY to 31 Mn in 4Q24, primarily due to increased growth from GCC, MENAT region and demand for local warehousing. The Company recorded the ongoing shift of volumes from international to domestic express, driven by the nearshoring trend. The Contract logistics segment achieved a revenue growth of 10.7% YOY to AED 123 Mn in 4Q24, driven by increasing customer base and warehousing capacity. Cost of services grew 14.2% YOY to AED 1,297 Mn in 4Q24. Thus, gross profit rose 2.5% YOY to AED 399 Mn in 4Q24. However, gross profit margin declined 199 bps YOY to 23.5% in 4Q24, primarily due to the

increased pressure and competition in the Freight Forwarding Segment. Selling and marketing expenses grew 7.2% YOY to AED 86 Mn in 4Q24. Administrative expenses increased 10.8% YOY to AED 236 Mn in 4Q24. The Company recorded an impairment reversal of AED 19 Mn in 4Q24, compared to an impairment loss of 4 Mn in 4Q23. The Company also recorded other expenses of AED 6 Mn in 4Q24 compared to other income of AED 15 Mn in 4Q23. Operating profit declined 16.0% YOY to AED 89 Mn in 4Q24. Operating profit margin declined by 171 bps YOY to 5.3% in 4Q24, as operating profit in 4Q23 had benefited from a one-time AED 15 Mn settlement. Furthermore, total EBITDA fell 10.7% YOY to AED 176 Mn in 4Q24. EBITDA margins fell 254 bps YOY to 10.4% in 4Q24. Finance income fell from AED 3 Mn in 4Q23 to AED 1 Mn in 4Q24, while finance costs declined 10.2% YOY to AED 29 Mn in 4Q24. The share of results from joint ventures and associates rose to AED 2 Mn in 4Q24 compared to AED 1 Mn in 4Q23. Income tax expenses saw a rise from AED 1 Mn in 4Q23 to AED 4 Mn in 4Q24, owing to the introduction of corporate tax in the UAE. Profit attributable to non-controlling interest accounted to AED 1.0 Mn in 4Q24 compared to AED 0.3 Mn in 4Q23.

Target price and recommendation

We revise our rating on Aramex from HOLD to ACCUMULATE with an unchanged target price of AED 3.10. Aramex demonstrated strong top-line growth in 4Q24, driven by consistent volume growth across all segments. Aramex is observing a significant industry shift, with e-tailers and brands moving inventories closer to demand centres and end customers in domestic markets. This is significantly driving higher Domestic Express volumes, increased demand for warehousing and fulfilment services, and growth in International Express and Freight Forwarding volumes. The Company's Domestic Express volume rose 16.5% YOY to 31 Mn shipments in 4Q24, whereas International Express volume declined 6.0% YOY to 7.2 Mn shipments in 4Q24. The Company anticipates continued strong growth in Domestic Express in 1H25, driven by the increasing impact of nearshoring. Aramex also plans to increase its warehousing capacity as it has reached full utilization levels in the logistics segment in Egypt and Morocco and near full capacity in UAE and Saudi Arabia. Additionally, the Company aims to add 40,000–50,000 sq. meters of high-roof warehouses, facilitating mezzanine racking systems to accommodate rising e-commerce nearshoring demand. The Company's strategic expansion of warehouse capacity in its core markets is expected to drive volume growth going forward. Aramex also continues to gain market share across the GCC and MENAT regions, benefiting from economies of scale, which are expected to drive margin improvements. The Company also remains well-positioned with a strong cash balance of AED 513 Mn and a reported net debt-to-EBITDA ratio of 2.9x in 2024, which is expected to support its plans for expansion and growth. ADQ increased its stake in Aramex to 63.26% in March 2025 by acquiring 40.57% shares through its subsidiary Q Logistics on a cash offer. The acquisition is set to strengthen ADQ's logistics portfolio. Thus, based on our analysis, we assign an ACCUMULATE rating on the stock.

Aramex -Relative valuation

(At CMP)	2020	2021	2022	2023	2024	2025F
PE	16.7	22.1	25.2	31.5	29.9	20.0
PB	1.5	1.5	1.6	1.6	1.6	1.6
EV/EBITDA	4.9	5.4	7.4	7.3	6.9	6.4
Dividend yield	6.0%	4.7%	4.7%	3.4%	NA	NA

FABS Estimate & Co Data

Aramex - P&L

AED mn	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Rendering of Services	1,541	1,695	1,724	11.9%	1.7%	6,324	6,726	6.4%
Cost of Services	-1,145	-1,297	-1,296	13.2%	0.0%	-4,812	-5,078	5.5%
Gross profit	395	399	427	8.1%	7.2%	1,512	1,648	9.0%
Selling and Marketing Expenses	-81	-86	-88	8.4%	1.7%	-340	-363	6.8%
Administrative Expenses	-219	-236	-240	9.5%	1.6%	-893	-935	4.7%
Net Impairment loss	-6	19	-5	-17.1%	NM	7	-7	NM
Other income, net	3	-6	2	-43.5%	NM	11	11	6.4%
Operating profit	92	89	97	4.5%	8.2%	297	355	19.5%
EBITDA	181	176	183	0.8%	3.8%	650	699	7.5%
Finance Income	1	1	1	18.9%	1.7%	5	5	6.4%
Finance Costs	-31	-29	-25	-21.7%	-16.1%	-121	-98	-19.4%
Share of results of JV and assoc	1	2	0	-50.2%	-85.6%	3	8	NM
Profit before Income Tax	63	64	74	17.2%	15.8%	183	270	47.6%
Income Tax Expense	-16	-4	-18	16.8%	NM	-46	-68	47.5%
Profit for the period	47	59	55	17.3%	-7.3%	137	203	47.7%
NCI	0	-1	0	NM	NM	-2	0	NM
Profit attributable	47	59	55	17.7%	-5.8%	135	203	49.6%

FABS estimate and Co data

Aramex - Margins

	1Q24	4Q24	1Q25F	YOY Ch.	QOQ Ch.	2024	2025F	Change
Gross Profit	25.7%	23.5%	24.8%	-86	129	23.9%	24.5%	59
EBITDA	11.8%	10.4%	10.6%	-116	22	10.3%	10.4%	11
Operating Profit	6.0%	5.3%	5.6%	-40	34	4.7%	5.3%	58
Net Profit	3.0%	3.5%	3.2%	16	-26	2.1%	3.0%	87

FABS estimate and Co data

1Q25 preview: **Air Arabia**

Improvement in margins to boost bottom line

Current Price AED 3.25	Target Price AED 3.50	Upside/Downside (%) +7.7%	Rating HOLD
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1Q25 estimate

Air Arabia's (AIRARABIA PJSC / The Company) net profit is anticipated to rise 23.3% YOY to AED 297 Mn in 1Q25, due to forecasted increase in revenue, other income, and decline in S&M expenses and finance costs, partially offset by increase in direct costs and predicated growth in G&A expenses and tax expenses. The Company revenue is projected to increase 3.0% YOY to AED 1,587 Mn in 1Q25. On the other hand, direct costs are estimated to increase 1.5% YOY to AED 1,238 Mn in 1Q25. Thus, gross profit is likely to rise 8.5% YOY to AED 349 Mn in 1Q25. Moreover, Air Arabia's selling and marketing expense is expected to fall 1.4% YOY to AED 24 Mn in 1Q25, while G&A expense is projected to grow 2.9% YOY to AED 78 Mn in 1Q25. Air Arabia's EBITDA is predicted to rise 8.0% YOY to AED 420 Mn in 1Q25. Similarly, EBITDA margin is anticipated to increase substantially 123 bps YOY to 26.5% in 1Q25. As a result, Air Arabia's operating profit is likely to grow 11.5% YOY to AED 248 Mn in 1Q25. Likewise, operating profit margin is predicted to increase significantly by 119 bps YOY to 15.6% in 1Q25. Furthermore, the Company's finance income is expected to rise 9.0% YOY to AED 66 Mn in 1Q25, whereas finance cost is estimated to decline 15.1% YOY to AED 21 Mn in 1Q25. Share of profit on equity account investment is expected to record a profit of AED 8 Mn in 1Q25 compared to loss of AED 11 Mn in 1Q24. Other income is anticipated to increase 39.3% YOY to AED 25 Mn in 1Q25. We estimate a tax expense of the Company to boost 18.7% YOY to AED 29 Mn in 1Q25.

2025 forecast

Air Arabia's net profit is anticipated to grow 6.8% YOY to AED 1,567 Mn in 2025, mainly driven by forecasted increase in revenue and finance income, partially offset by increase in direct costs, S&M expenses, G&A expenses, finance costs, and decline in other income. Air Arabia's revenue is expected to grow 8.6% YOY to AED 7,209 Mn in 2025, driven by strong growth across the revenue segments. The Company's direct costs are forecasted to increase 7.3% YOY to AED 5,445 Mn in 2025. Thus, gross profit is expected to rise 12.8% YOY to AED 1,763 Mn in 2025. On the other hand, selling and marketing expenses are forecasted to grow 11.1% YOY to AED 115 Mn in 2025. Similarly, G&A expenses are estimated to rise 18.0% YOY to AED 324 Mn in 2025. EBITDA is estimated to grow 9.8% YOY to AED 2,012 Mn in 2025, whereas the EBITDA margin is expected to rise 31.3 bps YOY to 27.9% in 2025. As a result, operating profit is projected to increase 11.8% YOY to AED 1,324 Mn and operating profit margin by 52.6 bps YOY to 18.4% in 2025. Furthermore, finance income is forecasted to increase 6.1% YOY to AED 266 Mn in 2025. In contrast, finance cost is forecasted to increase 1.6% YOY to AED 83 Mn in 2025. Air Arabia's, share of profit on equity account investment is expected to fall 13.3% YOY to AED 108 Mn in 2025. Additionally, other income is projected to decline 17.9% YOY to AED 108 Mn in 2025. Air Arabia's tax expense is forecasted to rise 9.5% YOY to AED 155 Mn in 2025.

4Q24 Outturn

Air Arabia's revenue grew 7.1% YOY to AED 1,655 Mn in 4Q24 primarily driven by an 11.6% YOY increase in the number of passengers across its operating hubs to 4.8 Mn in 4Q24 as well as an improvement in the seat load factor. The seat load factor stood at 83% in 4Q24, compared to 80% in 4Q23, reflecting a robust passenger demand. Moreover, Air Arabia's direct cost rose 8.8% YOY to AED 1,297 Mn in 4Q24. Thus, gross profit grew 1.3% YOY to AED 358 Mn in 4Q24. Gross profit margin declined from 22.9% in 4Q23 to 21.6% in 4Q24. Air Arabia's selling and marketing expenses rose 17.1% YOY to AED 31 Mn in 4Q24. However, G&A expenses declined 48.2% YOY to AED 70 Mn in 4Q24. The Company's EBITDA grew from AED 361 Mn in 4Q23 to AED 398 Mn in 4Q24 mainly due

to higher revenue and lower G&A expense. Moreover, the EBITDA margin increased from 23.3% in 4Q23 to 24.1% in 4Q24. Operating profit rose significantly from AED 192 Mn in 4Q23 to AED 257 Mn in 4Q24. Operating profit margin increased from 12.5% in 4Q23 to 15.6% in 4Q24. Air Arabia's finance income grew 9.4% YOY to AED 68 Mn, whereas finance cost declined 21.1% YOY to AED 20 Mn in 4Q24 due to a decline in total debt including leases. Other income declined significantly from AED 25 Mn in 4Q23 to AED 13 Mn in 4Q24. Share of profit from equity-accounted investments recorded to AED 32 Mn in 4Q24 compared to a loss of AED 30 Mn in 4Q23. Thus, profit before tax and NCI grew from AED 225 Mn in 4Q23 to AED 352 Mn in 4Q24. The income tax expense amounted to AED 41 Mn in 4Q24 owing to the introduction of corporate tax in the UAE impacting the bottom line.

Target price and rating

We maintain our HOLD rating on Air Arabia with an unchanged target price of AED 3.50. Air Arabia effectively expanded its network, increased operational capacity, and sustained a robust operating margin. The Company remains a key beneficiary of strong growth in air passenger demand experienced globally, the number of passengers served across all its hubs rose 12.4% YOY to 18.8 Mn in 2024, coupled with an improvement in the seat load factor from 80.4% in 2023 to 82.0% in 2024. Air Arabia added ten new aircraft and nine leased aircraft in 2024 and now operates 81 aircraft including 72 Airbus A320 and 9 Airbus A321. Moreover, Air Arabia added 31 new routes to its existing network in 2024, which will likely benefit the airline by attracting additional passengers and enhancing its presence in various markets. The Airline's turnover also grew 10.7% YOY to AED 6.6 Bn in 2024. The Company also approved dividend of 25 fils per share, generating a dividend yield of 7.9% in 2024. Hence, based on our analysis, we revise our rating to HOLD on the stock.

Air Arabia -Relative valuation

(At CMP)	2020	2021	2022	2023	2024	2025F
PE	NA	20.5	12.1	9.6	10.1	9.4
PB	3.3	2.4	2.1	2.0	1.9	1.8
EV/EBITDA	29.6	8.7	6.0	5.1	5.5	4.9
Dividend yield	NA	2.5%	4.5%	6.2%	7.7%	7.7%

FABS estimate & Co Data

Air Arabia - P&L

AED mn	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	1,541	1,655	1,587	3.0%	-4.1%	6,639	7,209	8.6%
Direct costs	-1,219	-1,297	-1,238	1.5%	-4.5%	-5,076	-5,445	7.3%
Gross profit	322	358	349	8.5%	-2.5%	1,563	1,763	12.8%
Selling & Mkt expense	-24	-31	-24	-1.4%	-22.5%	-104	-115	11.1%
G&A expenses	-76	-70	-78	2.9%	11.4%	-275	-324	18.0%
EBITDA	389	398	420	8.0%	5.4%	1,833	2,012	9.8%
EBIT	222	257	248	11.5%	-3.8%	1,184	1,324	11.8%
Finance income	61	68	66	9.0%	-2.4%	251	266	6.1%
Finance costs	-25	-20	-21	-15.1%	6.9%	-82	-83	1.6%
Other income	18	13	25	39.3%	95.4%	132	108	-17.9%
Share of profit on JVs	-11	32	8	NM	-75.5%	125	108	-13.3%
Profit before NCI	266	352	327	22.8%	-7.1%	1,609	1,722	7.0%
Tax	-25	-41	-29	18.7%	-27.6%	-142	-155	9.5%
Non-controlling int.	0	0	0	NM	NM	1	0	NM
Net profit	241	311	297	23.3%	-4.4%	1,467	1,567	6.8%

FABS estimate & Co Data

Air Arabia - Margins

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	20.9%	21.6%	22.0%	112	37	23.5%	24.5%	92.1
EBITDA	25.2%	24.1%	26.5%	123	239	27.6%	27.9%	31.3
Operating Profit	14.4%	15.6%	15.6%	119	4	17.8%	18.4%	52.6
Net Profit	15.6%	18.8%	18.7%	308	-6	22.1%	21.7%	-35.3

FABS estimate & Co Data

1Q25 preview: Dubai Taxi Company

Growing demand and fleet expansion to boost the top line

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.58	AED 3.00	+16.3%	BUY

1Q25 estimate

Dubai Taxi Company PJSC (DTC/the Company) is expected to record an 8.1% YOY increase in net profit to AED 117 Mn in 1Q25 due to an anticipated growth in revenue and other income, partially offset by a forecasted increase in operating cost, Plate & license fee, G&A expenses, and decrease in finance income. The Company's revenue is estimated to grow 13.7% YOY to AED 635 Mn in 1Q25, owing to an expected growth across all the segments. Revenue from taxi is projected to grow 12.4% YOY to AED 540 Mn, while revenue from Limousine is expected to rise marginally 1.1% YOY to AED 34 Mn in 1Q25. Similarly, revenue from Buses is estimated to boost 22.1% YOY to AED 45 Mn and revenue from bike is anticipated to increase significantly from AED 8 Mn in 1Q24 to AED 16 Mn in 1Q25. Operating cost is anticipated to grow 15.7% YOY to AED 380 Mn in 1Q25. The plate and License fee is forecasted to increase 13.7% YOY to AED 89 Mn in 1Q25. Thus, the Company's gross profit is likely to grow 9.6% YOY to AED 166 Mn in 1Q25, however gross profit margin is predicted to decline 99 bps YOY to 26.2% in 1Q25. Other income is forecasted to increase substantially from AED 8 Mn in 1Q24 to AED 16 Mn in 1Q25. G&A expenses are estimated to grow 12.0% YOY to AED 30 Mn in 1Q25. Thus, operating profit is expected to grow 11.0% YOY to AED 152 Mn in 1Q25. However, operating profit margin is forecasted to fall 58 bps YOY to 24.0% in 1Q25. EBITDA is projected to increase 3.1% YOY to AED 175 Mn in 1Q25. EBITDA margin is projected to fall from 30.4% in 1Q24 to 27.6% in 1Q25. Furthermore, DTC's finance income is anticipated to decline from AED 3 Mn in 1Q24 to AED 1 Mn in 1Q25, and finance cost is predicted to fall 6.4% YOY to AED 15 Mn in 1Q25. The Company's staff bonus is likely to rise 62.6% YOY to AED 10 Mn in 1Q25. In addition, income tax charges is anticipated to boost 13.2% YOY to AED 12 Mn in 1Q25.

2025 forecast

DTC's net profit is expected to increase 27.4% YOY to AED 422 Mn in 2025 primarily due to an estimated rise in revenue, other income, decrease in finance cost and staff bonus, partially offset by an increase in operating cost, plate & license fee, G&A expenses, decrease in finance income and increase in income tax expenses. The Company's revenue is forecasted to rise 15.2% YOY to AED 2,531 Mn in 2025, attributable to an increase in revenue across all its business segments. Revenue from taxi is projected to grow 13.3% YOY to AED 2,174 Mn in 2025. Revenue from Limousine is expected to surge 28.7% YOY to AED 160 Mn in 2025. Similarly, revenue from Buses is estimated to boost 15.2% YOY to AED 137 Mn and revenue from bike is anticipated to increase 22.7% YOY to AED 52 Mn in 2025. Revenue from BOLT mobility services and other revenue are forecasted to remain stable at AED 5 Mn and AED 2 Mn respectively in 2025 compared to 2024. Operating costs is anticipated to increase 15.6% YOY to AED 1,554 Mn in 2025. Plate & license fee is predicted to grow 4.8% YOY to AED 344 Mn in 2025. Thus, gross profit is anticipated to grow 20.8% YOY to AED 632 Mn, and gross profit margin is expected to surge 116 bps YOY to 25.0% in 2025. The Company's other income is projected to increase significantly from AED 37 Mn in 2024 to AED 61 Mn in 2025. G&A expenses are anticipated to increase 17.3% YOY to AED 139 Mn in 2025. As a result, operating profit is likely to boost 23.9% YOY to AED 542 Mn, whereas operating profit margin is likely to increase 150 bps YOY to 21.4% in 2025. Hence, EBITDA is most likely to increase 11.6% YOY to AED 652 Mn in 2025. On the other hand, EBITDA margin is anticipated to decline 84 bps YOY to 25.8% in 2025. Finance income is predicted to fall substantially from AED 15 Mn in 2024 to AED 5 Mn in 2025. Finance cost is projected to decrease 6.8% YOY to AED 58 Mn in 2025, whereas the staff bonus is anticipated to decline 13.3% YOY to AED 22 Mn in 2025. DTC's income tax is forecasted to increase 33.4% YOY to AED 44 Mn in 2025.

4Q24 Outturn

DTC's revenue rose 11.1% YOY to AED 600 Mn in 4Q24 owing to strong growth across all segments except a decline in bus segment. Revenue from the Taxi segment rose 13.3% YOY to AED 528 Mn in 4Q24 mainly due to the increased number of trips, expansion in the fleet, and higher tariffs. Limousine segment revenue rose 23.7% YOY to AED 35 Mn in 4Q24 owing to higher tariffs and increased trips driven by fleet expansion. Delivery bike revenue almost doubled to AED 14 Mn in 4Q24 from AED 7 Mn in 4Q23, mainly driven by an increase in the delivery fleet and signing of new commercial agreements. However, bus segment revenue fell 17.0% YOY to AED 32 Mn in 4Q24 attributable to contractual changes impacting revenue recognition cycle. The Company added 24 new buses to its portfolio in 2024. DTC's taxi fleet increased 5,960 taxis with 994 plates awarded in 2024. Similarly, delivery bike fleet increased substantially to 1,841 bikes in 2024 compared to 752 bikes in 2023. DTC's operating costs rose 8.8% YOY to AED 360 Mn in 4Q24 mainly due to a substantial rise in staff costs partially offset by a decline in fuel cost. Additionally, plate and license fee rose 12.1% YOY to AED 87 Mn in 4Q24 due to winning new license plates. Thus, the Company's gross profit increased 16.2% YOY to AED 153 Mn in 4Q24. DTC's G&A expenses more than doubled from AED 20 Mn in 4Q23 to AED 41 Mn in 4Q24 while the Company's other income fell 20.0% YOY to AED 7 Mn in 4Q24. In addition, DTC's impairments fell from AED 25 Mn in 4Q23 to AED 8 Mn in 4Q24. The operating profit rose 16.5% YOY to AED 112 Mn in 4Q24 due to strong fleet expansion. DTC's EBITDA grew 16.7% YOY to AED 152 Mn in 4Q24. The EBITDA margin stood at 25.4% in 4Q24 compared to 24.2% in 4Q23. Furthermore, DTC's finance income stood at AED 3 Mn in 4Q24 compared to AED 1 Mn in 4Q23 while the finance cost decreased 2.6% YOY to AED 15 Mn in 4Q24. Staff bonus grew 69.3% to AED 7 Mn in 4Q24. In addition, the Company incurred an income tax reversal of AED 1 Mn in 4Q23 compared to a charge of AED 8 Mn in 4Q24.

Target price and recommendation

We revised our rating from HOLD to BUY on Dubai Taxi Company with an unchanged target price of AED 3.00. DTC added 744 taxis, 79 limousines, 24 buses, and 1,089 delivery bikes to its fleet in 2024. The Company completed 48.8 Mn trips in 2024 compared to 45.9 Mn trips in 2023 on the back of rising demand and an increase in the fleet. Rising student population in Dubai resulted in a strong growth in the Company's Bus segment while the delivery bike fleet expanded with more than 1,000 bikes owing to strategic agreements with aggregators and strong demand in the delivery market. DTC won 994 taxi plates during 2024, increasing DTC's share to c. 47% in the Dubai taxi market. The Company's strategic agreement with Bolt resulted in more than one million trips during December to mid-January. DTC further aims to scale up its operation by expanding its fleet, optimizing operations, and attracting new customers. Furthermore, a solid budget allocation on the emirate's infrastructure, record tourist inflow, significant population growth, and Dubai emerging as a global hub for business events also contributed toward the Company's growth. Additionally, the Company launched a new five-year strategy to position DTC as a leading mobility partner in the region. The board of directors distributed a dividend of AED 122.3 Mn for 2H24 equivalent to 4.89 fils per share resulting in a final dividend of AED 281.6 Mn with a strong dividend yield of 4.4% in 2024. Thus, considering the above-mentioned factors, we revise our rating to BUY on the stock.

DTC -Relative Valuation

(at CMP)	2023	2024	2025F
PE(X)	17.8	18.6	14.6
PB(X)	20.0	15.0	12.0
EV/EBITDA	13.9	11.7	10.4
Dividend yield	1.2%	4.4%	5.0%

FABS estimate & 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	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	558	600	635	13.7%	5.9%	2,197	2,531	15.2%
Operating cost	-328	-360	-380	15.7%	5.5%	-1,345	-1,554	15.6%
Plate & license fee	-78	-87	-89	13.7%	2.3%	-329	-344	4.8%
Gross profit	152	153	166	9.6%	8.9%	523	632	20.8%
Other Income	8	7	16	93.8%	120.8%	37	61	66.9%
General and Administrative Expenses	-27	-41	-30	12.0%	-26.7%	-118	-139	17.3%
Impairment Loss on Financial Assets	4	-8	0	NM	NM	-4	-13	NM
Operating profit	137	112	152	11.0%	36.4%	438	542	23.9%
EBITDA	170	152	175	3.1%	15.2%	584	652	11.6%
Finance Income	3	3	1	-64.5%	-55.8%	15	5	-68.5%
Finance Cost	-16	-15	-15	-6.4%	-3.4%	-63	-58	-6.8%
Staff Bonus	-6	-7	-10	62.6%	48.0%	-26	-22	-13.3%
Earning Before Tax and Staff Bonus	119	92	129	8.5%	39.4%	364	466	28.0%
Income Tax	-11	-8	-12	13.2%	46.0%	-33	-44	33.4%
Profit to shareholders	108	84	117	8.1%	38.7%	331	422	27.4%

FABS estimate & Co Data

DTC -Margins

	1Q24	4Q24	1Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	27.2%	25.5%	26.2%	-99	72	23.8%	25.0%	116
EBITDA	30.4%	25.4%	27.6%	-283	222	26.6%	25.8%	-84
Operating Profit	24.6%	18.6%	24.0%	-58	536	19.9%	21.4%	150
Net Profit	19.3%	14.0%	18.4%	-97	435	15.1%	16.7%	160

FABS estimate & Co Data

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