

Salik Company: A temporary setback, a long-term opportunity

Salik is the exclusive operator of Dubai's electronic toll collection network. It offers exposure to a regulated infrastructure asset with recurring demand and long-term exposure to Dubai's mobility growth.

Exclusive operator under a long-term concession: Salik operates ten toll gates across Dubai's key transport corridors under a concession agreement with the RTA that runs for 49 years. The agreement gives Salik the exclusive right to operate existing and future toll gates in Dubai and collect the associated toll revenue. The concession fee is linked to inflation, helping protect Salik's real earnings over time.

Traffic weakness temporary, with a recovery expected in 2027: Salik's traffic was affected by difficult operating conditions, temporary school closures, remote working arrangements, and weaker visitor activity in 1H26. Total trips declined 9.5% YoY to 383.8m. However, road travel proved more resilient than other mobility segments, reflecting its essential role in residents' daily lives. We expect the decline to narrow through 2H26, with FY27 traffic modestly exceeding FY25 levels. Normalising regional conditions, improving airport activity, and a recovery in tourism and business travel should support the rebound.

Structural growth drivers remain intact: Beyond the expected recovery, Salik should benefit from Dubai's expanding population, continued infrastructure investment, and the development of new residential and commercial centres. A growing population should expand the base of daily commuters and create recurring demand for Salik's toll network. Continued economic growth should also support traffic volumes and create opportunities for future toll gate development.

Asset-light model and ancillary services provide additional upside: Salik is not responsible for road construction or major maintenance, which remain under the RTA. This results in very low capital requirements, strong cash conversion, and high dividend distribution capacity. Salik is expanding its digital mobility ecosystem. Growth is being supported by parking payment partnerships, insurance referrals and digital payment solutions. These businesses remain small relative to toll revenue but provide an additional source of growth without materially increasing capital intensity.

Initiate with a Buy rating: We initiate coverage of Salik with a Buy rating and a fair value of AED 6.25 per share, implying 17% upside from the current price of AED 5.35. Recent share price weakness has reduced forward valuation multiples and increased the forecasted 2027 dividend yield to approximately 4.5% (ADCB), creating an attractive entry point. Overall, Salik offers defensive earnings, strong cash returns, and long-term exposure to Dubai's population and mobility growth.

SALIK COMPANY (SALIK UH)

INITIATE AT BUY

Fair Value (AED)	Previous Fair Value (AED)
6.25	N/A
Current Price (AED)	Upside/(Downside)
5.35	+17%

as of 2 Oct 2026

Market data

Market cap (AED m)	40,125
Market cap (USD m)	10,926
3M ADTV (AED m)	31.6
Free float	24.9%
BBG ticker	SALIK UH

Data as of 2 Oct 2026

Financial summary

Income statement, AED m	2025A	2026E	2027E	2028E	2029E	2030E
Revenue	3,097	2,885	3,304	3,644	4,038	4,387
Revenue growth	35.1%	-6.8%	14.5%	10.3%	10.8%	8.6%
EBIT	1,999	1,823	2,213	2,480	2,827	3,149
Depreciation and amortisation	145	145	147	148	149	151
EBITDA	2,144	1,968	2,359	2,628	2,976	3,300
EBITDA margin	69.2%	68.2%	71.4%	72.1%	73.7%	75.2%
Net profit	1,553	1,411	1,801	2,086	2,412	2,731
Net margin	50.2%	48.9%	54.5%	57.2%	59.7%	62.3%
EPS, AED	0.21	0.19	0.24	0.28	0.32	0.36
DPS, AED	0.22	0.19	0.24	0.28	0.32	0.36

Source: Company filings, ADCB estimates

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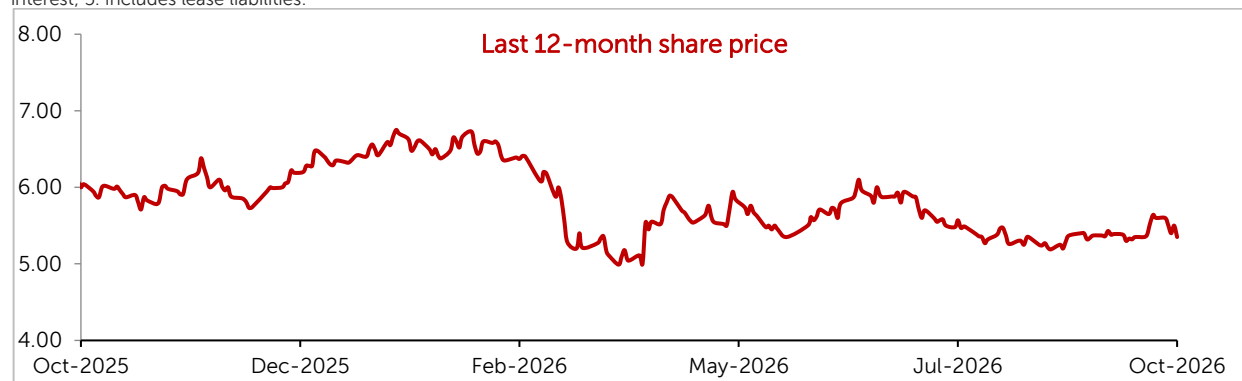
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Salik — Financial statements and ratios

Year	2025A	2026E	2027E	2028E	Year	2025A	2026E	2027E	2028E
Profit & loss summary (AED m)					Growth				
Revenue	3,097	2,885	3,304	3,644	Revenue	35.1%	-6.8%	14.5%	10.3%
EBITDA	2,144	1,968	2,359	2,628	EBITDA	35.8%	-8.2%	19.9%	11.4%
D&A	145	145	147	148	EBIT	34.3%	-8.8%	21.4%	12.1%
EBIT	1,999	1,823	2,213	2,480	Net profit	33.4%	-9.2%	27.6%	15.8%
Net interest expenses	292	272	234	188	Adjusted net profit	33.4%	-9.2%	27.6%	15.8%
PBT	1,707	1,551	1,979	2,292	Margin				
Net profit	1,553	1,411	1,801	2,086	EBITDA	69.2%	68.2%	71.4%	72.1%
Adjusted net profit	1,553	1,411	1,801	2,086	EBIT	64.6%	63.2%	67.0%	68.1%
Balance sheet summary (AED m)					Net profit	50.2%	48.9%	54.5%	57.2%
Tangible assets/PPE	6	7	8	9	Adjusted net profit	50.2%	48.9%	54.5%	57.2%
Non-current assets	6,399	6,261	6,123	5,983	Return metrics				
Cash	1,015	603	551	390	ROIC ²	43.7%	38.4%	44.2%	46.7%
Current assets	1,473	1,072	1,034	919	ROCE ³	26.5%	25.5%	32.5%	37.9%
Total assets	7,872	7,333	7,157	6,902	ROE	134.7%	125.2%	159.0%	160.2%
Current liabilities	1,130	1,050	1,063	1,073	ROA	19.6%	18.6%	24.9%	29.7%
Total debt ⁵	4,001	4,002	4,004	4,004	Leverage ratio				
Net debt	2,986	3,399	3,452	3,614	Net debt/EBITDA	1.4	1.7	1.5	1.4
Total liabilities	6,653	6,298	5,926	5,529	Interest coverage ratio ⁴	7.3	7.2	10.1	14.0
Shareholders' equity	1,219	1,035	1,230	1,373	Per share data				
Cash flow summary (AED m)					EPS, AED	0.21	0.19	0.24	0.28
Cash from operations	2,082	1,365	1,724	1,931	EPS, USD	0.06	0.05	0.07	0.08
Capex	3	5	5	6	DPS, AED	0.22	0.19	0.24	0.28
Free cash flow ¹	2,080	1,360	1,719	1,925	DPS, USD	0.06	0.05	0.07	0.08
Cash from investment	(482)	262	254	7	Book value, AED	0.16	0.14	0.16	0.18
Dividends	1,391	1,595	1,606	1,943	Market data				
Valuation ratio					Company name	Salik Company			
EV/Sales	13.9	15.1	13.2	11.9	Bloomberg ticker	SALIK UH			
EV/EBITDA	20.1	22.1	18.5	16.6	Share price (AED)	5.35			
P/E	25.8	28.4	22.3	19.2	Fair value (AED)	6.25			
P/B	32.9	38.8	32.6	29.2	Upside/(Downside)	17%			
FCF yield	5.2%	3.4%	4.3%	4.8%	Rating	Buy			
Dividend yield	4.1%	3.5%	4.5%	5.2%	Market value (USD m)	10,926			

Source: Company data, ADCB estimates

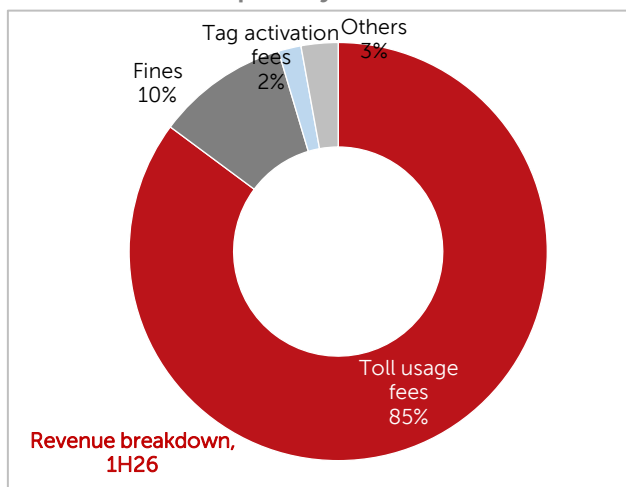
Note: 1. FCF = CFO – Capex; 2. ROIC: EBIT (1 – tax)/ (Debt + Shareholders' equity – cash); 3. ROCE: EBIT (1-tax)/ (Total assets – current liabilities); Return ratios are calculated using average balances, based on the opening and closing balances for the relevant period. 4. Interest coverage ratio = EBITDA/net interest; 5. Includes lease liabilities.



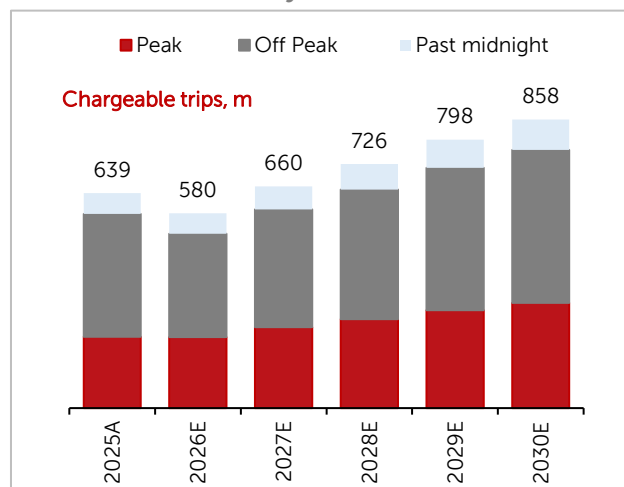
Source: Bloomberg

Salik in charts

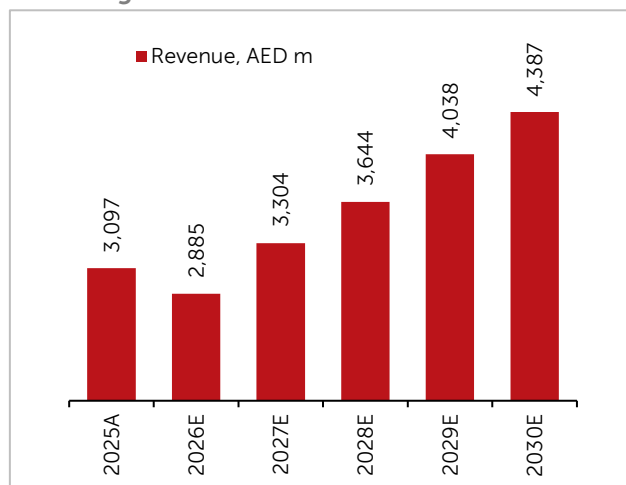
Toll revenue is the primary revenue driver



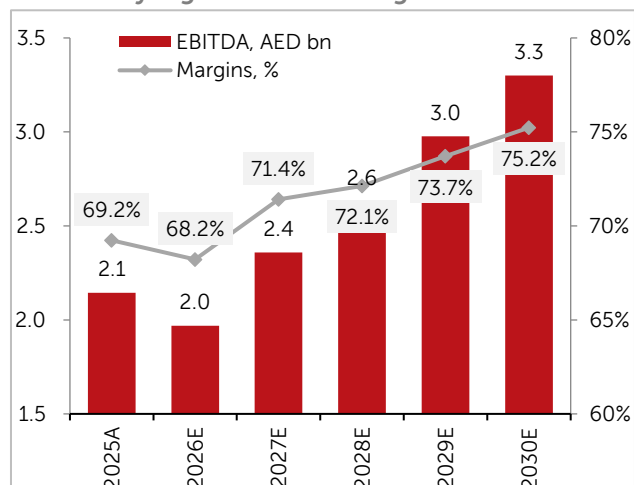
FY27 traffic to modestly exceed FY25 levels



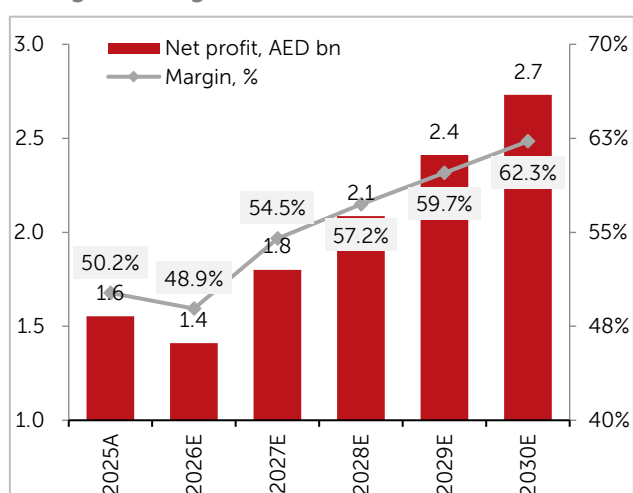
Revenue growth resumes in 2027



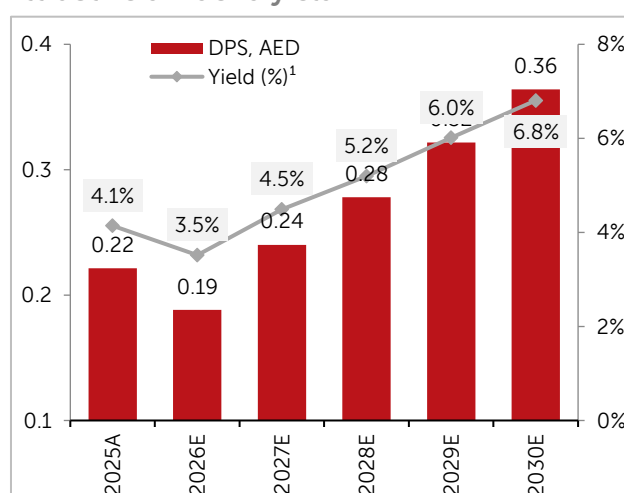
Structurally higher EBITDA margins



Strong net margins



Attractive dividend yield



Source: Company presentation, ADCB; Note: 1. Yield based on latest price

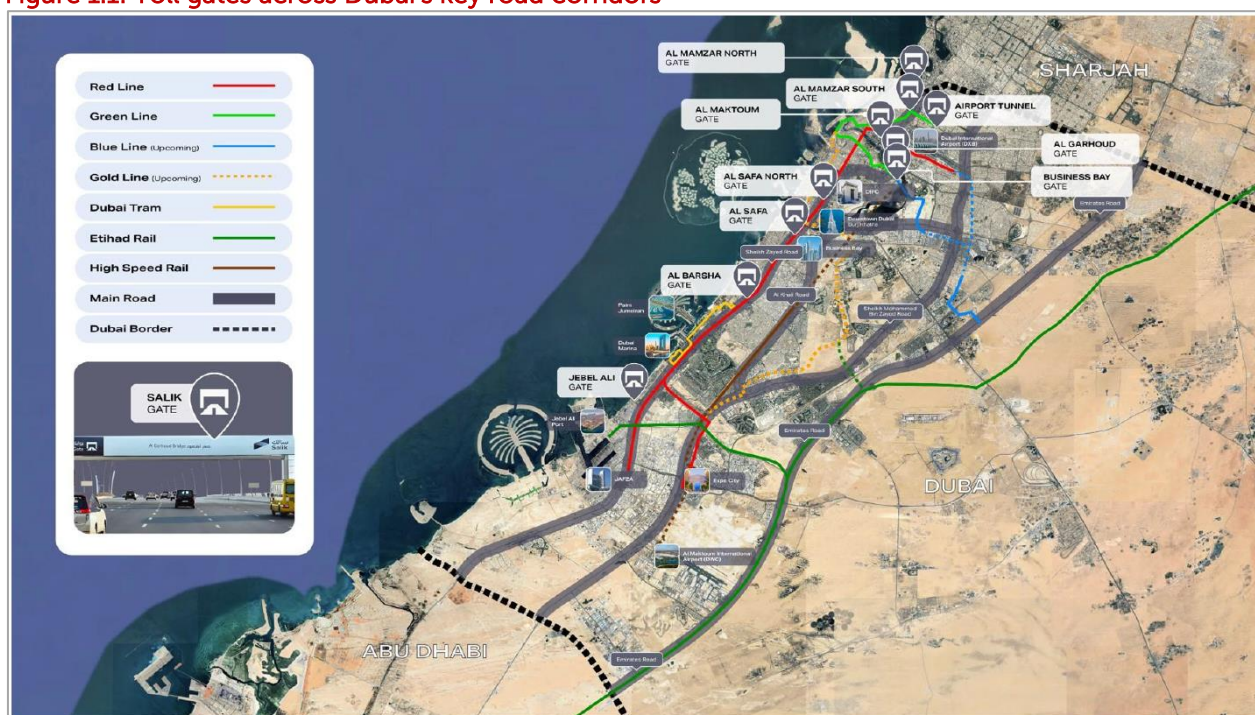
Exclusive toll operator

Salik Company (Salik) is the exclusive operator of Dubai's electronic free-flow tolling network. The tolling system was launched by Dubai's Roads and Transport Authority (RTA) in July 2007. Salik was established as a public joint stock company in June 2022 and began operating as a standalone entity on 1 July 2022. The company was subsequently listed on the Dubai Financial Market (DFM) on 29 September 2022. The Government of Dubai, through Dubai Investment Fund, remains the controlling shareholder with a 75.1% stake, while public investors hold the remaining 24.9%.

Salik currently manages ten toll gates strategically located across Dubai's key transport corridors. The system relies on Radio Frequency Identification (RFID) tags and Automatic Number Plate Recognition (ANPR) technology to identify vehicles electronically, eliminating the need for toll booths and enabling uninterrupted traffic flow. The company operates under a 49-year concession agreement that extends through 30 June 2071.

At the time of its IPO in September 2022, Salik operated eight toll gates under an agreement with the RTA. The network expanded to ten gates in November 2024 following the addition of the Business Bay and Al Safa South gates.

Figure 1.1: Toll gates across Dubai's key road corridors



Source: Salik website

Concession agreement underpins Salik's market position

The concession agreement took effect on 1 July 2022 and runs for 49 years, expiring on 30 June 2071. Under the agreement, Salik holds the exclusive right to:

- Operate Dubai's existing toll gates
- Collect and retain toll charges
- Operate any new toll gates introduced during the concession period
- Complete the tolling works required for new gates

Upon expiry or termination of the concession, the relevant assets, intellectual property, and data held by Salik will transfer to the RTA at no cost. The concession may be extended with the approval of the Government of Dubai and the RTA.

Upfront payment

Salik paid the RTA an upfront concession payment of AED 4.0bn for the right to operate the original eight toll gates. The payment did not represent the purchase of the physical gates or the underlying road infrastructure. Instead, it reflected the value of the economic right to operate the initial network and collect toll charges during the concession period. The RTA retains ownership and control of the underlying public road infrastructure.

The network expanded from eight to ten gates in November 2024 following the addition of the Business Bay and Al Safa South gates. The concession rights for the two gates were valued at approximately AED 2.73bn, comprising AED 2.27bn for Business Bay and AED 469m for Al Safa South. Salik is paying the RTA AED 456m annually over six years, funded through existing cash and operating cash flow for these two new gates.

Concession fee payable to the RTA

In addition to payments for concession rights, Salik pays the RTA a monthly variable concession fee based on toll usage revenue. The fee was initially set at 25.0% of toll-usage revenue and does not apply to other revenue streams, such as fines, tag activation fees, or ancillary services.

The concession fee is linked to Dubai's inflation rate and is designed to preserve the real value of the underlying toll tariff. Effective 1 April 2024, the fee was reduced from 25.0% to 22.5% following the publication of Dubai's 2023 inflation rate of 3.33%.

Following the introduction of variable pricing in January 2025, the inflation-adjustment mechanism was revised to reflect Salik's blended tariff, which exceeded AED 4.00. Consequently, the effective concession fee increased to approximately 23.1% effective 1 January 2026. The rate is subject to a floor of 15.0% and a ceiling of 25.0% of toll-use revenue.

The inflation-linked concession provides a degree of protection against changes in inflation, subject to the contractual fee mechanism. Salik pays the RTA a variable concession fee based on toll usage revenue. The applicable concession fee rate is calculated using the following formula:

$$CF_n = 1 - \frac{AED\ 4 \times (1 - 25\%) \times \text{Multiplier}}{T_{n-1}}$$

Where:

- CF_n is the concession fee rate for the current year.
- AED 4 is the original toll tariff.
- 25% is the initial concession fee rate.
- The multiplier reflects cumulative inflation relative to the base period.
- T_{n-1} is the blended toll tariff for the preceding completed year, excluding the effect of traffic volumes.

Illustrative calculation using 3.0% inflation and blended tariff of AED 4.30

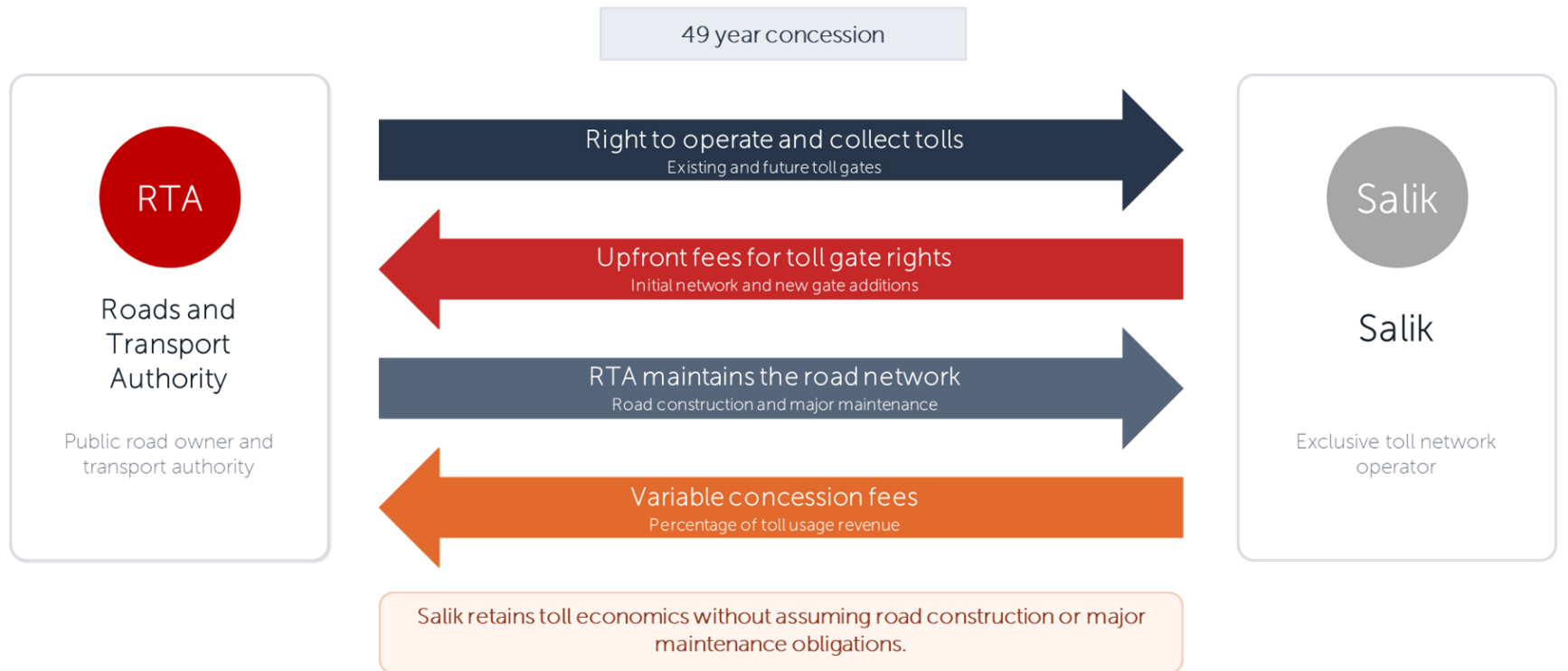
Assuming a blended toll tariff of AED 4.30 in the preceding year and a 3.0% increase in the inflation index from 114.8 to 118.2, the inflation multiplier relative to the 104.7 base index would be 1.1294. On this basis, the illustrative concession-fee rate would decline to 21.2%. Notably, this calculation is provided solely for illustrative purposes to help investors understand the mechanism.

$$CF_n = 1 - \frac{AED\ 4.00 \times (1 - 25\%) \times \left(\frac{114.8 \times 1.03}{104.7}\right)}{AED\ 4.30} = 21.2\%$$

This mechanism helps preserve the real value of Salik's retained toll revenue by adjusting the concession fee for cumulative inflation. Importantly, the protection is most relevant when the toll tariff remains unchanged despite rising inflation. In such a scenario, the concession fee declines, allowing Salik to retain a larger share of toll usage revenue per chargeable trip.

Salik Concession Agreement

Economic rights flow to Salik, while payments and operating obligations flow to the RTA



Source: Salik website, ADCB

Asset-light business model

The RTA is the government authority responsible for the planning, development, and management of Dubai's road and transportation infrastructure. Unlike traditional toll road concessionaires, Salik is not responsible for road construction or major maintenance expenditure. As a result, the company benefits from an operating model characterised by low capital intensity, strong EBITDA margins, and substantial dividend distribution capacity.

Salik's core responsibilities include:

- Operating and maintaining Dubai's electronic toll collection network
- Managing and upgrading tolling equipment and related technology systems
- Processing vehicle crossings across its toll gate network
- Collecting toll revenues, toll violation fines, and tag activation fees
- Designing and deploying new tolling infrastructure when directed by the RTA
- Expanding ancillary mobility, parking payment solutions and digital payment solutions

Salik's capex intensity is very low, at less than 1%. In absolute terms, we forecast annual capex of no more than AED 6m between 2026 and 2028. Salik also generates high returns, including ROIC, ROCE, and ROE, reflecting its asset-light model and limited asset base. Please refer to "Salik — Financial statements and ratios" on page 3 for the relevant return ratios.

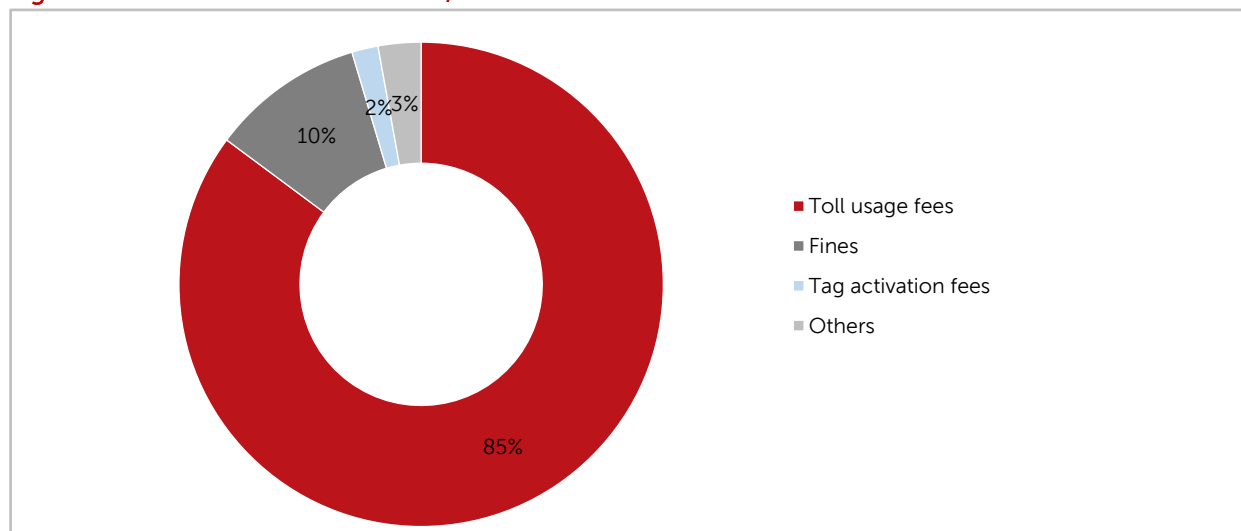
Primary revenue source: Toll collection

Salik generates revenue primarily from toll collections on vehicles passing through its toll-gate network, supplemented by fines, tag activation fees, and an expanding portfolio of ancillary mobility services, such as digital payment solutions.

In 1H26, toll usage fees remained the dominant revenue source, contributing AED 1.2bn, or approximately 85% of total revenue. Fines generated AED 144.4m (10.2%), while tag activation fees contributed AED 24.8m (1.8%). Ancillary mobility services, digital services, and other revenue accounted for around 3% of total revenue.

Overall, Salik's revenue profile remains heavily driven by toll transactions, although management continues to expand non-toll income sources through its digital mobility network.

Figure 1.2: Salik revenue breakdown, 1H26A



Source: Company filings

Premium pricing: Structural change

Salik maintained a flat toll tariff of AED 4 per crossing from the system's launch in 2007 until January 2025, when the RTA introduced a variable pricing framework. This increased toll charges to AED 6 during peak periods, while retaining the AED 4 tariff during off-peak hours and offering toll-free travel overnight.

The revised pricing structure along with two new gates provided a meaningful boost to revenues. Revenues increased by 36% YoY between April and December 2025, highlighting the strong operating leverage embedded in Salik's business model.

Figure 1.3: Revenue uplift following implementation of premium pricing and two new gates

Revenue, AED m	2024	2025	YoY
2Q (Apr-Jun)	533	776	46%
2Q and 3Q (Apr-Sep)	1,079	1,523	41%
2Q, 3Q and 4Q (Apr-Dec)	1,730	2,345	36%

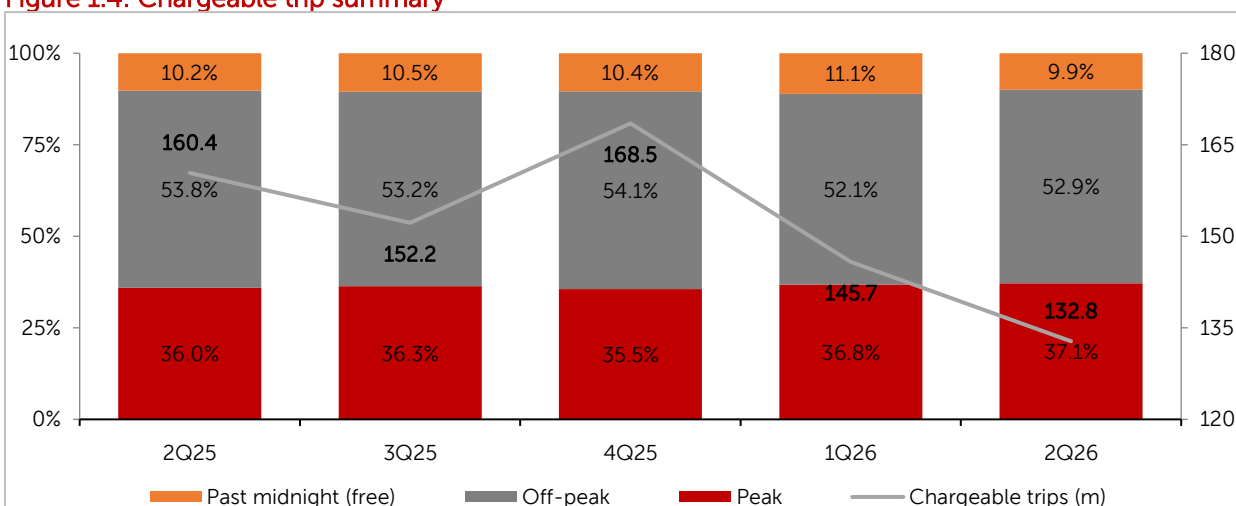
Source: Company filings; Dynamic pricing began from 31 January 2025. As monthly data are unavailable, our comparison uses data from April or 2Q onward, thereby capturing full reported quarters under dynamic pricing.

Peak period trips accounted for an average of 36.3% of total trips between 2Q25 and 2Q26. Off-peak trips represented 53.2%, while free trips after midnight accounted for the remaining 10.5%.

Salik defines net toll traffic as total trips less unpaid or discounted crossings. Unpaid or discounted trips include taxis without passengers, exempt vehicles, gate-specific free periods and discounts, multiple violations, and other non-chargeable trips. The relatively high and stable share of peak traffic is favourable for Salik, as these crossings attract a tariff of AED 6, compared with AED 4 during off-peak hours and no charge after midnight.

Including toll-free post-midnight trips, the pricing mix increases average toll revenue to approximately AED 4.31 per net toll trip in 2026E, compared with AED 4.00 before variable pricing.

Figure 1.4: Chargeable trip summary



Source: Company filings

Fines: 10% of revenue

Salik generates fines revenue from two principal violations: vehicles passing through a toll gate with insufficient funds in the associated Salik account, and vehicles using the toll road without a registered licence plate or activated Salik tag.

For insufficient funds, an AED 50 fine is imposed if the account is not recharged within five working days. For an unregistered licence plate, the vehicle owner has 10 working days to register the vehicle and settle the outstanding toll. Thereafter, fines of AED 100, AED 200, and AED 400 apply to the first, second, and subsequent violations, subject to a maximum of one violation per vehicle per day.

Fines revenue is recognised when Salik obtains an enforceable right to receive payment rather than when the cash is collected.

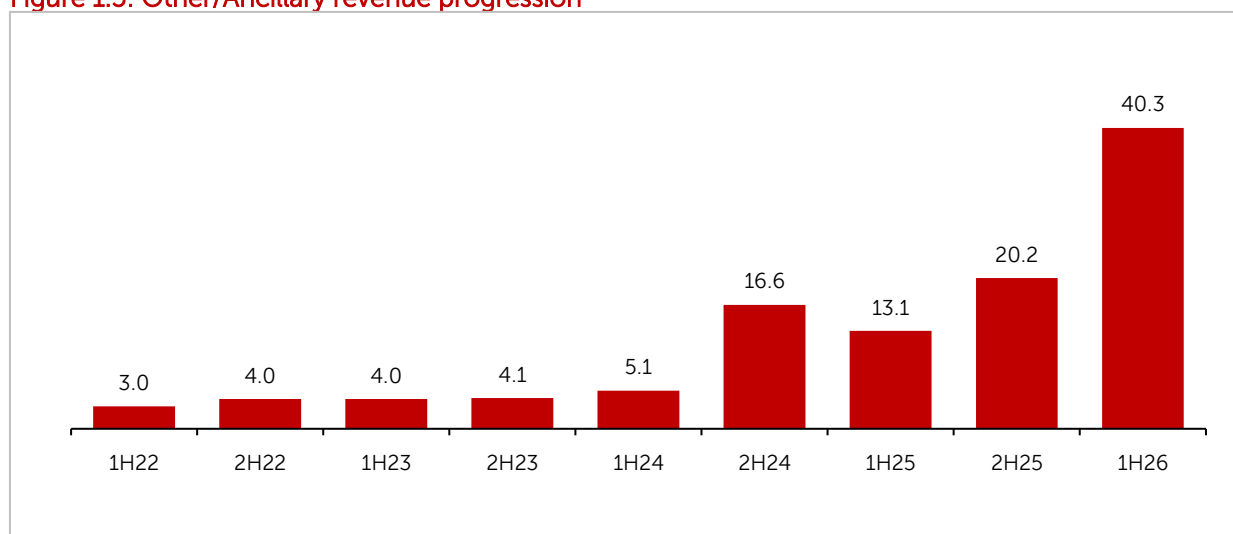
Tag activation fees: 2% of revenue

Salik generates tag revenue by selling RFID tags to customers who register vehicles on the Salik network. Each vehicle requires a unique tag linked to its licence plate and Salik account. Tag revenue represents the portion of the purchase price attributable to the physical tag and is recognised when control of the tag transfers to the customer, generally at the point of sale or upon delivery. The related production and distribution costs are recorded separately as the cost of tags and recharge cards.

Ancillary and other revenue: 3% of revenue

Since its IPO, Salik has expanded its revenue base beyond its core tolling operations. Although these ancillary revenue streams remain relatively small, they are rising rapidly and could become more significant over time.

Figure 1.5: Other/Ancillary revenue progression



Source: Company filings

A key area of expansion is providing seamless parking payment solutions through partnerships with major property developers, parking operators, airports, transportation companies, and economic zones. These arrangements allow customers to pay parking charges automatically through their Salik accounts.

Figure 1.6: Salik parking partnerships

Partnership	Summary
	Salik provides seamless parking payments at Dubai Mall under a five-year agreement, earning a fee of 4% to 5% of parking transactions.
	Salik's wallet is integrated across 180 Parkonic sites in the UAE, including 143 in Dubai and 21 in Abu Dhabi.
	Salik provides seamless parking payments across 7,400 spaces at Dubai International Airport under a ten-year agreement.
	Salik has partnered with Valtrans to enable digital valet parking payments across more than 100 locations in the UAE.
	Salik provides seamless automatic parking payments for 845 parking spaces at the Harbour West Car Park in Dubai.
	Salik has entered a smart mobility partnership with DIEZ to deploy access control and parking optimisation solutions across more than 21,000 parking spaces.

Source: Company filings

Salik is also leveraging its extensive customer database through a partnership with Liva. Under the arrangement, customers receive timely motor insurance renewal reminders and are redirected to Liva's portal to purchase insurance. In addition, Salik has signed MOUs with Schneider Electric and ENOC to explore further opportunities in ancillary services.

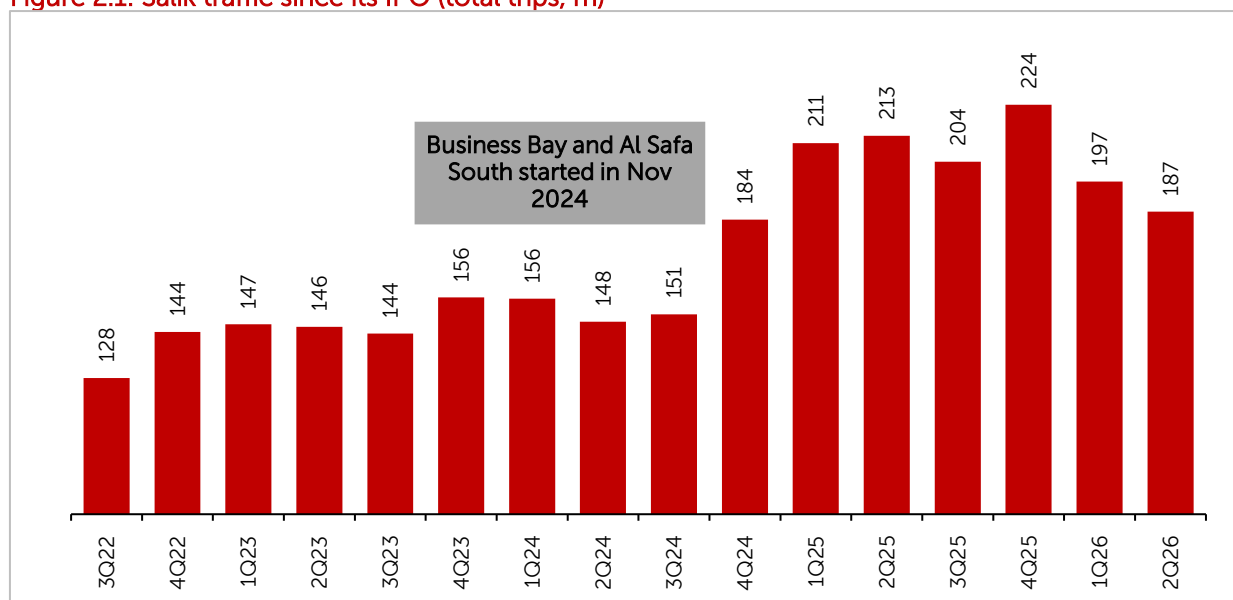
Temporary setback, but fundamentals remain unchanged

Salik recorded sustained YoY growth in total trips from its IPO in September 2022 through 4Q25. Total trips comprise both chargeable trips, which generate toll revenue, and exempt trips, including those made by public buses, school buses, and ambulances.

Total trips increased substantially beginning in 4Q24, following activation of the Business Bay and Al Safa South toll gates on 24 November 2024. These additions expanded Salik's network from eight to ten gates and introduced a significant new source of toll revenue.

Total trips declined in 1Q26, falling 6.5% YoY to 197.2m, while chargeable trips decreased 7.7% to 145.7m. The decline reflected difficult operating conditions in March. Temporary school closures, remote working arrangements, and weaker visitor traffic reduced overall traffic in Dubai and, consequently, trips across Salik's network.

Figure 2.1: Salik traffic since its IPO (total trips, m)



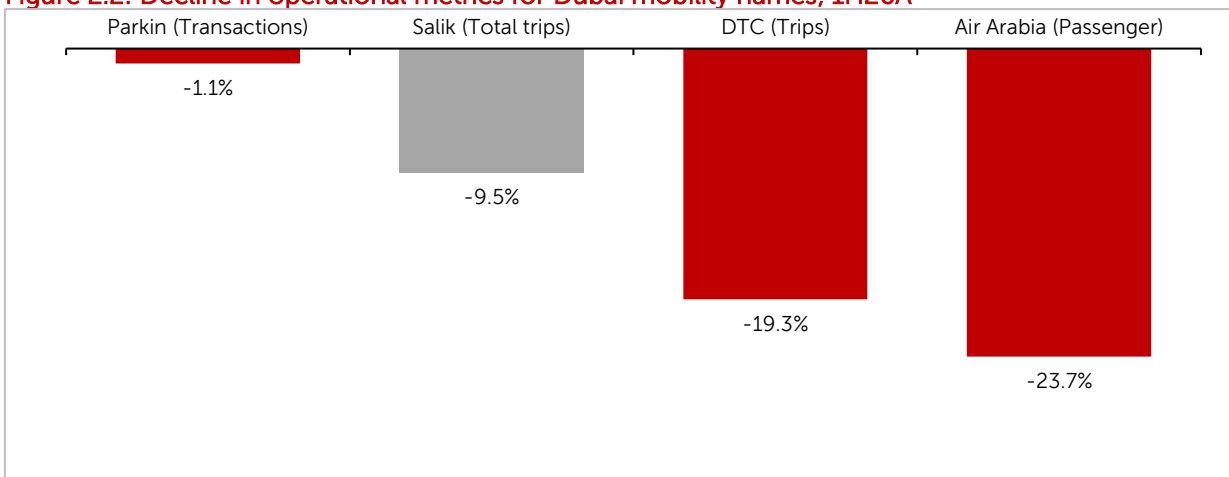
Source: Company filings

Among Dubai mobility names, Salik demonstrated comparatively strong resilience in 1H26, with total trips declining by 9.5% YoY to 383.8m. This compares with declines of 23.7% in Air Arabia's passenger traffic and 19.3% in Dubai Taxi Company's (DTC) trips. Parkin's transactions, however, declined by only 1.1%.

Salik's relative resilience reflects the essential role of Dubai's road network in supporting residents' daily travel. Despite temporary school closures, remote-working arrangements, weaker tourism, and regional travel restrictions, residents continued to travel for work, household needs, and other essential activities.

By contrast, Air Arabia appears to have been more directly affected by airspace restrictions and reduced operating capacity, with passenger volumes across its core hubs declining by 24% in 1H26. DTC was also exposed to weaker airport and tourism demand, as the company is the exclusive provider of taxi services at Dubai International Airport and Al Maktoum International Airport.

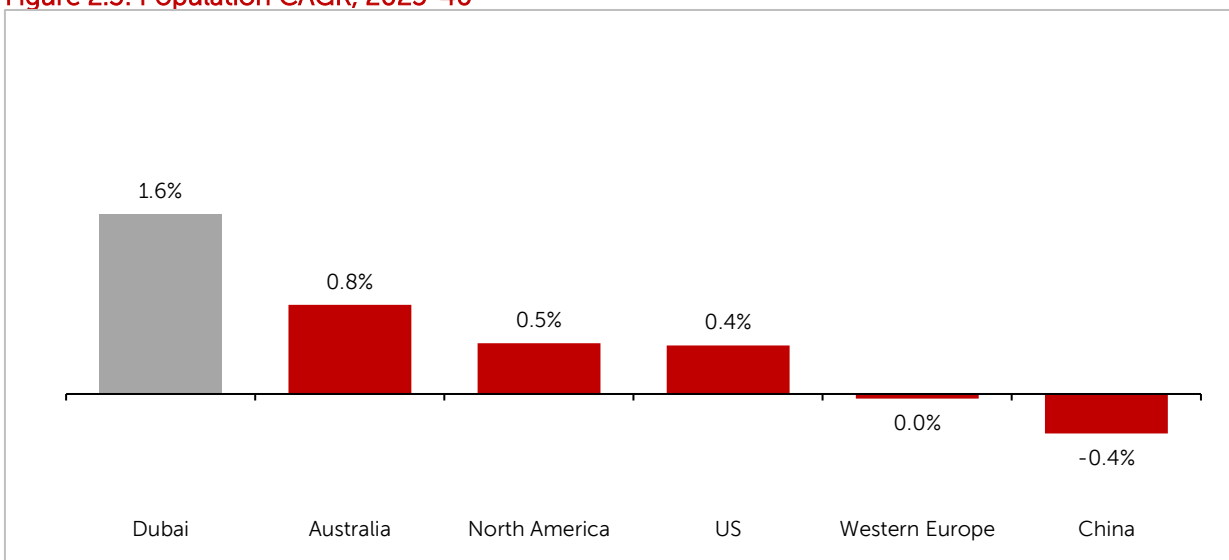
Overall, the comparison indicates that road tolling and parking transactions were more defensive than aviation and airport-related mobility during the period.

Figure 2.2: Decline in operational metrics for Dubai mobility names, 1H26A

Source: Company filings; Each company has a different operating metric. We have added the relevant metric alongside each company's name; Air Arabia is not an RTA-related entity; it is included in the comparison as a key listed mobility company in the UAE.

Solid long-term population growth

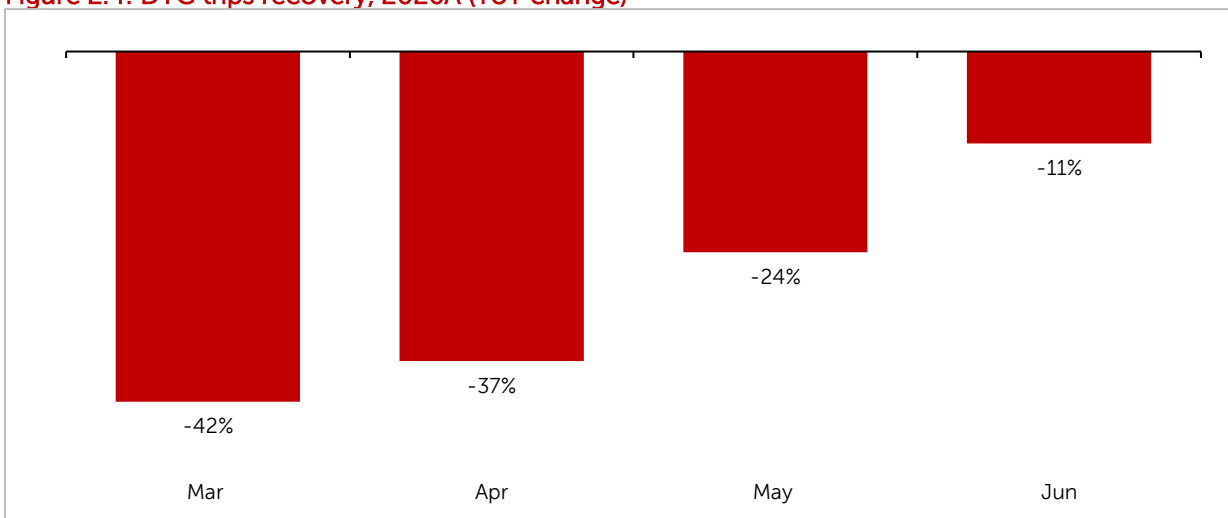
Over the longer term, Dubai's population growth should support Salik and the broader mobility ecosystem. Dubai's resident population reached 4.58m at the end of 2025. The Dubai 2040 Urban Master Plan envisages a resident population of 5.8m across five urban centres, supported by expanded infrastructure and more flexible mobility options. This implies a population CAGR of around 1.6% between 2025 and 2040. The projected growth rate compares favourably with most developed markets, where populations are generally expected to expand by less than 1% annually.

Figure 2.3: Population CAGR, 2025-40

Source: worldometers.info

Slowdown temporary, recovery expected in 2027

We believe Salik's recent traffic decline is temporary rather than structural and should begin to reverse as conditions normalise. DTC's monthly trip data indicates improving mobility conditions, with the YoY decline narrowing from around 42% in March 2026 to 11% in June. In our view, this provides an early indication that mobility demand may be recovering.

Figure 2.4: DTC trips recovery, 2026A (YoY change)

Source: Company filings

We expect the pace of recovery to accelerate as uncertainty subsides and international visitor traffic improves. We believe Salik would remain relatively resilient during temporary disruptions because road travel is an essential part of Dubai's transportation network. Residents still need to commute for work, shopping, health care, and other daily activities, even when tourism and discretionary travel weaken.

Airport traffic improving

Dubai Airports reported a steady recovery in passenger traffic through July 2026, with monthly volumes rising from a trough of 2.5m passengers in March to 6.3m in July. July traffic increased 26% month over month and reached approximately 2.5x the March level. Although July traffic remained 23% below the prior-year level, the decline narrowed substantially from 66% in March, indicating a steady recovery.

Dubai Airports expects annual passenger traffic to approach 70m by the end of 2026, implying approximately 32m passengers over the final five months of the year.

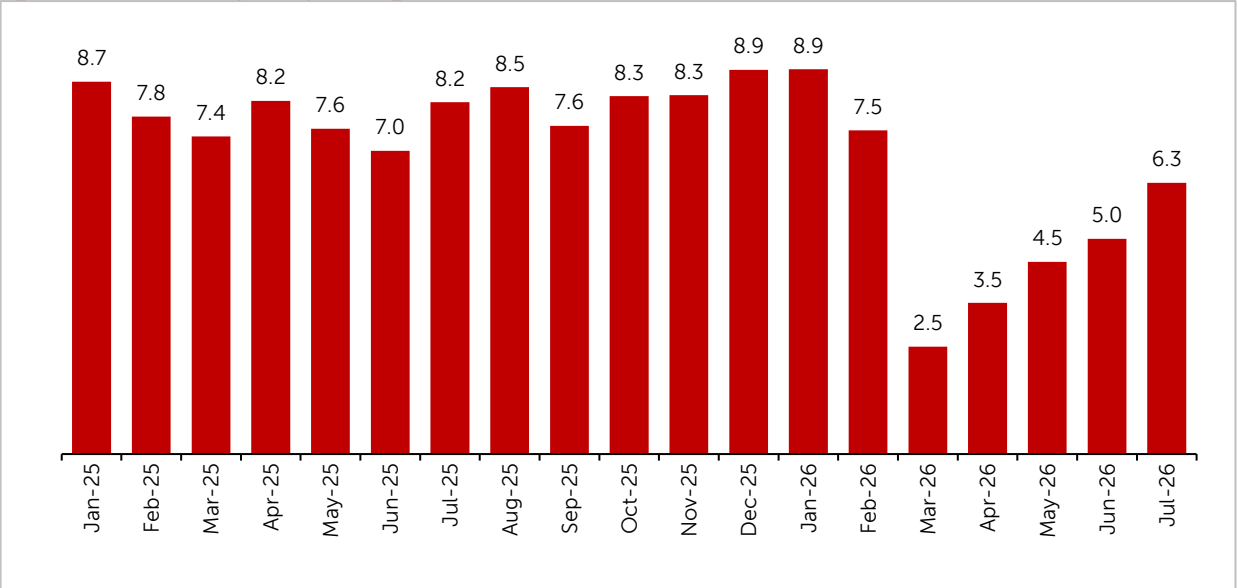
Dubai Airports expects momentum to strengthen further in 2H26, supported by:

- Continued rebuilding of airline networks and frequencies
- Recovery in international transfer traffic
- Easing travel advisories across key source markets
- The start of the winter travel season
- Dubai's calendar of business, leisure, and sporting events

Recent aviation data suggest that while Dubai's passenger traffic remains below 2025 levels due to a difficult operating environment, the rate of decline is clearly moderating and underlying demand is recovering. The sequential improvement in monthly passenger volumes, alongside the continued return of airline capacity, points to a gradual normalisation in travel activity.

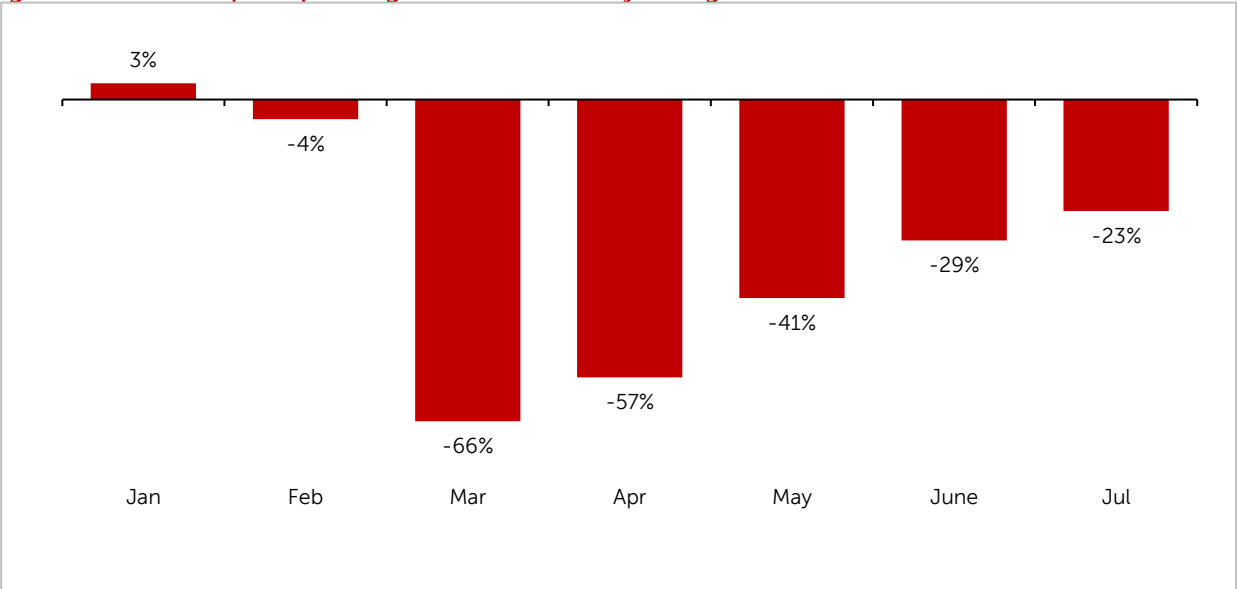
This is an encouraging development for Salik, in our view. An aviation recovery typically signals the return of both leisure and business visitors, supporting greater mobility across the city. As tourist arrivals and corporate travel normalise, demand for airport transfers and intracity transportation should increase, driving higher traffic volumes on Dubai's road network and supporting growth in Salik toll crossings.

Figure 2.5: Dubai airports passenger traffic (m)



Source: data.dubai; includes both DXB and DWC

Figure 2.6: Dubai airports passenger traffic – monthly change



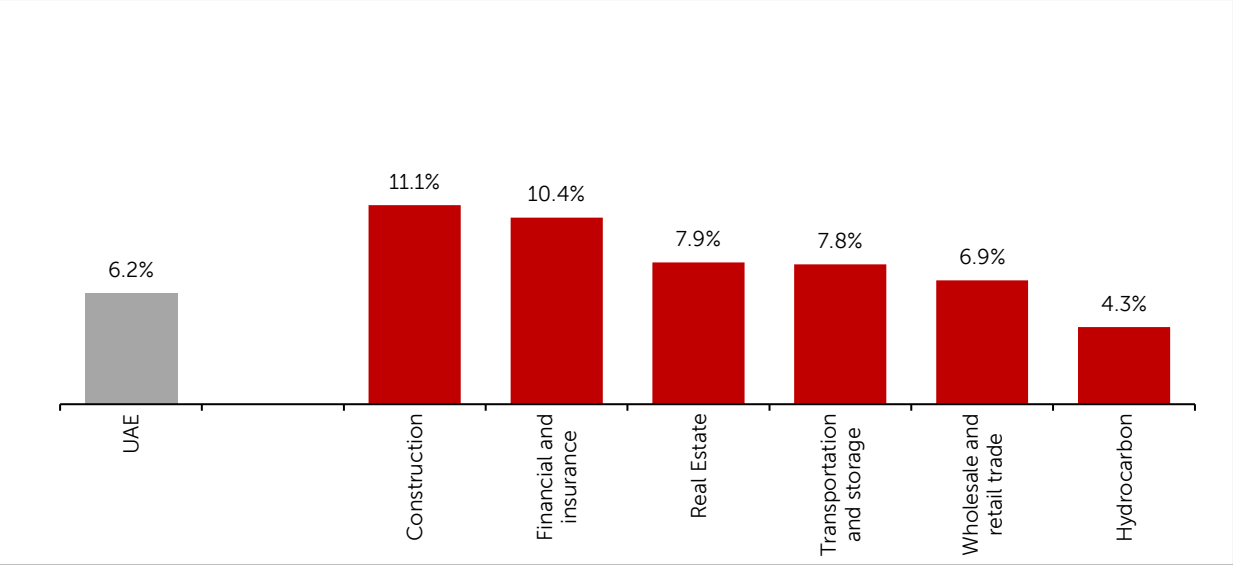
Source: data.dubai; includes both DXB and DWC

Diversified and growing economy

The UAE entered 2026 from a position of considerable strength. Real GDP increased by 6.2% in 2025, supported by 6.8% growth in non-hydrocarbon activity and 4.3% growth in hydrocarbon output.

Growth was broad-based, with construction expanding by 11.1%, financial and insurance activities by 10.4%, real estate by 7.9%, and transportation and storage by 7.8%. This diversified growth base reduces the economy’s dependence on any single sector and provides a supportive backdrop for Salik and Dubai’s broader mobility ecosystem.

Figure 2.7: Diversified growth across sectors, 2025A (sector growth YoY)



Source: UAE Central Bank

Disrupted year rather than a structural downturn

Momentum remained positive in early 2026, although growth moderated as regional developments began to affect economic activity. UAE real GDP increased by 3.0% YoY in 1Q26, while non-hydrocarbon GDP expanded by 4.8%.

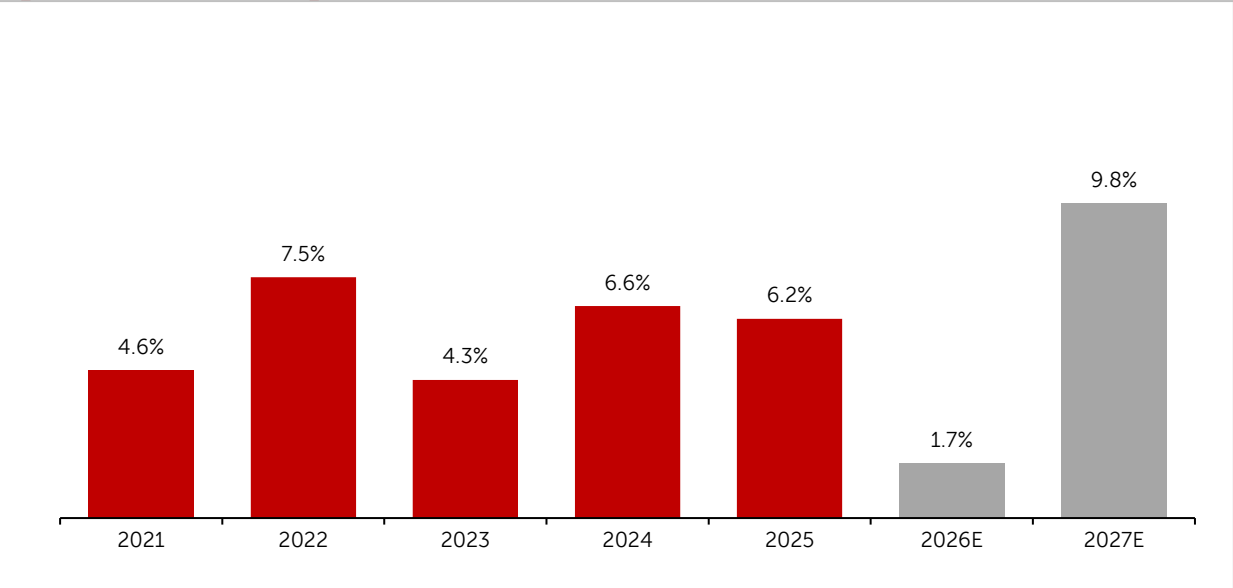
The Central Bank of the UAE (CBUAE) expects real GDP growth to moderate to 1.7% in 2026, primarily due to regional uncertainty that has affected trade, shipping, tourism, transportation, and private-sector confidence. Nevertheless, the Central Bank expects the economy to continue expanding, supported by public investment, diversification projects, strong fiscal and external buffers, and government support measures. These include the CBUAE Financial Resilience Package, Dubai’s business support measures, and continued infrastructure spending.

High-frequency indicators confirm that 2Q26 was particularly weak, but they also provide early evidence that the slowdown has passed its most difficult point. The UAE’s PMI fell to 50.8 in June, its lowest level in more than five years, as the disruption affected export orders, supply chains, customer confidence, and employment. However, it recovered to 52.7 in July and increased further to 55.3 in August, indicating continued normalisation in economic activity.

Solid rebound is expected in 2027

The CBUAE forecasts UAE real GDP growth of 9.8% in 2027, following an expected 1.7% increase in 2026. The rebound should be driven primarily by the normalisation and expansion of hydrocarbon production, supported by continued non-hydrocarbon growth, government spending, infrastructure investment, and a recovery in trade and tourism.

Figure 2.8: UAE real GDP growth (%)



Source: UAE Central Bank (June report)

Government initiatives support long-term mobility growth

Dubai’s continued investment in landmark infrastructure, road network expansion, and new rail links should improve connectivity and support mobility demand across the emirate. At the same time, business support measures, financial resilience programmes, and investor-friendly reforms should sustain investment and broader economic activity.

Expanded visa access, faster tourist visa processing, and targeted tourism campaigns should also attract more residents and visitors. Together, we believe these initiatives should support Dubai’s long-term growth and increase traffic across Salik’s network.

Figure 2.9: Government initiatives and supporting measures

Infrastructure development	Investment & business environment	Tourism & resident attraction
Landmark projects Approved by the Executive Council across infrastructure, investment and urban planning (Jul 26).	Business support package Fee deferrals and customs extensions across tourism and trade; 33 initiatives over 3-12 months.	Visa-on-arrival expansion Added to visa-on-arrival: Indonesia, Vietnam, Thailand, Philippines, Kenya and South Africa (25 June 2026).
First Al Khail corridor Peak travel time on SZR via the 15km First Al Khail corridor; 2.6m people served, c.9,000+ vehicles/hr (2027-30).	Financial Resilience Package Pre-emptive liquidity support programmes for financial institutions (Mar-26).	Fast-track tourist visas Single-entry 30- and 60-day tourist visas processed within 48 working hours (GDRFA).
Road network expansion Government-led road network expansion and intersection upgrades across key corridors.	Dubai Investor Register D33 FDI target by 2033, supported by the unified Dubai Investor Register across all zones.	Property visa liberalised Minimum investment for the two-year property residency, after removal of the AED 750k floor.
Rail build-out Metro Blue and Gold Lines under delivery, alongside the Etihad Rail national network.	Free-zone relief Flexible payment plans on licences and fees; rent stabilisation and waiver of minor penalties.	Summer tourism push City discounts via My Emirates Pass with complimentary hotel stays; Dubai Summer Surprises, 2 Jul-30 Aug.

Source: Salik presentation, Government of Dubai Media Office (Jul 2026); CBUAE Quarterly Economic Review (Jun 2026); UAE MoFA / ICP; GDRFA; Dubai DOF/WAM; Dubai Airports; Khaleej Times; Gulf News.

Salik's current traffic weakness appears temporary, while its long-term fundamentals remain strong. A normalisation in operating conditions, combined with Dubai's population growth, economic recovery, and infrastructure development, should support a sustained recovery in trips across Salik's network.

- **Population growth:** Dubai's expanding resident base should add permanent daily commuters, creating a recurring source of toll demand that is less cyclical than tourism.
- **Recovery in daily activity:** The normalisation of office and school activity, together with improving consumer confidence, should support commuter traffic and everyday travel.
- **Normalisation of tourism and aviation:** A recovery in international visitors and airport passengers should increase trips by tourists, hospitality employees, taxis, rental cars, and logistics providers.
- **Infrastructure investment:** Roads, communities, real estate and urban centres should improve connectivity, increase mobility demand, and potentially create opportunities for future toll gate expansion.
- **Ancillary revenue growth:** Higher economic and mobility activity should support parking payments, tag activations, insurance referrals, and other services linked to Salik's ancillary revenue base and payment infrastructure.

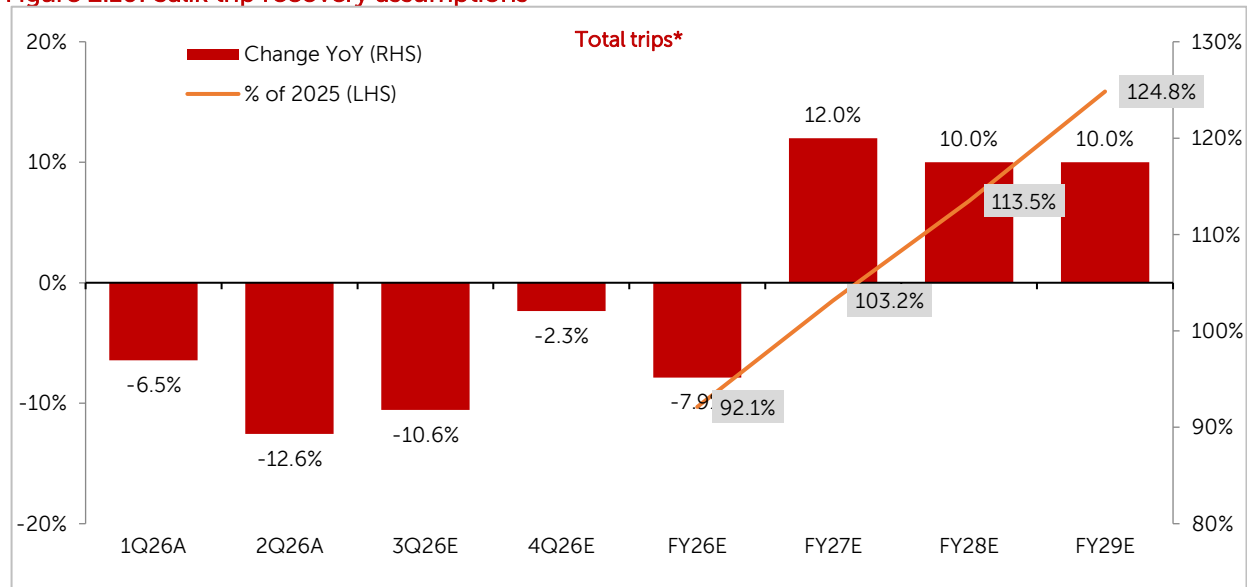
Overall, we believe these structural drivers indicate that the current decline represents a temporary setback rather than a change in Salik's long-term growth trajectory. As operating conditions normalise, Salik should benefit from a recovery in traffic and sustained growth in trips across its expanding network.

Gradual recovery in traffic

We assume a gradual recovery in Salik's traffic, with the YoY decline narrowing from 12.6% in 2Q26 to c. 2.3% by 4Q26, as mobility demand improves amid a more favourable operating environment.

On an annual basis, we expect FY27 traffic to modestly exceed FY25 levels, indicating a recovery from the disruption by 2027. Thereafter, traffic growth should normalise, supported by Dubai's population expansion, a recovery in tourism and business activity, continued infrastructure investment, and the development of new residential and commercial centres.

Figure 2.10: Salik trip recovery assumptions



Source: Company filings, ADCB estimates; * Total trips represent all vehicle passages recorded through Salik's toll gates, including chargeable and exempt or otherwise non-chargeable trips.

Price weakness creates opportunity

We have valued Salik using the discounted cash flow (DCF) method. Salik's revenue and profitability are underpinned by its long-term concession agreement with the RTA, which includes an inflation protection mechanism that helps preserve real earnings over time. The agreement also provides strong visibility into future revenue and cash generation. Given the stability and predictability of Salik's cash flows, we believe the DCF method is the most appropriate valuation approach for the business.

Our key DCF assumptions are as follows:

- **Risk-free rate:** Based on the prevailing yield of the 10-year US Treasury note.
- **Equity country risk premium:** Sourced from NYU Stern, where Aswath Damodaran publishes country default spreads and equity risk premiums.
- **Tax rate:** UAE corporate tax rate.
- **Capital structure:** We assume a long-term debt weight of 15% in the WACC calculation, reflecting our normalised capital-structure assumption.

We have not used relative valuation as our primary methodology because Salik's business model differs significantly from the business models of its global peers. Its regulated UAE operating framework, long-term contractual arrangements, and high dividend visibility give it a risk-return profile that is not directly comparable with international peers.

As a reasonableness check, we compared Salik's current dividend yield with those of UAE-listed companies with stable dividend policies. We also compared its current forward valuation multiples with its historical averages.

Figure 3.1: Salik WACC summary

WACC calculation	
Tax rate	9.0%
Cost of debt (Kd)	5.0%
Share of debt	15.0%
Risk-free rate	4.5%
Beta levered	0.90
ERP	4.9%
Cost of equity (Ke)	8.9%
Share of equity	85.0%
WACC	8.2%

Source: Company filings, UAE Central Bank, Stern NYU, ADCB estimates

The company's fair value based on our DCF analysis is **AED 6.25 per share**. This implies 17% upside from the current price. We are initiating coverage on the stock with a Buy rating.

Figure 3.2: Salik fair value

Fair value calculation, AED m	
Present value from explicit forecasts (2026-30E)	8,503
Terminal value	41,781
Enterprise value	50,284
(-) Net debt (1H26, includes borrowings and lease liabilities)	3,410
Equity value	46,874
Outstanding shares	7,500
Fair value per share (AED)	6.25
Fair value (round-off)	6.25

Source: Company filings, ADCB estimates;

Figure 3.3: Salik DCF summary

AED m	2025	2026	2027	2028	2029	2030	Terminal value
EBIT	1,999	1,823	2,213	2,480	2,827	3,149	
Tax rate (%)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	
NOPAT	1,819	1,659	2,013	2,257	2,572	2,866	
Depreciation (+)	145	145	147	148	149	151	
Capex (-)	3	5	5	6	6	6	
Change in working capital (-)	305	368	387	444	468	39	
Free cash flow to firm	1,656	1,432	1,768	1,956	2,248	2,971	58,480
Discount factor		0.98	0.91	0.84	0.77	0.71	0.71
Present value		1,404	1,602	1,637	1,738	2,123	41,781

Source: Company filings, ADCB estimates; DCF valuation date: 2 October 2026; forecast cash flows discounted using a mid-year convention. Displayed values are rounded and may therefore not reproduce exactly

Fair value sensitivity to WACC and terminal growth

We assessed Salik's fair value by testing the sensitivity of our DCF valuation to two key assumptions: WACC and the terminal growth rate. Our base case assumes an 8.2% WACC and a 3.0% terminal growth rate, resulting in a fair value estimate of AED 6.25 per share.

Salik's long-term growth outlook is closely linked to traffic volumes across Dubai's road network. These are supported by population growth, tourist arrivals, economic activity, and continued urban development. Revenue growth may also benefit from changes in toll rates, variable pricing, additional toll gates, and the expansion of ancillary services.

Higher-than-expected growth in these metrics would support a higher terminal growth rate. A terminal growth rate above our base case would increase our fair value estimate, while a lower rate would reduce it. Notably, traffic diversion, increased use of public transportation, changes in commuting patterns, or weaker macroeconomic conditions could constrain long-term traffic growth.

WACC is another important valuation driver. A higher WACC reduces the present value of future cash flows and consequently our fair value estimate. A lower WACC has the opposite effect. Since the risk-free rate is a key component of the cost of equity, a sustained increase in interest rates would, all else equal, raise WACC and place downward pressure on our valuation.

Figure 3.4: Fair value sensitivity to different WACC and terminal growth assumptions

	Fair value sensitivity	Terminal growth				
		1.0%	2.0%	3.0%	4.0%	5.0%
WACC	7.0%	5.71	6.77	8.36	11.01	16.31
	7.5%	5.22	6.10	7.37	9.35	12.93
	8.2%	4.63	5.31	6.25	7.63	9.87
	8.5%	4.44	5.07	5.92	7.15	9.07
	9.0%	4.13	4.66	5.37	6.37	7.87

Source: ADCB estimates

Relative valuation as a cross-check

Salik's current forward valuation multiples (P/E and EV/EBITDA) are broadly in line with their historical averages. However, applying the company's long-term average forward valuation multiples may understate its intrinsic value, as the business is now structurally stronger than during the period from which those averages were derived.

Salik benefits from several growth drivers, including the addition of new toll gates, the introduction of peak-hour pricing, rising traffic volumes supported by Dubai's population growth, and an increasing contribution from ancillary revenue streams. In addition, earnings visibility remains high given the business's regulated nature and its strong cash-generation profile.

Overall, the addition of two toll gates, variable pricing, and ancillary revenue growth may support a higher earnings base than during part of the historical comparison period.

Salik's share price has declined by 16% since 27 February 2026, amid a challenging operating environment in the UAE. Based on Bloomberg consensus estimates, the stock was trading at forward multiples of 25.3x P/E and 20.7x EV/EBITDA on 27 February 2026. Since then, the share-price decline has compressed these multiples by approx. 7% and 8%, respectively.

Salik's long-term fundamentals remain intact, in our view. The company continues to benefit from strong earnings visibility, robust cash generation, an attractive dividend profile, and structural growth drivers linked to Dubai's expanding population and road traffic. We believe the recent share price weakness has created a more favourable risk-reward profile for investors seeking exposure to a defensive infrastructure asset with a high dividend yield and sustainable earnings growth.

As a result, we believe Salik merits a premium to its historical average valuation multiples, which supports a higher fair value.

Figure 3.5: Salik share price (YTD 2026)

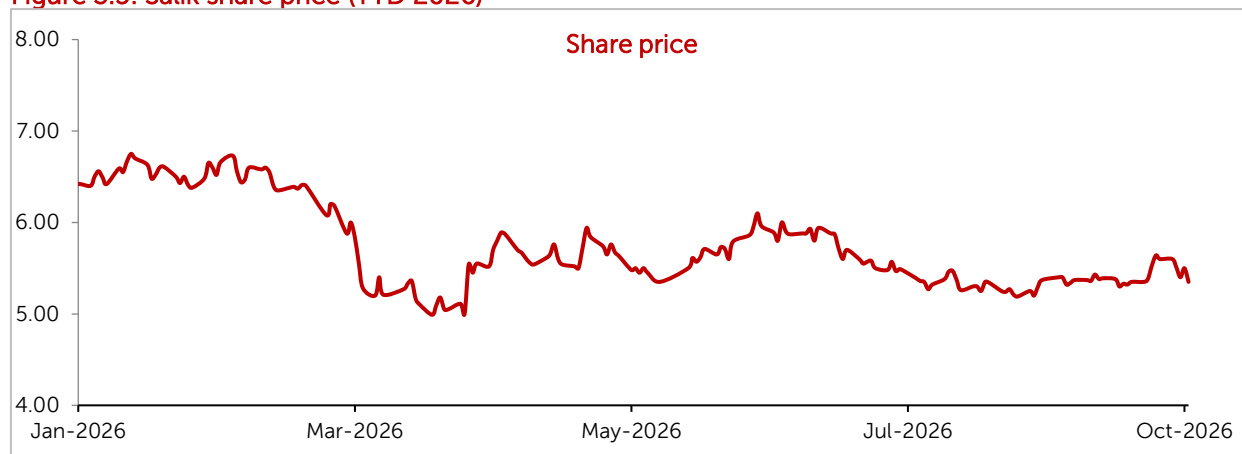
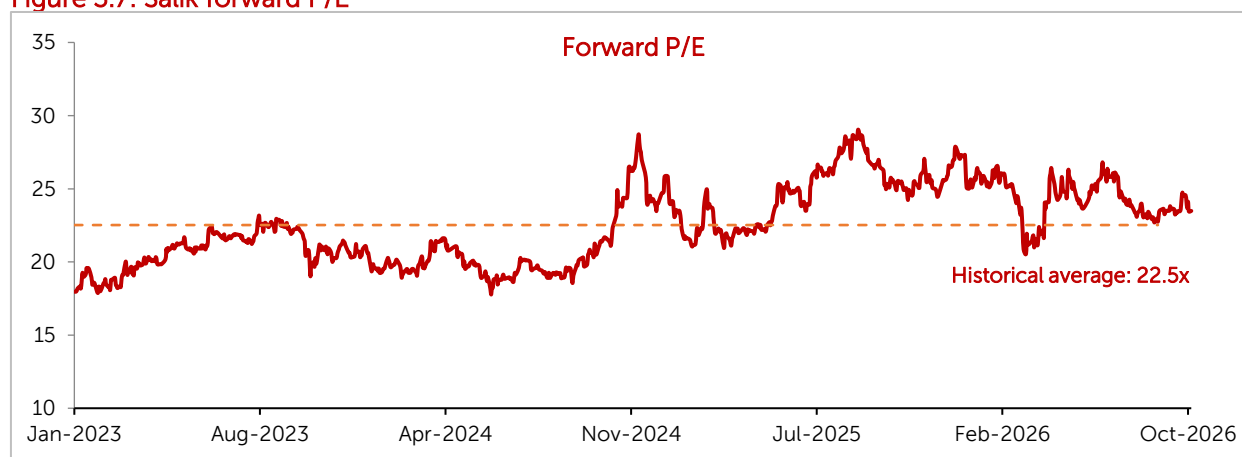


Figure 3.6: Salik forward EV/EBITDA



Figure 3.7: Salik forward P/E



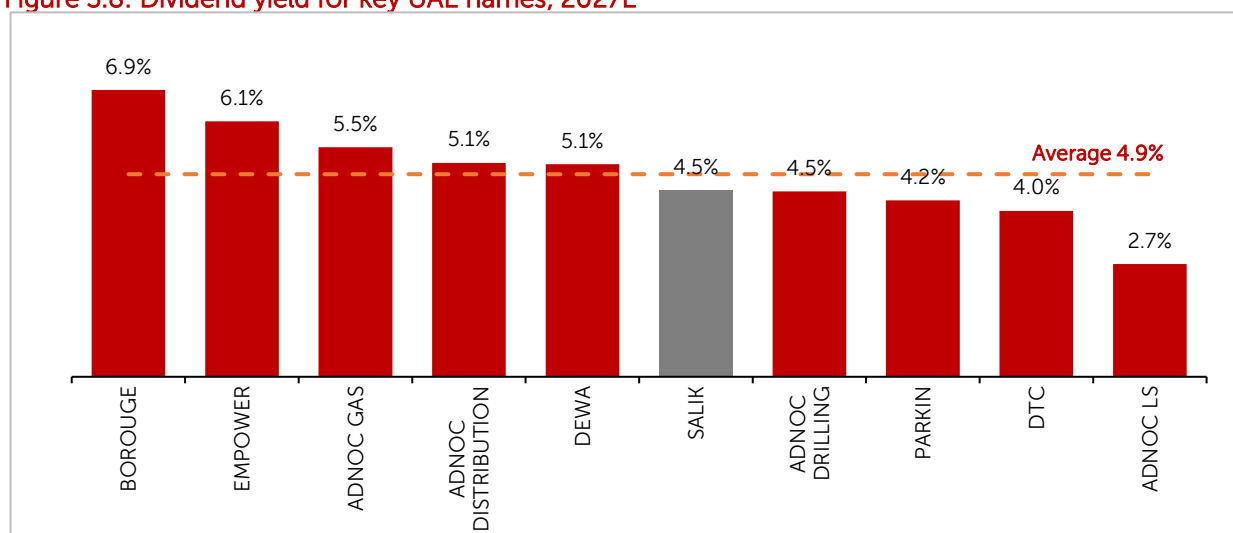
Source: Bloomberg. Forward multiples represent FY+2. For example, the multiple as of 2 October 2026 is based on 2027E.

Yield is now attractive

At the current share price, Salik offers a forecasted dividend yield of 4.2% based on Bloomberg Consensus for 2027E, slightly below the average yield of UAE-listed companies with established dividend policies. Notably, the dividend yield has increased from 3.9% on 27 February 2026 (based on FY27 consensus DPS and the share price at that date) to 4.2% currently, driven primarily by the recent decline in the share price. Dividend yield, based on our estimates, stands at 4.5% for 2027E.

In our view, this higher yield enhances the stock's attractiveness, particularly given Salik's strong cash generation and visible earnings profile. Overall, we believe the combination of lower valuation multiples, a higher dividend yield than on 27 February 2026, and structurally unchanged long-term fundamentals supports a more favourable prospective risk-reward profile based on our forecasts and makes Salik an attractive opportunity for investors seeking defensive growth and sustainable income.

Figure 3.8: Dividend yield for key UAE names, 2027E



Source: Dividend yields use Bloomberg consensus except Salik, ADNOC Drilling, ADNOC Distribution, Borouge and DTC, which use ADCB estimates

Risks to our valuation

Slower traffic recovery

Our forecasts assume that Salik's traffic modestly exceeds 2025 levels in 2027. A slower recovery in tourism, airport activity, school attendance, office commuting, or broader economic activity could result in toll revenue and earnings falling below our forecasts.

Prolonged regional disruption

Further disruption to operating conditions could reduce visitor arrivals, business travel, and economic activity. It could also lead to renewed airspace restrictions, remote working arrangements, or temporary school closures, weakening mobility demand across Dubai.

Lower long-term traffic growth

Salik's long-term growth depends on Dubai's population, tourism, economic activity, and urban development. Traffic diversion, increased use of public transportation, changes in commuting patterns, or the development of alternative routes could constrain growth in chargeable trips.

Leverage and dividend risk

Weaker operating cash flow and higher borrowing costs could reduce financial flexibility, constrain dividend distributions, and affect Salik's ability to meet payments associated with the two new toll gates.

Technology and operating risk

Salik relies on RFID, automatic number plate recognition, digital accounts, and payment systems to identify vehicles and collect revenue. A prolonged system outage, a cyber incident, data breach, or failure in toll recognition or collection could disrupt operations, negatively affect revenue, increase costs, and weaken customer confidence.

Financial summary

Profit & loss, AED m	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
REVENUE								
Toll usage fee	1,845	1,992	2,736	2,498	2,843	3,127	3,440	3,698
Fines	217	237	281	287	327	360	396	425
Others	46	63	80	100	134	158	202	264
Total	2,109	2,292	3,097	2,885	3,304	3,644	4,038	4,387
COSTS								
Concession fee expense	(461)	(461)	(616)	(578)	(580)	(638)	(660)	(665)
Operations and maintenance expense	(84)	(86)	(104)	(107)	(109)	(111)	(113)	(116)
Other expenses	(173)	(167)	(233)	(232)	(255)	(267)	(288)	(306)
Total costs	(719)	(713)	(953)	(917)	(944)	(1,016)	(1,062)	(1,087)
EBITDA	1,390	1,579	2,144	1,968	2,359	2,628	2,976	3,300
D&A	(83)	(91)	(145)	(145)	(147)	(148)	(149)	(151)
EBIT	1,307	1,488	1,999	1,823	2,213	2,480	2,827	3,149
Net finance costs	(209)	(208)	(292)	(272)	(234)	(188)	(176)	(148)
PBT	1,098	1,280	1,707	1,551	1,979	2,292	2,650	3,001
Tax	–	(115)	(154)	(140)	(178)	(206)	(239)	(270)
Net income	1,098	1,165	1,553	1,411	1,801	2,086	2,412	2,731
EPS (AED)	0.15	0.16	0.21	0.19	0.24	0.28	0.32	0.36
DPS (AED)*	0.15	0.16	0.22	0.19	0.24	0.28	0.32	0.36

Source: Company filings, ADCB estimates; FY2025 DPS exceeded EPS, primarily because the dividend included a special distribution from retained earnings equivalent to the implied finance costs for FY2024 and FY2025 recorded on dues/debt with the RTA

Balance sheet, AED m	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
ASSETS								
Non-Current Assets								
Intangible assets	3,878	6,527	6,388	6,248	6,109	5,969	5,829	5,690
Other assets	12	14	11	13	14	14	14	12
Total non-current assets	3,889	6,541	6,399	6,261	6,123	5,983	5,843	5,702
Current assets								
Cash and cash equivalents ¹	1,016	964	1,015	603	551	390	227	489
Others	318	482	458	469	483	529	584	634
Total current assets	1,334	1,445	1,473	1,072	1,034	919	811	1,123
TOTAL ASSETS	5,224	7,986	7,872	7,333	7,157	6,902	6,654	6,825
LIABILITIES								
Non-current liabilities								
Long term Borrowings ²	3,995	3,998	3,998	4,001	4,001	4,002	4,003	4,003
Due to a related party	0	1,814	1,446	1,170	784	376	–	–
Others	56	68	78	78	78	78	78	78
Total non-current liabilities	4,051	5,880	5,522	5,248	4,863	4,456	4,080	4,081
Current liabilities								
Due to a related party	139	484	539	456	456	456	408	408
Trade and other payables	70	100	83	87	99	109	121	132
Borrowings ²	2	2	2	2	2	2	2	3
Others	300	432	506	506	506	506	506	506
Total current liabilities	511	1,018	1,130	1,050	1,063	1,073	1,037	1,048
TOTAL LIABILITIES	4,561	6,898	6,653	6,298	5,926	5,529	5,117	5,128
EQUITY								
Total Equity	663	1,088	1,219	1,035	1,230	1,373	1,537	1,696

Source: Company filings, ADCB estimates; Notes: 1. Includes short term bank deposits. 2. Borrowings include lease liabilities.

Cash flow, AED m	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Operating activities								
Profit after tax	1,098	1,165	1,553	1,411	1,801	2,086	2,412	2,731
Adjustment for:								
D&A	83	91	145	145	147	148	149	151
Finance charges	239	257	313	289	243	200	185	153
Finance income	(30)	(49)	(21)	(17)	(10)	(12)	(9)	(5)
Others	34	130	44	–	–	–	–	–
Change in working capital	30	(131)	48	(463)	(457)	(491)	(500)	(39)
Net cash from operating activities	1,454	1,463	2,082	1,365	1,724	1,931	2,238	2,991
Investing activities								
Fixed deposits with original maturity of 3+ months (net)	(750)	750	(502)	250	250	–	–	–
Others	15	51	21	12	4	7	3	(1)
Net cash used in investing activities	(735)	801	(482)	262	254	7	3	(1)
Financing activities								
Dividends paid	(1,039)	(1,095)	(1,391)	(1,595)	(1,606)	(1,943)	(2,249)	(2,571)
Related party debt repayment	–	(216)	(349)	0	0	0	0	0
Finance charge paid	(236)	(242)	(203)	(193)	(173)	(153)	(153)	(153)
Others	(0)	(14)	(110)	(2)	(2)	(3)	(3)	(3)
Net cash (used in) / generated from financing activities	(1,275)	(1,567)	(2,052)	(1,789)	(1,780)	(2,098)	(2,404)	(2,727)
Total change	(557)	698	(451)	(162)	198	(161)	(164)	263

Source: Company filings, ADCB estimates; Dividends recognized in the income statement may not reconcile with dividends paid in the cash flow statement due to differences in payment timing. Cash dividends paid in each year include the final dividend for the previous year and the interim dividend for the current year. The mismatch between DCF and cash-flow working capital results from the DCF excluding financing-related movements associated with amounts due to related parties.

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