FAB SECURITIES أبوظبي الأول للأوراق المالية

First Look Note | 3Q25

UAE Equity Research | Sector: Consumer Discretionary | Market: ADX

Americana Restaurants International PLC (AMR)

Growth and cost gains weighed by higher expenses

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.83	AED 2.50	+36.6%	BUY

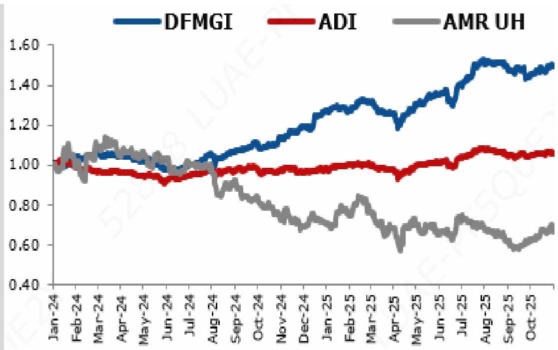
- Expanded its digital footprint, adding 526 new self-ordering kiosks in 3Q25, bringing the total to 2,490 kiosks.
- In-house dynamic pricing platform, which enabled differentiated pricing across aggregators and other channels, earned an additional revenue of USD 40 Mn and contributed to 2% gross margin improvement.
- Added 32 gross new stores in 3Q25 and revised its net store guidance downward to add 110-120 stores in 2025.
- Home delivery continued to lead the channel mix, accounting for 47% of total in 9M25 compared to 43% in 9M24.
- Double-digit growth in EBITDA and net profit attributed to LfL revenue growth and financial prudence.
- Generated USD 128 Mn in free cash flow during 9M25 compared to USD 56 Mn in 9M24.

3Q25 Net Profit lower than our estimate

Americana Restaurants' (Americana/ the Company) net profit increased 14.7% YOY to USD 43 Mn in 3Q25, lower than our estimate of USD 59 Mn. The growth in net profit is primarily driven by revenue growth, driven by a healthy momentum in LFL sales and contributions from new store openings and spending discipline, partially offset by a higher operating expense in proportion to revenue, coupled with increase in finance cost & zakat charge.

P&L Highlights

Americana restaurant's revenue grew 12.2% YOY to USD 623 Mn in 3Q25, primarily driven by a growth in LFL sales, opening of new stores, and product innovation strategy. Revenue from the Power Brands portfolio, including KFC, Hardee's, Pizza Hut and Krispy Kreme, contributed 94% of total revenue in 9M25. All power brands recorded double-digit revenue growth in 3Q25, except KFC. Americana's ongoing digital transformation saw strong results, with self-service kiosk revenue mix improving from 6.0% in 9M24 to 14.0% in 9M25. The Company's cost of goods sold rose 10.3% YOY to USD 285 Mn in 3Q25, whereas the cost of inventory as percentage of revenue improved from 29.1% in 3Q24 to 28.5% in 3Q25. Thus, gross profit increased 13.8% YOY to USD 338 Mn in 3Q25. Gross margin improved 78 bps YOY to 54.2% in 3Q25. Selling & marketing expenses increased 9.4% YOY to USD 225 Mn in 3Q25, with G&A expenses rising 20.3% YOY to USD 52 Mn in 3Q25. Thus, total operating expenses rose 11.7% YOY to USD 278 Mn in 3Q25. Moreover, Americana's EBITDA increased 18.2% YOY to USD 139 Mn in 3Q25, whereas the EBITDA margin expanded 113 bps YOY to 22.4% in 3Q25. Operating profit rose 24.9% YOY to USD 60 Mn in 3Q25 with



Stock Information	
Market Cap (USD, Mn)	15,415.25
Paid Up Capital (Mn)	167.43
52 Week High	2.66
52 Week Low	1.78
3M Avg. daily value (AED)	11,969,100

3Q25 Result Review (USD, Mn)	
Total Assets	1,574
Total Liabilities	1,167
Total Equity	407
EBITDA	139
Net Profit	43

Financial Ratios	
Dividend Yield (12m)	3.03
Dividend Pay-out (%)	79.99
Price-Earnings Ratio(x)	23.69
Price-to-Book Ratio (x)	10.37
Book Value (AED)	0.05
Return-on Equity (%)	46.00

Stock Performance	
5 Days	-14.49%
1 Months	-8.50%
3 Months	-13.27%
6 Months	-13.68%
1 Year	-24.07%
Month to Date (MTD%)	-12.44%
Quarter to Date (QTD%)	-7.11%
Year to Date (YTD%)	-17.19%

a margin of 9.6%, 98 bps higher on YOY basis. The Company's finance income grew 7.3% YOY to USD 4 Mn in 3Q25, and finance cost rose 21.2% YOY to USD 11 Mn in 3Q25. Americana's zakat expenses increased from USD 6 Mn in 3Q24 to USD 9 Mn in 3Q25 due to additional tax on account of new tax regulations.

Balance Sheet Highlights

Americana's cash & cash equivalents and bank deposits rose from USD 286 Mn in 2Q25 to USD 308 Mn in 3Q25. Consequently, the Company generated USD 128 Mn in free cash flow during 9M25 compared to USD 56 Mn in 9M24, while maintaining a strong balance sheet with zero leverage. Net working capital stood at negative 8.2% of total revenue in 3Q25, compared to negative 9.2% of total revenue in 2Q25. Additionally, gross capex amounted to USD 78 Mn in 9M25, up from USD 74 Mn in 9M24.

Target Price and Rating

We maintain our BUY rating on Americana Restaurants with a target price of AED 2.50. The Company experienced softer sales momentum in 3Q25, with single-digit LFL growth mainly due to an unusually weak September, affected by seasonal factors and a high comparison base from 2024. The cost of sales benefited from lower cost of inventory owing to agreed vendor commitments and efficient supply chain process, partially mitigated by higher opex expense in proportion to topline. However, it witnessed a strong rebound in October 2025 with LfL sales slightly above July & August 2025 levels, indicating sustained underlying momentum into 4Q25. Americana added 32 gross new restaurants in 3Q25, with a total store count of 2,657. The Company plans to scale back store opening in KSA and Iraq, while the growth will be maintained in UAE, Kuwait, Kazakhstan, and Morocco. Additionally, to ensure quality growth and maintain capital efficiency, the Company reduced its full-year new stores opening targets to 110-120 for 2025. Furthermore, the Company expanded its digital footprint, adding 526 new self-ordering kiosks in 3Q25, bringing the total to 2,490 kiosks. In-house dynamic pricing platform, which enabled differentiated pricing across aggregators and other channels, earned an additional revenue of USD 40 Mn and contributed to 2% gross margin improvement. The Company expects a solid growth in 4Q25 despite a high base in 4Q24, owing to planned brand campaigns and marketing activities. Americana's key priorities include accelerating LFL sales growth, improving unit-level volumes, and restoring KSA profitability in 2026. The Company also aims to diversify beyond international brands by exploring acquisitions in the Arabic food segment. Americana remains focused on restoring unit-level revenue to pre-boycott levels, citing strong October momentum and successful campaigns like Hardee's Chicken Slaw Burger, KFC's 5D Twister, and Pizza Hut's pasta launch as key drivers of continued LFL growth through value, innovation, and marketing. Thus, based on our analysis, we maintain our BUY rating on the stock.

Americana - Relative valuation[1]

(at CMP)	2022	2023	2024	2025F
PE	16.56	16.54	27.02	22.52
PB	15.08	9.77	10.87	10.01
EV/EBITDA	7.50	7.13	8.32	7.09
BVPS (AED)	0.124	0.191	0.172	0.187
EPS (AED)	0.113	0.113	0.069	0.083
DPS (AED)	0.093	0.078	0.055	0.065
Dividend Yield	5.1%	4.3%	3.0%	3.6%

FABS Estimates & Co Data, [1]Americana Restaurants was listed in 2022; hence, the previous year's multiples are unavailable.

Americana - P&L

USD Mn	3Q24	2Q25	3Q25	3Q25F	Var.	YOY Ch.	QOQ Ch.	2024	2025F	Change
Revenue	555	644	623	655	-4.9%	12.2%	-3.2%	2,197	2,492	13.4%
COGS	-258	-297	-285	-306	-7.0%	10.3%	-3.9%	-1,029	-1,159	12.6%
Gross Profit	**297**	**347**	**338**	**348**	**-3.0%**	**13.8%**	**-2.6%**	**1,167**	**1,333**	**14.2%**
S&M Expenses	-206	-224	-225	-226	-0.4%	9.4%	0.3%	-785	-894	13.9%
G&A Expenses	-43	-47	-52	-50	4.9%	20.3%	10.4%	-185	-194	5.2%
Other Income	1	2	2	4	-49.1%	150.1%	1.7%	7	15	NM
Total Operating Expense	**-249**	**-272**	**-278**	**-271**	**2.5%**	**11.7%**	**2.3%**	**-976**	**-1,080**	**10.7%**
EBITDA	**118**	**153**	**139**	**152**	**-8.4%**	**18.2%**	**-9.1%**	**484**	**562**	**16.1%**
EBIT	**48**	**75**	**60**	**77**	**-22.4%**	**24.9%**	**-20.3%**	**192**	**254**	**32.3%**
Financing income	4	4	4	4	-9.6%	7.3%	-1.2%	16	16	0.7%
Financing cost	-9	-10	-11	-10	9.0%	21.2%	5.2%	-36	-41	14.8%
Profit Before ZAKAT	**42**	**68**	**53**	**71**	**-26.1%**	**24.2%**	**-23.2%**	**172**	**229**	**33.0%**
Zakat	-6	-9	-9	-13	-27.5%	60.3%	4.8%	21	41	NM
Net Profit	**37**	**60**	**43**	**58**	**-25.8%**	**18.5%**	**-27.3%**	**151**	**188**	**24.0%**
Non-controlling interest	-1	0	0	-1	NM	NM	NM	-7	-3	-61.7%
Net profit attributable	**37**	**60**	**43**	**59**	**-27.6%**	**14.7%**	**-28.3%**	**159**	**190**	**20.0%**

FABS estimate & Co Data

Americana - Margins

	3Q24	2Q25	3Q25	YOY Ch.	QOQ Ch.	2024	2025F	Change
Gross Profit	53.5%	53.9%	54.2%	78	34	53.1%	53.5%	36
EBITDA	21.2%	23.8%	22.4%	113	-144	22.0%	22.6%	52
Operating Profit	8.6%	11.7%	9.6%	98	-206	8.7%	10.2%	145
Net Profit	6.7%	9.3%	6.9%	15	-241	7.2%	7.6%	42

FABS estimate & Co Data

Key Developments:

- **18 November 2024:** Americana completed the buyback of 25 Mn shares under its Long-Term Incentive Plan (LTIP), executed on the Abu Dhabi Securities Exchange (ADX) at a weighted average price of AED 2.46 per share, following approvals from its AGM on 24 April 2024 and ADX on 9 May 2024.

- **22 June 2025:** Americana Restaurants International PLC announced that it is in preliminary discussions with Cravia, a Middle East food and beverage franchise operator, to explore a potential stake acquisition. The company affirmed that it would disclose all material updates to the market promptly and transparently in line with regulatory requirements.

- **03 July 2025:** Americana Restaurants partnered with premium lifestyle brand Carpo to launch its stores across Kuwait, Qatar, Bahrain, and Saudi Arabia, entering the luxury food retail space. The move marks Americana’s entry into the luxury food retail segment, with flagship stores launching by late 2025.

Valuation:

We use Discounted Free Cash Flow (DCF) and Relative Valuation (RV) to value Americana Restaurants. We have assigned 70% weight to DCF and 30% to RV.

Valuation Method	Target	Weight	Weighted Value
DCF Method	2.31	70.0%	1.62
Relative Valuation (RV)	2.95	30.0%	0.88
Weighted Average Valuation (AED)			**2.50**
Current market price (AED)			1.83
Upside/Downside (%)			+36.6%

1) DCF Method:

Americana is valued using free cash flow to equity. We have discounted the cash flow using the cost of equity of 9.0%. The cost of equity is calculated using a 10-year government bond yield of 4.8%, a beta of 1.0, and an equity risk premium of 4.2%. Government bond yield is calculated after adding Abu Dhabi's 10-year spread over 10-year US risk-free rate. Also, assumed a terminal growth rate of 2.5%.

Sum of PV (USD, Mn)	1,261
Terminal value (USD, Mn)	4,045
FV to Common shareholders (USD, Mn)	**5,306**
No. of share (Mn)	8,424
Current Market Price (AED)	1.83
Fair Value per share (AED)	**2.31**

DCF Method

(All Figures in USD Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Net Income	188	207	249	299	341	381
D&A	303	344	352	357	369	384
(-) Capex	-128	-124	-129	-134	-140	-145
Change in working capital	13	14	20	16	17	19
Net change in debt	-172	-195	-208	-215	-226	-238
Free Cash Flow to Equity (FCFE)	**203**	**246**	**283**	**322**	**361**	**400**
Discounting Factor	*0.99*	*0.90*	*0.83*	*0.76*	*0.70*	*0.64*
Discounted FCFE	**50[1]**	**222**	**235**	**245**	**252**	**257**

Source: FAB Securities, [1]Adjusted for Partial Year

2) Relative Valuation:

We have used regional and global peers to value Americana, which is valued using the EV/EBITDA multiple. It is valued at EV/EBITDA multiple of 11.3x in line with peers.

Company	Market (USD Mn)	EV/EBITDA (x) 2025F	EV/EBITDA (x) 2026F	P/E (x) 2025F	P/E (x) 2026F
Herfy Food Services Co	421	13.2	10.2	NM	133.3
Domino's Pizza Enterprises Ltd	1,141	8.7	8.4	14.6	13.6
Yum China Holdings Inc	17,111	9.9	9.2	18.5	16.2
Restaurant Brands International	22,548	13.2	12.3	18.6	17.0
Yum Brands	40,355	18.2	16.8	24.0	21.5
Domino's Pizza Inc	15,958	20.1	18.7	26.7	24.2
Average		**13.9x**	**12.6x**	**20.5x**	**37.6x**
Median		**13.2x**	**11.3x**	**18.6x**	**19.3x**
Max		**17.0x**	**15.7x**	**24.0x**	**23.5x**
Min		**10.8x**	**9.5x**	**18.5x**	**16.4x**

Source: FAB Securities

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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