

Americana Restaurants International PLC (AMR)

Current Price
AED 2.01

Target Price
AED 2.50

Upside/Downside (%)
+24%

Rating
BUY

4Q25 Net income higher than our estimate

- Americana Restaurants revenue rose 13.6% YOY to USD 669 Mn in 4Q25, primarily supported by a 7.8% growth in like-for-like (LfL) sales owing to brand initiatives and pricing strategies, coupled with store expansion, menu innovation, strong brand alliances and healthy operations across key markets.
- The Company reported 19.6% YOY growth in gross profit to USD 377 Mn in 4Q25. Gross profit margin expanded 283 bps YOY to 56.4% in 4Q25, attributed to a combination of factors, including effective procurement, pricing discipline, supply chain efficiency, and favourable input-cost trends.
- Americana opex including expenses on S&M and G&A, rose from USD 256 Mn in 4Q24 to USD 279 Mn in 4Q25.
- EBITDA grew 36.2% YOY to USD 181 Mn, with an expansion in margin of 450 bps YOY to 27.1% in 4Q25. The growth in EBITDA and margin expansion reflects positive operating leverage and fixed-cost efficiencies.
- Net profit grew 102.4% YOY to USD 84 Mn in 4Q25, attributed to EBITDA growth, partially offset by higher finance and tax expenses. Adjusted net profit rose 47.4% YOY to USD 76.5 Mn in 4Q25, excluding the one-off charge in 4Q24 and one-off benefit in 4Q25.
- The Company generated free cash flow of USD 209.1 Mn in 2025, with a conversion ratio of 57.7%.
- Cash and cash equivalents, including balance of short and long-term deposits, stood at USD 417 Mn in 4Q25 compared to USD 308 Mn in 3Q25.
- The Board proposed a cash dividend of USD 201.6 Mn (USD 0.024 per share) for 2025, subject to shareholder approval, reflecting strong cash generation and balance sheet strength.

Earnings Call Summary

- The Company added 159 net new stores in 2025, including 119 organic openings, taking the total footprint to 2,749 restaurants across 12 markets.
- Americana entered the Arabic QSR category through the acquisition of Malak Al-Tawouk franchisees in the UAE and KSA, securing exclusive 75-year franchise rights across 13 MENA and CIS markets.
- The acquisition was valued at USD 20.8 Mn, funded through internal cash, and aligns with Americana's strategy to diversify beyond international brands.
- The Company also secured an exclusive franchise agreement with Carpo, with flagship store openings expected by mid-2026.
- Americana scaled its digital ecosystem to 2,700+ self-ordering kiosks and launched a unified customer data platform covering 15 Mn customer profiles.
- Inventory costs improved to 27.1% in 4Q25 compared to 29.4% in 4Q24.
- UAE, Kuwait, and Qatar markets showed strong recovery and are near or above pre-boycott levels.
- Management expressed confidence in deploying growth capital in Egypt, citing improved market conditions and leadership stability.
- Strategic focus in 2026 will shift from aggressive new development toward digital monetization, cost efficiency initiatives, and portfolio optimization.
- Management remains confident in sustaining growth through brand-led innovation, disciplined expansion, and selective inorganic opportunities.
- The management guided mid-single-digit like-for-like revenue growth, 120–130 net new store openings focused on high-return markets & new brands, and double-digit EBITDA and net income (margins in line with 2025 or slightly better).
- Management guides slight gross margin expansion in FY2026 vs. FY2025.

- No changes in commercial terms or take-rate structure with delivery partners.
- No material impact of dynamic pricing on revenue and gross margin in 4Q25 undertaken in the last three weeks of December 2025.
- 60% of deliveries are handled by Americana's own riders and +30% by aggregators.
- Most commodity contracts are locked in for 6–9 months or the full year of 2026.
- Margin improvement in 4Q25 is driven by lower discounting and a selective price increase in December 2025.
- Store expansion planned in Egypt going forward.
- Management expects stabilization in the KSA F&B market in the next 12-24 months.
- Slowdown in deployment of fresh capital in KSA remains intentional and adopts a similar strategy in 2026.
- The store portfolio recorded near full recovery vs Q4 2023, curtailing the benefits of base-effect.
- Imposition of a ceiling on delivery platform commission in Kuwait is neutral for Americana.
- No incremental tax impact from Pillar 2 in FY2026 as it is already implemented.
- The management expects the worst of delivery cost pressure behind them heading into 2026.

Americana Restaurants

(USD Mn)	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch.	QOQ Ch.
Revenue	589	623	669	644	3.9%	13.6%	7.4%
COGS	-274	-285	-292	-300	-2.7%	6.7%	2.4%
Gross Profit	315	338	377	344	9.6%	19.6%	11.7%
Total Operating Expense	-266	-278	-275	-270	1.9%	3.6%	-1.0%
EBITDA	133	139	181	145	25.1%	36.2%	30.2%
EBIT	50	60	102	74	37.9%	105.3%	70.8%
Profit Before ZAKAT	44	53	94	70	34.2%	114.4%	78.0%
Zakat	-7	-9	-10	-16	-37.3%	53.5%	8.2%
Net profit from Equity Holders	41	43	84	56	49.4%	102.4%	95.1%

FABS estimate & Co Data

Management Guidance for 2026:

Revenue Growth

- ✓ Mid Single Digit LfL growth
- ✓ Win brand love and trust through local relevance and communication

NSO Guidance

- ✓ 120 – 130 net NSO rollout in 2026; including new brands
- ✓ NSOs focused on high performing BMUs¹ and scale-up of new brands

Digital Leadership

- ✓ Maximizing ROI from kiosks, apps, loyalty, and personalization.
- ✓ Use unified customer profiles to reduce blanket discounting.

Profitability Outlook

- ✓ Gross margin slightly better than 2025
- ✓ Double Digit Growth in EBITDA and Net Income (margins in-line with 2025 or slightly better)

Category Expansion

- ✓ Explore organic and inorganic avenues to onboard world-class brands in the Arabic categories in the region

Cost Efficiencies

- ✓ Drive inventory cost savings with menu reengineering and supplier negotiations
- ✓ Streamline G&A via restructuring and offshoring low-value-add roles

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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