

Americana Restaurants International PLC (AMR)

Strong Revenue Growth and Operating Efficiencies Drove Earnings and Margin Expansion

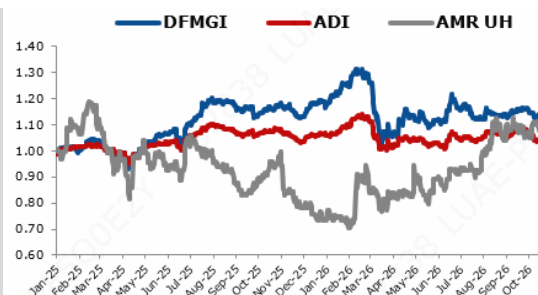
Current Price
AED 2.45

Target Price
AED 2.70

Upside/Downside (%)
+10.2%

Rating
ACCUMULATE

- Added 112 net new restaurants over the last 12 months, expanding its network to 2,769 restaurants as of 3Q26.
- LFL sales growth accelerated to 8.6% YOY in 3Q26 from 6.3% YOY in 1H26, driven by menu innovation, value offerings and targeted marketing initiatives.
- EBITDA increased 24.8% YOY to USD 174 Mn in 3Q26, with EBITDA margin expanding 204 bps YOY to 24.4%, supported by improved procurement, cost discipline and operating efficiencies.
- The Company reported a development pipeline of 101 restaurants under construction, 31 secured sites and 26 approved sites, with openings weighted towards 4Q26.



Stock Information

Market Cap (USD, Mn)	20,637.90
Paid Up Capital (Mn)	167.42
52 Week High	2.67
52 Week Low	1.55
3M Avg. daily value (AED)	15,552,900

3Q26 Net Profit slightly higher than our estimate

Americana Restaurants' (Americana/the Company) net profit attributable to shareholders increased from USD 43 Mn in 3Q25 to USD 70 Mn in 3Q26, slightly higher than our estimate of USD 67 Mn. The increase in net profit was supported by higher revenue, other income and finance income coupled with absence of impairment losses, partially offset by higher cost of sales, selling and marketing expenses, general and administrative expenses, finance costs, and income tax and zakat expenses.

P&L Highlights

Americana's revenue increased 14.4% YOY to USD 712 Mn in 3Q26, supported by LFL sales growth of 8.6% and continued restaurant network expansion. Revenue growth was driven by menu innovation, attractive value offerings and engaging marketing campaigns, which strengthened customer engagement across its markets. The Company expanded its restaurant network to 2,769 outlets, adding 112 net new restaurants over the last 12 months. The Company's cost of goods sold increased 11.6% YOY to USD 318 Mn in 3Q26, while the cost of inventory as a percentage of revenue improved from 28.5% in 3Q25 to 28.2% in 3Q26. Gross profit increased 16.7% YOY to USD 394 Mn in 3Q26, with gross margin expanding by 111 bps YOY to 55.4%. Strategic procurement initiatives, cost discipline and positive operating leverage more than offset the higher input costs arising from the current geopolitical situation. Selling and marketing expenses increased 13.2% YOY to USD 255 Mn in 3Q26, while general and administrative expenses increased 1.3% YOY to USD 53 Mn in 3Q26. Operating profit increased from USD 60 Mn in 3Q25 to USD 91 Mn in 3Q26, supported by improved gross profitability and operating efficiency. Moreover, Americana's EBITDA increased 24.8% YOY to USD 174 Mn in 3Q26, with EBITDA margin expanding by 204 bps YOY to 24.4%, despite higher seasonal utility costs.

3Q26 Result Review (USD, Mn)

Total Assets	1,712
Total Liabilities	1,307
Total Equity	405
EBITDA	174
Net Profit	70

Financial Ratios

Dividend Yield (12m)	3.60
Dividend Pay-out (%)	91.99
Price-Earnings Ratio(x)	18.63
Price-to-Book Ratio (x)	13.87
Book Value (AED)	0.05
Return-on Equity (%)	74.32

Stock Performance

5 Days	6.06%
1 Months	3.38%
3 Months	11.36%
6 Months	23.12%
1 Year	11.36%
Month to Date (MTD%)	3.38%
Quarter to Date (QTD%)	3.38%
Year to Date (YTD%)	51.23%

Meanwhile, finance costs increased 9.2% YOY to USD 12 Mn in 3Q26, while income tax and zakat increased 43.8% YOY to USD 13 Mn in 3Q26.

Balance Sheet Highlights

Americana's cash and cash equivalents, including short-term deposits, decreased to USD 332 Mn in 3Q26 from USD 361 Mn in 2Q26. The Company generated free cash flow of USD 225 Mn in 9M26, compared with USD 128 Mn in 9M25, with a cash conversion ratio of 67%, reflecting strong underlying profitability and effective working capital optimization. Negative Net working capital increased from USD 199 Mn in 3Q25 to USD 254 Mn in 3Q26, representing negative 9.3% of trailing twelve-month revenue in 3Q26, compared with negative 8.2% in 3Q25, primarily reflecting higher trade payables and lower inventory, partially offset by increased receivables. Additionally, gross capex amounted to USD 95 Mn, or 4.6% of revenue in 9M26, compared with USD 78 Mn in 9M25.

Target Price and Rating

We maintain our ACCUMULATE rating on Americana Restaurants with an unchanged target price of AED 2.70. The Company delivered a strong 3Q26 performance, with revenue growing 14.4% YOY to USD 712 Mn and net profit attributable to shareholders rising from USD 43 Mn in 3Q25 to USD 70 Mn in 3Q26, while like-for-like (LFL) sales growth strengthened to 8.6% in 3Q26, compared with a 6.3% YOY increase in 1H26, reflecting improved sales momentum. Growth was broad-based across brands, with 3Q26 revenue from KFC rising 15.8% YOY to USD 426 Mn, Hardee's 12.1% YOY to USD 122 Mn, Krispy Kreme 11.0% YOY to USD 25 Mn and Pizza Hut 7.6% YOY to USD 88 Mn, on LFL growth of 10.2%, 6.2%, 7.2% and 6.6%, respectively. By geography, all four major markets delivered double-digit growth in 3Q26, with revenue rising 10.0% YOY in the UAE to USD 223 Mn, 12.8% YOY in KSA to USD 175 Mn, 18.7% YOY in Kuwait to USD 100 Mn and 13.5% YOY in Egypt to USD 56 Mn. Power Brands contributed 93% of revenue in 9M26, with 82% of revenue generated in stable pegged currencies, while home delivery contributed c. 52% of revenue, up from 47% in 9M25. EBITDA grew 24.8% YOY to USD 174 Mn in 3Q26, with EBITDA margin expanding 204 bps YOY to 24.4%, supported by better procurement, targeted pricing, cost control and operating efficiencies, which helped offset higher input costs and seasonal utility expenses. Inventory cost as a percentage of revenue improved by 130 bps YOY in 9M26. Americana attributed its sustained performance to structural improvements in marketing and innovation, including stronger in-house capabilities, country-specific marketing strategies and improved media efficiency, which doubled media exposure for the same media spend. The Company added 167 gross and 112 net new restaurants in last 12 months, expanding its total restaurant network to 2,769 as of 3Q26. Gross additions comprised 126 Power Brand stores, 31 Growth/Niche Brand stores and 10 Malak Al Tawouk (MAT) stores through acquisition, against 55 closures. The development pipeline includes 101 restaurants under construction, 31 secured sites and 26 sites with approved feasibility studies, with most openings expected in 4Q26. MAT opened three new restaurants following its integration, with further expansion planned in the UAE and KSA and a proposed launch in Kuwait. Additionally, Americana signed an exclusive development agreement with Taco Bell in August 2026, initially targeting the UAE market, followed by a phased expansion across other GCC markets. The Company aims to increase net openings from the current 120–130 a year towards 250–300 over time, supported by new growth platforms such as MAT and Taco Bell. Pizza Hut performance improved in 3Q26 as customer traffic in the UAE normalised following softness in 1H26, while UAE like-for-like performance was broadly flat in the quarter due to the regional conflict and summer holidays, although October 2026 trading was very strong. In KSA, momentum continued, led by KFC and closely followed by Hardee's. For 2027, the Company noted continued inflation in beef and cooking oil, which it plans to offset through targeted pricing, menu engineering and innovation, while the Saudi minimum wage increase and higher utility tariffs are not expected to materially affect margins. Digital transactions currently account for 66% of total transactions, compared with 48% in 2024, while kiosks are installed in over 1,300 restaurants. Loyalty transactions increased 47% YOY to over 19 Mn in 9M26. The Company paid total dividends of USD 302 Mn in 9M26, including the 1H26 interim dividend of USD 100.8 Mn, reflecting its disciplined capital allocation framework and continued commitment to delivering shareholder value. Americana raised its FY2026 net profit margin expansion guidance to 150–175 bps over the 2025 base of 8.9%, compared with its previous guidance of 100–150 bps, while reaffirming strong mid-single-digit LFL sales growth, 120–130 net new stores including new brands, and expansion in gross profit margin, EBITDA margin and net profit margin versus 2025. The Company expects

4Q26 profitability to remain broadly in line with 3Q26, while the one-off tax litigation benefits recorded in 4Q25 create a challenging YOY comparison for 4Q26. Thus, based on our analysis, we maintain our ACCUMULATE rating on the stock.

Americana - Relative valuation¹

(at CMP)	2022	2023	2024	2025	2026F
PE	22.67	22.65	36.99	26.74	20.08
PB	20.65	13.37	14.89	11.98	9.68
EV/EBITDA	10.46	10.00	11.52	9.14	7.92
BVPS (AED)	0.124	0.191	0.172	0.214	0.265
EPS (AED)	0.113	0.113	0.069	0.096	0.128
DPS (AED)	0.093	0.078	0.055	0.088	0.102
Dividend Yield	3.7%	3.1%	2.2%	3.5%	4.1%

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

Americana - P&L

(USD Mn)	3Q25	2Q26	3Q26	3Q26F	Var	YOY Ch.	QOQ Ch.	2025	2026F	Change
Revenue	623	715	712	696	2.3%	14.4%	-0.3%	2,509	2,833	12.9%
COGS	-285	-311	-318	-304	4.5%	11.6%	2.4%	-1,144	-1,256	9.8%
Gross Profit	338	404	394	392	0.6%	16.7%	-2.5%	1,365	1,577	15.6%
S&M Expenses	-225	-249	-255	-254	0.2%	13.2%	2.4%	-886	-1,003	13.2%
G&A Expenses	-52	-54	-53	-56	-6.3%	1.3%	-2.5%	-203	-221	9.1%
Other Income	2	5	4	3	NM	NM	-17.0%	13	17	30.0%
Monetary gain from hyperinf.	0	0	0	0	NM	NM	NM	-1	1	NM
Rever. of imp./(imp. losses) of non-financial assets	-3	-2	0	0	NM	NM	NM	-6	-2	NM
Net imp. Allow. on fin. Assets	0	0	0	0	NM	NM	NM	0	-1	NM
FV gains on der. fin. Instrum.	0	0	0	0	NM	NM	NM	0	0	NM
Total Operating Expense	-278	-300	-303	-308	-1.5%	9.1%	1.2%	-1,082	-1,209	11.7%
EBITDA	139	188	174	166	4.9%	24.8%	-7.4%	596	694	16.5%
Operating Profit	60	105	91	84	8.1%	NM	-12.9%	283	368	30.2%
Financing income	4	5	5	5	-6.3%	23.0%	-1.8%	16	19	25.6%
Financing cost	-11	-11	-12	-11	8.6%	9.2%	6.0%	-44	-45	1.4%
Profit Before ZAKAT	53	98	84	78	7.1%	NM	-14.6%	254	343	34.9%
Zakat	-9	-14	-13	-11	22.0%	43.8%	-5.3%	36	51	42.3%
Net Profit	43	84	70	67	4.7%	NM	-16.2%	218	292	33.7%
Non-controlling interest	0	0	0	0	NM	5.0%	NM	-1	0	NM
Net profit to shareholders	43	84	70	67	3.8%	NM	-16.8%	219	292	33.2%

FABS estimate & Co Data

Americana - Margins

	3Q25	2Q26	3Q26	YOY Ch.	QOQ Ch.	2,025	2026F	Change
Gross Profit	54.2%	56.6%	55.4%	111	-121	54.4%	55.7%	127
EBITDA	22.4%	26.3%	24.4%	204	-185	23.7%	24.5%	75
Operating Profit	9.6%	14.6%	12.8%	318	-185	11.3%	13.0%	172
Net Profit	6.9%	11.8%	9.8%	293	-194	8.7%	10.3%	157

FABS estimate & Co Data

Key Developments:

- **26 February 2026:** Americana Restaurants acquired 100% of the shares in Americana Arabic Cuisine L.L.C, formerly Yummy Junction International Investment LLC, which operates Malak Al Tawouk restaurants in the UAE, for a consideration of USD 19.3 Mn, recognising goodwill of USD 1.9 Mn.
- **08 February 2026:** Americana Restaurants secured a 75-year exclusive license to develop Malak Al Tawouk across 13 markets and acquired its UAE and Saudi Arabia franchise operations for USD 20.8 million, strengthening its presence in the Arabic QSR segment.
- **19 May 2026:** Americana Restaurants and ADNOC Distribution entered into a strategic partnership to open up to 200 quick-service restaurants across ADNOC Distribution's service stations in the UAE, Saudi Arabia, and Egypt. The partnership supports ADNOC Distribution's non-fuel retail growth strategy and expands Americana's regional footprint at high-traffic roadside locations.
- **09 July 2026:** Americana Restaurants completed the acquisition of a 100% stake in Rock Star International Restaurant For Meals Serving LLC, which operates under the Malak Al Tawouk brand in KSA, extending the brand across both markets and supporting a planned launch in Kuwait in 2H26.

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	2.12	70.0%	1.49
Relative Valuation (RV)	4.04	30.0%	1.21
Weighted Average Valuation (AED)			2.70
Current market price (AED)			2.45
Upside/Downside (%)			+10.2%

1) DCF Method:

Americana is valued using free cash flow to equity. We have discounted the cash flow using the cost of equity of 9.5%. The cost of equity is calculated using a 10-year government bond yield of 5.5%, a beta of 1.0, and an equity risk premium of 4.1%. The government bond yield is calculated after adding Abu Dhabi's 10-year spread over the 10-year US risk-free rate. Also, assumed a terminal growth rate of 2.5%.

Sum of PV (USD, Mn)	1,349
Terminal value (USD, Mn)	3,510
FV to Common shareholders (USD, Mn)	4,859
No. of share (Mn)	8,400
Current Market Price (AED)	2.45
Fair Value per share (AED)	2.56

DCF Method

(All Figures in USD Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
Net Income	292	277	288	322	345	377
D&A	326	345	353	369	389	410
(-) Capex	-129	-133	-138	-144	-150	-157
Change in working capital	36	34	29	22	23	19
Net change in debt	-201	-214	-221	-234	-249	-265
Free Cash Flow to Equity (FCFE)	325	309	312	335	358	384
Discounting Factor	0.98	0.90	0.82	0.75	0.68	0.62
Discounted FCFE	80¹	278	256	251	245	240

Source: FAB Securities, ¹Adjusted 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 13.1x of 2027, in line with peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
Herfy Food Services Co	215	14.5	13.0	0.0	0.0
Domino's Pizza Enterprises Ltd	1,414	7.6	9.5	16.5	16.1
Yum China Holdings Inc	15,558	9.1	8.3	15.4	13.6
Restaurant Brands International	25,805	15.9	15.0	18.3	16.8
Yum Brands	40,810	18.2	17.2	23.2	21.2
Domino's Pizza Inc	10,265	13.4	13.1	16.3	15.1
Average		13.1x	12.7x	14.9x	13.8x
Median		14.0x	13.1x	16.4x	15.6x
Max		15.6x	14.5x	17.8x	16.6x
Min		10.2x	10.4x	15.6x	14.0x

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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