

Talabat Holding PLC

Current Price AED 1.28	Target Price AED 2.00	Upside/Downside (%) +56%	Rating BUY
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2Q25 Net Profit higher than our estimate

- Talabat's Gross Merchandise Value (GMV) excluding Instamart grew strongly from USD 1,852 Mn in 2Q24 to USD 2,439 Mn in 2Q25. This increase was mainly driven by double-digit growth in the core GCC markets and food verticals, strong performance in non-GCC markets, increased customer acquisition, and higher order frequency.
- Management revenue grew from USD 727 Mn in 2Q24 to USD 982 Mn in 2Q25. Revenue to GMV ratio also expanded from 39.3% in 2Q24 to 40.3% in 2Q25, owing to higher contribution of tMart business and higher subscription fees.
- IFRS revenue including Instamart grew 39% YOY to USD 981 Mn in 2Q25.
- Adjusted EBITDA increased 31.5% YOY to USD 166 Mn in 2Q25. The Adjusted EBITDA margin (as a % of GMV), remained stable at 6.8% in 2Q25 compared to 2Q24. This stability was primarily due to lower gross margins resulting from a continued shift in the GMV product mix.
- Operating profit stood at USD 146 Mn in 2Q25, with margin (as a % of GMV) stood at 6.0% in 2Q25.
- Net income stood at USD 121 Mn in 2Q25, with margin (as a % of GMV) stood at 5.0% in 2Q25.

Earnings Call Summary

- The Company remains on track to pay at least USD 400 Mn in 2025 dividends, resulting in a dividend yield of 4.9% based on the current price.
- Talabat's MAU growth accelerated to 25% YOY in 2Q25, supported by a stronger vendor base, expanded delivery fleet, and enhanced partner-funded promotions.
- Fleet size grew 36.0% YOY, while vendor selection expanded 21% YOY to 77K partners during 2Q25.
- The Company's partner-funded savings rose 42% YOY to USD 277 Mn in 1H25, representing 6.1% of the total GMV, compared to 5.6% of the total GMV of 1H24.
- Talabat Pro adoption more than doubled yearly in 2Q25, driven by its launch in Egypt in 1Q25 and an upcoming launch in Iraq.
- The Company introduced family subscription plan to boost customer retention and deliver substantial cost savings for households, with additional features planned for the future.
- The GCC region remains core growth driver for the Company, contributing over 80% of GMV with UAE and Kuwait delivering robust performance.
- Including Instashop, Talabat's GMV growth would have been 43% YOY in 2Q25, underscoring strength in the broader platform.
- Talabat's 2025 adjusted EBITDA margin guidance remains at 6.5%, despite stronger 1H25 margins, mainly due to faster growth in the lower-margin grocery/retail mix and planned strategic investments.
- The Company's 3Q25 growth expected to be slightly lower than 1H25, mainly due to expat travel patterns in key markets.
- The Company monitors competitive situations in other regions, such as Saudi Arabia, but is confident due to its robust market structure and broader product depth.
- The GMV-to-revenue take rate rose mainly due to higher tMart share, while tMart commission rate slightly declined due to product mix shift toward grocery and retail.
- The Company's 2H25 GMV growth is expected to be slower than 1H25 primarily due to increased competition, a high prior-year base from the boycott impact, and a stronger push on affordability reducing average order value growth.

- The Company has revised its 2025 guidance, now expecting GMV growth of 27–29%, up from the previous 17–18% and management revenue growth of 29–32%, up from the prior 18–20%.
- The Company also revised its margin guidance (as a % of GMV) to 6.5% for adjusted EBITDA, 5.0% for net profit, and 6.0% for adjusted FCF for 2025.

Talabat – P&L

(USD Mn)	2Q24	1Q25	2Q25A	2Q25F	VAR	YOY Ch	QOQ Ch
Revenue (IFRS)	706	834	981	876	12.0%	39.0%	17.7%
Operating Cost	-477	-567	-677	-595	13.7%	42.0%	19.3%
Gross Profit	229	266	304	280	8.5%	32.8%	14.2%
Adjusted EBITDA	126	140	166	143	15.8%	31.5%	18.6%
Net profit from Equity Holders	90	103	121	108	12.3%	34.9%	17.4%

FABS estimate & Co Data

Management Guidance:

Performance Measures	Guidance ^(1,2) FY 2025	Actuals ⁽²⁾ H1 2025	Revised Guidance ⁽²⁾ FY 2025
GMV growth (y/y at constant currency)	17–18% USD 8.7–8.8bn	33% USD 4.6bn	27–29% USD 9.4–9.6bn
Management Revenue growth (y/y at constant currency)	18–20% USD 3.49–3.55bn	37% USD 1.9bn	29–32% USD 3.81–3.90bn
Adjusted EBITDA (margin, % of GMV)	6.5–7.0% USD 565–614mn	6.8% USD 305mn	6.5% USD 613–623mn
Net income (margin, % of GMV)	5.0–5.5% USD 435–482mn	4.9% USD 222mn	5.0% USD 472–479mn
Adjusted FCF (margin, % of GMV)	6.0–6.5% USD 521–570mn	7.2% USD 325mn	6.0% USD 566–575mn
Dividends	min. USD 400mn⁽³⁾	-	min. USD 400mn

Source: Company information as of June 2025
⁽¹⁾ As disclosed during the IPO and reiterated with Q4 and FY24 results (13 February 2025). ⁽²⁾ Guidance for 2025, and H125 financial results, and Revised Guidance for 2025 on this slide do not include instashop financial numbers; ⁽³⁾ Total interim and final dividends expected to be paid in respect of FY25. Payment of interim dividends subject to Board approval. Payment of final dividends is subject to the Board's recommendation, upon approval of audited financial statements, and subsequent shareholder approval at talabat's 2025 AGM

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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