

Talabat Holding PLC

Strong customer acquisition and higher order frequency boosted GMV growth

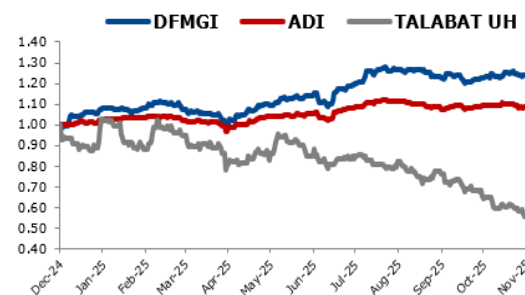
Current Price
AED 0.873

Target Price
AED 1.80

Upside/Downside (%)
+106%

Rating
BUY

- GMV grew 25.6% YOY to USD 2.4 Bn (Talabat only), supported by strong growth across both GCC and non-GCC markets, and across Food and Grocery & Retail verticals.
- Monthly active users rose 23% YOY to 7.5 Mn, with average order frequency improving to 6.8x per month in September 2025.
- Management reaffirmed 2025 guidance, GMV growth of 27–29%, revenue growth of 29–32%, Adj. EBITDA margin of 6.5%, net margin of 5.0%, and Adj. FCF margin of 6.0%.
- Active partners increased 22% YOY to c. 80K, and riders grew 36% YOY to c. 162K, ensuring high service quality, as of 3Q25.
- The Company remained focused on distributing its minimum annual dividend payout guidance of USD 400 Mn for 2025.



3Q25 Net Profit marginally in line with our estimate

Talabat Holdings PLC (Talabat/the Company) net profit increased from USD 91 Mn in 3Q24 to USD 121 Mn in 3Q25, lower than our estimate of USD 126 Mn. The growth in net profit is mainly attributable to a strong increase in Gross Merchandise value (GMV) and a healthy revenue-to-GMV conversion ratio, partially offset by higher operating costs.

P&L Highlights

GMV (excluding InstaMart) grew 25.6% YOY to USD 2,422 Mn in 3Q25, supported by growth in GCC food segment and non-GCC market, rising active users, higher order frequency, and increase in Talabat Pro adoption. As a result, total management revenue grew strongly by 34.1% YOY to USD 1,035 Mn in 3Q25 from USD 772 Mn in 3Q24. The IFRS revenue (including Instamart) increased 33.9% YOY to USD 1,004 Mn in 3Q25 compared to USD 750 Mn in 3Q24. Operating costs rose 37.8% YOY to USD 712 Mn in 3Q25. As a result, gross profit increased 25.3% YOY to USD 292 Mn in 3Q25. Gross profit margin remained stable at 12.1% as a % of GMV in 3Q25. Marketing expenses stood at USD 57 Mn in 3Q25, while the Company incurred IT expenses of USD 17 Mn, coupled with G&A expenses of USD 47 Mn in 3Q25. Other income stood at USD 4 Mn, and other expenses stood at USD 42 Mn in 3Q25. As a result, Talabat recorded an operating profit of USD 132 Mn, with an operating margin (as % GMV) of 5.5% in 3Q25. Adjusted EBITDA increased 20.7% YOY to USD 154 Mn in 3Q25. The Adjusted EBITDA margin (as a % of GMV), declined marginally to 6.4% in 3Q25 compared to 6.6% in 3Q24. This was primarily due to lower gross margins resulting from a continued shift in the GMV product mix. Net finance income stood at USD 4 Mn in 3Q25. Talabat incurred an income tax expense of USD 17 Mn in 3Q25.

Stock Information

Market Cap (AED, Mn)	20,330.63
Paid Up Capital (Mn)	253.62
52 Week High	1.72
52 Week Low	0.87
3M Avg. daily value (AED)	40,282,890

3Q25 Result Review (USD, Mn)

Total Assets	1,591
Total Liabilities	1,015
Total Equity	575
Adj. EBITDA	154
Net Profit	121

Financial Ratios

Dividend Yield (12m)	7.30
Dividend Pay-out (%)	0.00
Price-Earnings Ratio(x)	11.45
Price-to-Book Ratio (x)	9.62
Book Value (AED)	0.09
Return-on Equity (%)	47.61

Stock Performance

5 Days	-7.13%
1 Months	-16.06%
3 Months	-31.80%
6 Months	-38.09%
1 Year	-
Month to Date (MTD%)	-8.87%
Quarter to Date (QTD%)	-22.05%
Year to Date (YTD%)	-37.64%

Balance Sheet Highlights

Talabat generated USD 99 Mn in adjusted free cash flow (pro forma Talabat only) in 3Q25 compared to USD 119 Mn in 3Q24, impacted by annual tax payment during the quarter. The cash and bank balances stood at USD 776 Mn in 3Q25, compared to USD 671 Mn in 2Q25. The Company also boasts a debt-free balance sheet. Total equity stood at USD 575 Mn, while total liabilities were USD 1,015 Mn in 3Q25.

Target Price and Rating

We maintain our BUY rating on Talabat with a target price of AED 1.80. Talabat delivered strong results in 3Q25, with GMV growing 25.6% YOY (27% at constant currency) to USD 2.4 Bn, driven by broad-based strength across both GCC and non-GCC markets and in both Food and Grocery & Retail (G&R) verticals. The Company continued to accelerate customer acquisition and engagement, with monthly active users (MAUs) up 23% YOY to 7.5 Mn, and average order frequency improving to 6.8x per month in 3Q25. Engagement was driven by growing multi-vertical adoption, now exceeding 70% of GMV in September 2025, and rising Talabat Pro penetration, accounting for nearly half of total GMV. AdTech revenues also expanded, with margins reaching 3.5% of GMV in 3Q25 from 3.3% in 3Q24, reflecting stronger merchant demand for targeted campaigns. Additionally, Talabat's partner base grew 22% YOY to c. 80K and its rider fleet expanded 36% YOY to c. 162K, as of September 2025, ensuring best-in-class delivery experience. Additionally, partner-funded savings exceeded USD 560 Mn (6.3% of GMV) in the past twelve months, supporting customer retention and value perception. The UAE and Kuwait remained key contributors, maintaining double-digit growth, while non-GCC markets (Egypt, Jordan, Iraq) delivered 57% YOY GMV growth in 3Q25, narrowing the regional concentration gap and diversifying the operational geographies. The Food vertical expanded nearly 20% YOY, and G&R surged 40% YOY in 3Q25, underscoring the success of Talabat's ecosystem integration. Management reaffirmed full-year 2025 guidance, expecting GMV growth of 27–29% YOY in 2025 on constant currency basis, revenue growth of 29–32% YOY, Adjusted EBITDA margin of 6.5%, net income margin of 5.0%, and Adjusted FCF margin of 6.0%, alongside a minimum USD 400 Mn dividend payout (with potential payout ratio up to 90% of net income, or USD 425 Mn) in 2025. Talabat's scale, multi-vertical ecosystem, and localized operating model continue to strengthen its market leadership and long-term growth visibility. Therefore, based on these factors, we maintain our BUY rating on the stock.

Talabat - Relative valuation

(at CMP)	2024	2025F
P/E (x)	16.66	12.24
P/B (x)	10.71	8.24
EV/EBITDA (x)	12.25	9.10
BVPS (AED)	0.085	0.110
EPS (AED)	0.055	0.074
DPS (AED)	0.017	0.063
Dividend Yield	1.9% ¹	7.3%

FABS Estimates & Co Data, ¹The company was listed in Dec 2024, so the dividend yield for 2024 is considering the interim dividend for 4Q24.

Talabat – P&L

USD Mn	3Q24	2Q25	3Q25	3Q25F	Var.	YOY Ch	QOQ Ch	2024 ¹	2025F	Change
GMV	1,929	2,439	2,422	2,488	-2.7%	25.6%	-0.7%	7,428	9,508	28.0%
IFRS Revenue	750	981	1,004	989	1.6%	33.9%	2.4%	2,872	3,788	31.9%
Operating cost	-517	-677	-712	-677	5.1%	37.8%	5.2%	-1,956	-2,614	33.6%
Gross profit	233	304	292	311	-6.2%	25.3%	-3.9%	915	1,174	28.3%
Adj. EBITDA	128	166	154	159	-3.1%	20.7%	-7.2%	497	614	23.5%
Net Profit	91	121	121	126	-3.9%	32.7%	-0.4%	346	471	36.1%

¹Details for the FY2024 and 2Q24 are not provided by the Company, since the Company was listed in Dec 2024. So, the audited financials for the rest of the line items are not available for the historic period

Talabat AI – Margins (As a % of GMV)

	3Q24	2Q25	3Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	12.1%	12.5%	12.1%	-3	-41	12.3%	12.4%	3
Adj. EBITDA	6.6%	6.8%	6.4%	-26	-45	6.7%	6.5%	-24
Net Profit	4.7%	5.0%	5.0%	27	2	4.7%	5.0%	29

FABS estimate & Co Data

Valuation:

We use Discounted Free Cash Flow (DCF), Dividend Discount Model (DDM), and relative valuation methods to value Talabat. In the relative valuation, an average of EV/EBITDA and P/Sales multiple is used for valuation. We have assigned 70% weight to DCF, 15% to DDM, and 15% to relative valuation.

Valuation Method	Target	Weight	Weighted Value
DCF Method	1.82	70.0%	1.28
DDM	1.59	15.0%	0.24
Relative Valuation	1.88	15.0%	0.28
Weighted Average Valuation (AED)			1.80
Current market price (AED)			0.873
Upside/Downside (%)			+106%

1) DCF Method:

Talabat is valued using free cash flow to equity. We have discounted the cash flow using the cost of equity of 9.3%. The cost of equity is calculated using a 10-year government bond yield of 5.1%, a beta of 1.00, and an equity risk premium of 4.3%. Government bond yield is calculated after adding Abu Dhabi's 10-year spread over a 10-year US risk-free rate. Also, assumed a terminal growth rate of 3.0%.

Sum of PV (USD, Mn)	3,177
Terminal value (USD, Mn)	8,379
FV to Common shareholders (USD, Mn)	11,556
No. of shares (Mn)	23,288
Current Market Price (AED)	0.873
Fair Value per share (AED)	1.82

DCF Method

(All Figures in USD Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
Net profit	473	510	578	649	724	794	860
Lease payment	-23	-25	-27	-30	-32	-33	-34
Depreciation & amortization	56	64	70	77	84	92	100
(-) CAPEX	-33	-37	-41	-46	-50	-54	-57
Working Capital	66	26	25	24	22	19	16
FCFE	538	538	604	674	749	819	885
Discounting Factor	0.99	0.90	0.83	0.76	0.69	0.63	0.58
Discounted FCFE	133¹	486	499	510	518	518	512

Source: FAB Securities, ¹Adjusted for partial year

2) DDM Method:

Talabat aims to pay a minimum USD 400 Mn dividend in 2025 and expects to maintain a dividend payout ratio of 90% of annual distributable profit after tax from 2026 onwards. The dividend is discounted at the cost of equity of 9.9%.

Total PV of Dividend (USD, Mn)	2,750
Terminal value (USD, Mn)	7,333
FV to Common shareholders (USD, Mn)	10,084
No. of shares (Mn)	23,288
Current Market Price (AED)	0.873
Fair Value per share (AED)	1.59

DDM Method

(All Figures in USD Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
Total Dividend	400	432	493	557	625	715	774
Discounting Factor	0.99	0.90	0.83	0.76	0.69	0.63	0.58
PV of Dividend	197¹	391	407	421	432	453	448

Source: FAB Securities, ¹Adjusted for 2H25

3) Relative Valuation:

In the CCM valuation, we have used an average of EV/EBITDA and P/Sales multiple to value Talabat. We have used the valuation of regional and global companies operating in the food delivery sector to compare their business models for relative valuation. It is valued at a 2026 EV/EBITDA multiple of 15.3x and a P/Sales Multiple of 3.0x in line with peers.

Company	Market (USD Mn)	P/Sales (x)		EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F	2025F	2026F
JAHEZ INTERNATIONAL CO	1,420	2.0	1.8	15.1	13.5	25.2	22.3
DELIVEROO PLC	3,448	1.2	1.1	12.4	9.1	29.8	19.1
DOORDASH INC	81,401	6.3	5.4	27.8	21.0	41.1	31.0
ZOMATO LTD	25,559	10.4	7.1	158.3	63.3	224.3	82.0
GRAB HOLDINGS LTD	20,311	6.0	5.1	30.7	19.2	127.0	47.8
UBER TECHNOLOGIES INC	184,232	3.6	3.2	21.6	17.1	31.5	25.9
MEITUAN-CLASS B	107,701	2.0	1.7	11.5	8.9	15.8	12.6
OCADO GROUP	2,875	0.6	0.6	13.7	9.6	NM	NM
MAPLEBEAR	11,371	3.1	2.8	9.7	8.5	25.2	21.4
GOTO GOJEK TOKOPEDIA	5,181	4.8	4.1	NM	40.8	NM	NM
Average		4.0x	3.3x	33.4x	21.1x	65.0x	32.8x
Median		3.4x	3.0x	15.1x	15.3x	30.7x	24.1x
Max		5.7x	4.9x	27.8x	20.6x	62.6x	35.2x
Min		2.0x	1.7x	12.4x	9.2x	25.2x	20.8x

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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