

## Talabat Holding PLC

Robust GMV growth drove revenue expansion

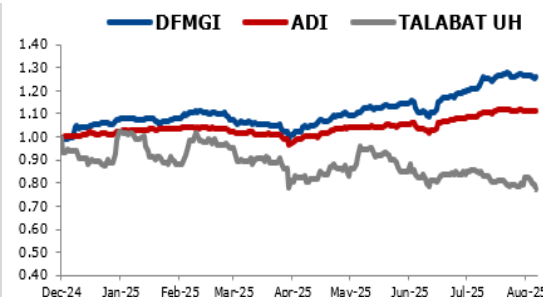
**Current Price**  
AED 1.21

**Target Price**  
AED 2.00

**Upside/Downside (%)**  
+65%

**Rating**  
BUY

- Talabat's GMV (excluding InstaMart) grew 31.7% YOY to USD 2,439 Mn in 2Q25 compared to USD 1,852 Mn in 2Q24.
- Talabat generated USD 190 Mn in adjusted free cash flow (pro forma Talabat only) in 2Q25, compared to USD 129 Mn in 2Q24.
- The Company revised its 2025 guidance, now expecting GMV growth of 27-29% and management revenue growth of 29-32%.
- 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.
- The Company remained focused on distributing its minimum annual dividend payout guidance of USD 400 Mn for 2025.



### 2Q25 Net Profit higher than our estimate

Talabat Holdings PLC (Talabat/the Company) net profit increased from USD 90 Mn in 2Q24 to USD 121 Mn in 2Q25, higher than our estimate of USD 108 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 31.7% YOY to USD 2,439 Mn in 2Q25, supported by broad market and vertical momentum, rising active users, higher order frequency, and expanded multi-vertical adoption. As a result, Management revenue (excluding InstaMart) grew strongly by 39.0% YOY to USD 982 Mn in 2Q25, outpacing GMV growth, driven by a higher contribution from the tMart business and increased subscription income. The IFRS revenue (including InstaMart) increased 39.0% YOY to USD 981 Mn in 2Q25. Operating costs rose 42.0% YOY to USD 677 Mn in 2Q25. As a result, gross profit increased 32.8% YOY to USD 304 Mn in 2Q25. Marketing expenses stood at USD 50 Mn in 2Q25, while the Company incurred IT expenses of USD 15 Mn, coupled with G&A expenses of USD 51 Mn in 2Q25. Other income stood at USD 5 Mn, and other expenses stood at USD 47 Mn in 2Q25. As a result, Talabat recorded an operating profit of USD 146 Mn, with an operating margin (as % GMV) of 6.0% 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. Net finance income stood at USD 2 Mn in 2Q25. Talabat incurred an income tax expense of USD 27 Mn in 2Q25.

### Stock Information

Market Cap (AED, Mn)	28,877.42
Paid Up Capital (Mn)	253.62
52 Week High	1.72
52 Week Low	1.22
3M Avg. daily value (AED)	26,702,370

### 2Q25 Result Review (USD, Mn)

Total Assets	1,440
Total Liabilities	789
Total Equity	651
EBITDA	166
Net Profit	121

### Financial Ratios

Dividend Yield (12m)	1.40
Dividend Pay-out (%)	79.95
Price-Earnings Ratio(x)	64.52
Price-to-Book Ratio (x)	12.49
Book Value (AED)	0.10
Return-on Equity (%)	NA

### Stock Performance

5 Days	-2.36%
1 Months	-8.82%
3 Months	-18.95%
6 Months	-21.52%
1 Year	NA
Month to Date (MTD%)	-1.59%
Quarter to Date (QTD%)	-7.46%
Year to Date (YTD%)	-11.43%

## Balance Sheet Highlights

Talabat generated USD 190 Mn in adjusted free cash flow (pro forma Talabat only) in 2Q25 compared to USD 129 Mn in 2Q24. The cash and bank balances stood at USD 671 Mn in 2Q25, compared to USD 507 Mn in 1Q25. The Company also boasts a debt-free balance sheet. Total equity stood at USD 651 Mn, while total liabilities were USD 789 Mn in 2Q25.

## Target Price and Rating

We maintain our BUY rating on Talabat with a target price of AED 2.00. Talabat's acquisition of InstaShop expanded its grocery reach, added a high-value customer base with minimal overlap, and created operational synergies, boosting growth while strengthening its scalable, multi-channel model. The Company delivered strong growth in grocery, local shop, and tMart orders, driven by strategic partnerships, assortment expansion, competitive delivery times, and higher repeat usage during 2Q25. The Company's GMV-to-revenue take rate rose mainly due to higher tMart share, while tMart commission rate slightly declined due to product mix shift towards grocery and retail in 2Q25. Talabat's GMV (excluding Instamart) grew strongly 31.7% YOY during 2Q25, mainly due to double-digit growth in the core GCC markets and food verticals, strong performance in non-GCC markets, increased customer acquisition, and higher order frequency. The GCC region remains a 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, which underpins the strength in the broader platform. The Company's Talabat Pro adoption also more than doubled YOY in 2Q25, driven by its launch in Egypt in 1Q25 and an upcoming launch in Iraq. The Company is also enhancing its advertising revenue by using its proprietary ad-tech platform for more targeted merchant campaigns with measurable ROI, while initiatives such as Talabat Mart and Local Shops continue to gain momentum, boosting order frequency and basket size. Moreover, Talabat'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. Despite this, the Company remains focused on maintaining profitability through disciplined cost control and operational efficiencies and maintaining healthy contribution margins. Recently, the Company 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 also maintains competitive advantages, including its scale, deep local market understanding, and integrated multi-vertical ecosystem, which collectively enhance customer stickiness and partner engagement. The Company also remained focused on distributing its minimum annual dividend payout guidance of USD 400 Mn for 2025. Thus, based on the aforementioned factors, we maintain our BUY rating to the stock.

## Talabat - Relative valuation

(at CMP)	2024	2025F
P/E (x)	23.5	17.2
P/B (x)	15.1	11.6
EV/EBITDA (x)	17.3	12.7
BVPS (AED)	0.085	0.110
EPS (AED)	0.055	0.074
DPS (AED)	0.017	0.063
Dividend Yield	1.3% <sup>1</sup>	5.0%

FABS Estimates & Co Data, <sup>1</sup>The company was listed in Dec 2024, hence dividend yield for 2024 is considering the interim dividend (4Q24).

**Talabat – P&L**

USD Mn	2Q24 <sup>1</sup>	1Q25 <sup>1</sup>	2Q25A	2Q25F	Var.	YOY Ch	QOQ Ch	2024 <sup>1</sup>	2025F	Change
Revenue	706	834	981	876	12.0%	39.0%	17.7%	2,872	3,736	30.1%
Operating cost	-477	-567	-677	-595	13.7%	42.0%	19.3%	-1,956	-2,520	28.8%
<b>Gross profit</b>	<b>229</b>	<b>266</b>	<b>304</b>	<b>280</b>	<b>8.5%</b>	<b>32.8%</b>	<b>14.2%</b>	<b>915</b>	<b>1,216</b>	<b>32.8%</b>
<b>Adj. EBITDA</b>	<b>126</b>	<b>140</b>	<b>166</b>	<b>143</b>	<b>15.8%</b>	<b>31.5%</b>	<b>18.6%</b>	<b>497</b>	<b>623</b>	<b>25.3%</b>
<b>Net Profit</b>	<b>90</b>	<b>103</b>	<b>121</b>	<b>108</b>	<b>12.3%</b>	<b>34.9%</b>	<b>17.4%</b>	<b>346</b>	<b>472</b>	<b>36.4%</b>

<sup>1</sup>Details for the FY2024, 2Q24, and 1Q25 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)**

	2Q24	1Q25	2Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	12.4%	12.8%	12.5%	10	-31	12.3%	12.8%	46
Adj. EBITDA	6.8%	6.7%	6.8%	-1	9	6.7%	6.5%	-14
Net Profit	4.9%	5.0%	5.0%	12	2	4.7%	5.0%	31

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	2.06	70.0%	1.44
DDM	1.78	15.0%	0.27
Relative Valuation	1.95	15.0%	0.29
<b>Weighted Average Valuation (AED)</b>			<b>2.00</b>
Current market price (AED)			1.21
Upside/Downside (%)			+65%

### 1) DCF Method:

Talabat is valued using free cash flow to equity. We have discounted the cash flow using the cost of equity of 9.9%. The cost of equity is calculated using a 10-year government bond yield of 5.6%, 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)	3,697
Terminal value (USD, Mn)	9,391
<b>FV to Common shareholders (USD, Mn)</b>	<b>13,089</b>
No. of shares (Mn)	23,288
Current Market Price (AED)	1.21
<b>Fair Value per share (AED)</b>	<b>2.06</b>

### DCF Method

(All Figures in USD Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
Net profit	471	545	621	727	856	984	1,082
Lease payment	-23	-24	-26	-29	-33	-35	-38
Depreciation & amortization	56	64	69	75	83	91	100
(-) CAPEX	-33	-36	-40	-45	-50	-55	-58
Working Capital	66	25	33	47	49	52	54
<b>FCFE</b>	<b>536</b>	<b>574</b>	<b>658</b>	<b>775</b>	<b>905</b>	<b>1,037</b>	<b>1,141</b>
Discounting Factor	0.96	0.88	0.80	0.73	0.66	0.60	0.55
<b>Discounted FCFE</b>	<b>259<sup>1</sup></b>	<b>504</b>	<b>525</b>	<b>563</b>	<b>598</b>	<b>624</b>	<b>624</b>

Source: FAB Securities, <sup>1</sup>Adjusted 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)	3,243
Terminal value (USD, Mn)	8,021
<b>FV to Common shareholders (USD, Mn)</b>	<b>11,264</b>
No. of shares (Mn)	23,288
Current Market Price (AED)	1.21
<b>Fair Value per share (AED)</b>	<b>1.78</b>

### DDM Method

(All Figures in USD Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
<b>Total Dividend</b>	<b>110</b>	<b>400</b>	<b>463</b>	<b>536</b>	<b>632</b>	<b>752</b>	<b>886</b>
Discounting Factor	1.00	0.96	0.88	0.80	0.73	0.66	0.60
<b>PV of Dividend</b>	<b>110</b>	<b>386</b>	<b>407</b>	<b>428</b>	<b>459</b>	<b>497</b>	<b>533</b>

Source: FAB Securities

## 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 2025 EV/EBITDA multiple of 15.8x and a P/Sales Multiple of 3.7x 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	1,320	1.9	1.7	13.5	11.6	22.3	19.0
DELIVEROO PLC	3,568	1.2	1.1	13.4	10.2	29.8	19.3
DOORDASH INC	109,400	8.3	6.9	38.9	29.2	51.5	40.0
ZOMATO LTD	31,669	10.4	8.2	NA	217.3	NA	NA
GRAB HOLDINGS LTD	19,646	5.8	4.8	30.0	19.5	93.8	43.0
UBER TECHNOLOGIES INC	188,897	3.7	3.2	21.9	17.4	31.2	25.6
MEITUAN-CLASS B	92,951	1.7	1.5	11.3	8.4	16.8	12.4
OCADO GROUP	4,135	2.3	2.1	15.8	17.9	NM	NM
MAPLEBEAR	13,638	3.7	3.4	11.8	10.4	28.4	23.2
GOTO GOJEK TOKOPEDIA	4,018	3.6	3.2	172.8	29.1	NA	NA
<b>Average</b>		<b>4.3x</b>	<b>3.6x</b>	<b>36.6x</b>	<b>37.1x</b>	<b>39.1x</b>	<b>26.1x</b>
<b>Median</b>		<b>3.7x</b>	<b>3.2x</b>	<b>15.8x</b>	<b>17.7x</b>	<b>29.8x</b>	<b>23.2x</b>
<b>Max</b>		<b>5.2x</b>	<b>4.5x</b>	<b>30.0x</b>	<b>26.7x</b>	<b>41.4x</b>	<b>32.8x</b>
<b>Min</b>		<b>2.0x</b>	<b>1.8x</b>	<b>13.4x</b>	<b>10.7x</b>	<b>25.3x</b>	<b>19.2x</b>

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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