

UAE Consumers Sector

Softer Inflation and Steady Demand to Sustain Growth in 3Q25

Sector Weighting:
MARKET WEIGHT

We highlight Emirates Driving Company as our top pick within the UAE Consumer sector, given its strong earnings visibility, dominant market position, and consistent operational performance. EDC maintains a market-leading position, supported by high regulatory entry barriers and strong infrastructure, as the exclusive authorized provider of pre-licensing driver education in Abu Dhabi. The Company continues to benefit from favourable structural trends, including population growth, steady vehicle registrations, and ongoing regulatory emphasis on driver training and road safety. The Company's recent agreement to acquire a 22.5% stake in Mwasalat Holdings, with an option to raise ownership to 50.6%, represents a strategic move to expand its footprint across the broader mobility ecosystem. This acquisition reinforces EDC's growth trajectory, enhances its leadership in the UAE's mobility landscape, and aligns with its long-term focus on innovation, safety, and sustainable transport solutions across the region. With a debt-free balance sheet, robust cash generation, and a healthy dividend payout, EDC offers a compelling combination of defensive stability and sustainable earnings growth, making it our preferred exposure within the UAE Consumer sector.

The UAE Consumer sector is poised to sustain its growth momentum, supported by robust non-oil GDP expansion, favourable demographics, and continued employment stability. Rising household spending, strong tourism inflows, and rapid digital transformation are driving structural shifts across both consumer staples and discretionary categories. We see a balanced opportunity ahead, underpinned by resilient domestic demand and policy-driven diversification that continues to strengthen the sector's outlook. The stocks in the sector are well-positioned to capitalize on these macro tailwinds, leveraging their scale, diversified offerings, and digital integration to drive sustained growth and profitability in the UAE market.

In the UAE, the Consumer Price Index (CPI) increased by 0.6% year-on-year (YOY) in Q2 2025, driven mainly by lower food and transportation costs, partially offset by higher housing-related expenses, leading the Central Bank to forecast lower inflation to 1.5%. Looking ahead, the CBUAE expects inflation to remain modest at 1.8% in 2026. Saudi Arabia saw its annual inflation rate rise to 2.3% YOY in Q2 2025, primarily due to increased housing costs and strong domestic demand, with the central bank anticipating a modest uptick in Q3 2025. Egypt experienced declining inflation driven by lower prices of core food and fresh fruits and vegetables, with the monthly urban headline CPI reaching -0.1% in June 2025 and the annual rate easing to 14.9%, mainly due to lower prices for core food items, fresh fruits, and vegetables.

Stocks (In AED)	Target Price	CMP	Gain	Rating	P/E ¹	EV/EBITDA ¹	Dividend Yield ¹
ADNH Catering PLC (ADNHC)	1.30	0.88	+47.7%	BUY	12.18	7.88	9.1%
Agthia Group PJSC	6.30	3.99	+57.9%	BUY	34.18	13.44	4.9%
Americana Restaurants	2.50	2.12	+17.8%	BUY	23.43	7.92	3.3%
Emirates Driving Company	4.10	3.21	+27.7%	BUY	10.41	9.11	6.4%
Lulu Retail Holdings PLC	2.00	1.17	+70.9%	BUY	13.32	4.30	5.9%
Talabat Holding PLC	1.80	0.97	+85.6%	BUY	12.87	9.65	6.5%

Source: FABS Estimate, ¹Data refers to FY2025

Key Developments in the Consumer Sector

Inflation trends diverge across the UAE, Saudi Arabia, and Egypt in 2Q25

The UAE's Consumer Price Index (CPI) rose 0.6% YOY in 2Q25, driven mainly by lower food and transportation costs, partially offset by higher housing-related expenses. Housing, water, electricity, gas, and other utilities, which account for 35.1% of the consumer basket, recorded a 4.1% YOY increase in 2Q25, compared to 1.4% YOY in 1Q25. In contrast, transportation costs continued the downward trend, falling 9.5% YOY in 2Q25 on the back of lower energy prices. Meanwhile, food and beverages, the third-largest component of the consumer basket, edged down 0.1% YOY, reflecting the lagged impact of moderating international food prices. Against this backdrop, the Central Bank of the UAE (CBUAE) revised its 2025 inflation forecast downward to 1.5%, citing weaker oil prices and lower non-energy commodity prices, which eased transportation and food costs. Looking ahead, the CBUAE expects inflation to remain modest at 1.8% in 2026. Saudi Arabia's annual inflation rate increased 2.3% YOY and 0.7% QOQ in 2Q25. The increase on a YOY basis was primarily driven by increased prices across key sectors such as housing, water, electricity, gas, and other fuels, which rose 6.7% YOY in 2Q25. This increase was supported by higher housing rents, along with rising apartment and villa rental prices, indicating stronger domestic demand driven by rapid population growth in major cities. Moreover, the Food and beverages sector also saw a 1.8% YOY increase, supported by higher demand during the Hajj season and summer holidays. The prices in the restaurants and hotels category increased by 1.8% YOY, and the education sector rose 1.3% YOY during 2Q25. Additionally, these upward movements were partially offset by declines in other categories, including furnishings and household equipment by 2.0% YOY in 2Q25, communication by 1.4% YOY, Clothing & footwear by 0.9% YOY, transportation by 0.8% YOY, Health by 0.3% YOY and recreation & culture by 0.4% YOY during 2Q25. On a QOQ basis, the Consumer Price Index (CPI) rose by 0.7% in 2Q25, primarily supported by a 1.2% QOQ increase in Restaurants & Hotels and a 1.1% QOQ rise in Housing, Water, Electricity, Gas & Other Fuels. Prices in Education grew 0.7% QOQ, followed by Food & Beverages at 0.6% QOQ, while Clothing & Footwear and Recreation & Culture each expanded by 0.3% QOQ in 2Q25. These gains were partly offset by QOQ declines across several categories, including Transportation (-0.2%), Health (-0.2%), Furnishings & Household Equipment (-0.7%), and Communication (-0.1%) during 2Q25. The Saudi central bank projects a modest uptick in inflation in 3Q25, reflecting a balance between the recent slowdown in housing rents and upward pressures from global food prices, rising shipping costs, and stronger domestic demand, supported by higher employment among Saudis. In Egypt, the monthly urban headline CPI inflation reached negative 0.1% in June 2025, compared to 1.6% in June 2024 and 1.9% in May 2025. The decline was mainly driven by lower prices of core food and fresh fruits and vegetables, which more than offset the increases in price-regulated items and services. On an annual basis, urban headline inflation eased from 16.8% in May 2025 to 14.9% in June 2025, indicating a reduction in inflationary pressures from food items, despite higher costs for piped natural gas services.

Aviation and tourism boom in the UAE and Saudi Arabia fuels consumer sector growth

According to the Central Bank of the UAE, passenger traffic across the country recorded strong growth in 1H25, reinforcing its position as a leading global aviation hub. Abu Dhabi's aviation sector saw a substantial increase in 1H25, with the airport recording robust passenger traffic. Abu Dhabi Airports recorded strong momentum, welcoming more than 15.8 Mn passengers, up 13.1% YOY during 1H25. Zayed International Airport (AUH) was the primary contributor, handling 15.5 Mn passengers in 1H25, a 13.2% YOY increase. Total aircraft movements across Abu Dhabi's five airports

rose 9.2% YOY to 133,533 of which AUH accounted for 93,858 flights, reflecting an 11.4% YOY rise in 1H25. Meanwhile, Dubai International Airport (DXB) also achieved record-breaking performance, handling 46 Mn passengers in 1H25, its highest ever traffic for a six-month period. Despite airspace disruptions in May and June 2025, DXB's traffic still expanded 2.3% YOY, underscoring its strong operational capacity and enduring appeal as a global travel and business hub. In 2Q25 alone, passenger traffic at DXB grew 3.1% YOY to 22.5 Mn, with April 2025 marking a new monthly record of 8 Mn travellers. The Hospitality sector also maintained its growth trajectory, as the UAE hosted approximately 16.1 Mn guests, up 5.5% YOY in 1H25. Average hotel occupancy also improved, rising to 81% in June 2025 from 79% in June 2024, highlighting the sector's resilience. In Saudi Arabia, tourism maintained strong momentum, with domestic and international visitors exceeding 32 Mn, representing a 26% increase compared to summer 2024. Additionally, tourist spending also rose by 15% YOY to SAR 53.2 Bn, marking a new record. The sharp rise in aviation and tourism across the UAE and Saudi Arabia is expected to significantly boost the consumer sector, as higher visitor arrivals and increased travel activity drive demand across retail, hospitality, and related services.

PMI Data Signals Diverging Economic Momentum Across UAE, Saudi Arabia, and Egypt

The S&P Global UAE Purchasing Managers' Index (PMI) rose to 53.3 in August 2025, rebounding from July's 49-month low of 52.9 and remained well above the 50.0 mark, reflecting continued growth in the non-oil private sector. However, underlying demand weakened, as the new orders index declined from 54.2 in July 2025 to 53.2 in August 2025, which was the lowest since June 2021, indicating a slowdown in sales growth. As a result, non-oil businesses reduced input purchases for the first time in over four years, leading to further inventory drawdowns. Meanwhile, business volumes remained strong, as survey data showed a further significant accumulation of backlogs. Additionally, cost pressures also surged, as input price inflation accelerated for a second consecutive month, reaching its highest level since February 2025. Dubai business activity continued to grow, with PMI standing at 53.6 in August 2025, compared to 53.5 in July 2025, driven by robust growth in output, which grew at a fastest rate in seven months during August 2025, along with the rise in total order book. However, supply chain came under pressure as overall delivery times lengthened for the first time since March 2024. Additionally, demand for new inputs weakened, resulting in the sharpest contraction in inventories in over a year. Moreover, input price pressures increased for the second consecutive month in August 2025, although they remained softer than those observed across the broader UAE. In Saudi Arabia, PMI grew marginally from 56.3 in July 2025 to 56.4 in August 2025, supported by strong demand conditions, a moderate rebound in output, and continued growth in employment. Additionally, robust export growth contributed to the expansion of the region's non-oil private sector economy, supported by a rise in export orders and sustained domestic demand. Moreover, input costs continued to increase significantly, while wage pressures eased in August 2025. However, output prices continue to grow modestly, and business sentiment improved, supported by steady project pipelines, ongoing developments, and a favourable policy environment. In Egypt, the PMI dropped from 49.5 in July 2025 to 49.2 in August 2025, lower than the threshold of 50 mark, driven by a decline in outputs, new orders, and lower demand. However, employment increased for the second consecutive month in August 2025. Meanwhile, cost pressures eased, with operating expenses rising at their slowest pace since March 2025, marking one of the mildest increases in the past four-and-a-half years.

Contents

Key Developments in the Consumer Sector	2
<i>3Q25 preview: ADNHC Catering PLC (ADNHC).....</i>	<i>5</i>
<i>3Q25 Preview: Agthia Group PJSC</i>	<i>8</i>
<i>3Q25 preview: Americana Restaurants International PLC (AMR)</i>	<i>11</i>
<i>3Q25 preview: Emirates Driving Company PJSC</i>	<i>14</i>
<i>3Q25 preview: Lulu Retail Holdings PLC</i>	<i>17</i>
<i>3Q25 preview: Talabat Holding PLC</i>	<i>20</i>
FAB Securities Contacts	23

3Q25 preview: **ADNH Catering PLC (ADNHC)**

Increase in the number of contracts to support revenue growth

Current Price AED 0.88	Target Price AED 1.30	Upside/Downside (%) +47.7%	Rating BUY
---------------------------	--------------------------	--------------------------------------	----------------------

3Q25 estimate

ADNH catering (ADNHC / the Company) is projected to report a 15.2% YOY increase in net profit to AED 45 Mn in 3Q25. The increase in net profit is primarily attributed to an anticipated rise in revenue, partially offset by an increase in cost of sales and G&A expenses. Revenue is projected to rise 7.9% YOY to AED 439 Mn in the 3Q25, driven by an increase in contracts and support services. Similarly, the cost of revenue is expected to rise by 5.1% YOY to AED 360 Mn in 3Q25. Gross profit is likely to increase 22.3% YOY to AED 79 Mn in 3Q25. Consequently, gross margin is anticipated to improve 213 bps YOY to 18.0% in 3Q25. G&A expenses are projected to increase 14.3% YOY to AED 25 Mn in 3Q25. The Company is expected to incur costs due to impairment losses on trade receivables of AED 5 Mn in 3Q25 compared to nil in 3Q24. Moreover, ADNHC's EBITDA is estimated to rise 20.4% YOY to AED 68 Mn in 3Q25, thus significantly increasing the EBITDA margin by 162 bps YOY to 15.5% in 3Q25. Income tax expense is estimated to increase 19.2% YOY to AED 4 Mn in 3Q25.

2025 forecast

We estimate ADNHC's net profit to increase by 5.9% YOY to AED 163 Mn in 2025, driven by an anticipated rise in revenue, partially offset by an increase in operating expenses and income tax expenses. Revenue is anticipated to grow 3.8% YOY to AED 1,724 Mn in 2025, supported by expected increases across both segments. On the other hand, the cost of revenue is projected to increase marginally 0.6% YOY to AED 1,413 Mn in 2025. Thus, gross profit is likely to surge 21.3% YOY to AED 312 Mn in 2025. Gross profit margin is expected to improve from 15.5% in 2024 to 18.1% in 2025. Moreover, operating expenses are forecasted to increase by 23.7% YOY to AED 98 Mn in 2025. Finance cost is predicted to remain flat. The Company's EBITDA is expected to grow 7.6% YOY to AED 251 Mn in 2025. Income tax expense is forecasted to grow from AED 15 Mn in 2024 to AED 18 Mn in 2025.

2Q25 outturn

ADNHC's revenue grew 4.8% YOY to AED 428 Mn in 2Q25, primarily driven by an increase in catering and support services supported by new contract wins under the Business & Industry, Correctional, and Private Healthcare sectors, partially offset by the gradual exit from the ZadSource business. Revenue from the Food segment increased 6.8% YOY to AED 268 Mn, contributing 62.6% of total revenue, mainly driven by the addition of new contracts and focusing on the retention of existing contracts and margin improvements. The Company's Support services segment revenue rose 1.6% YOY to AED 160 Mn and contributed 37.4% of total revenue during 2Q25. The revenue growth is attributable to the launch of the Task+ brand, partially offset by the decision to scale back ZadSource. ADNHC Catering's total contract in 2Q25 grew 8% YTD to 419, with a strong contract retention rate of 98.3% in 1H25. Cost of sales declined 4.1% YOY to AED 342 Mn in 2Q25. Thus, gross profit grew significantly 64.8% YOY to AED 86 Mn in 2Q25, with an increase in gross profit margin from 12.8% in 2Q24 to 20.2% in 2Q25. General and administrative expenses increased 41.5% YOY to AED 24 Mn in 2Q25. Impairment loss of trade receivables increased substantially to AED 23 Mn in 2Q25 compared to nil in 2Q24. ADNHC's EBITDA increased 4.8% YOY to AED 56 Mn in 2Q25, with the EBITDA margins of 13.0% in 2Q25, supported by the acquisition of Dubai & Sharjah entities and Food Nation. Additionally, income tax charge increased 43.9% YOY to AED 5 Mn in 2Q25.

Target price and recommendation

We maintain a BUY rating on ADNHC Catering PLC with a target price of AED 1.30. ADNHC reported an increase in profitability driven by a solid retention rate, new contract wins, and healthy margins during 2Q25. The Company demonstrated solid operational growth, with its client base rising from 283 in 4Q24 to 304 in 2Q25. ADNHC secured 19 new contracts in 2Q25, bringing the total number of contracts to 419 as of 2Q25. The Company enhanced its retention processes, which contributed to a strong retention rate of 98.3% YTD in 2Q25 and remains focused on maintaining client retention rates above 95% over the near to medium term. ADNHC is expanding its coffee and grab-and-go brand "HUSK" as part of its growth strategy, with 32 outlets open by 1H25 and 18 more locations planned for 2H25, driving revenue and margin improvement. ADNHC targets annual revenue growth of 5–7% for 2025 and mid-term, excluding the impact of ZadSource business and acquisition of Food Nation, while aiming to maintain an EBITDA margin c. 13.5-14.0% during the same period. Additionally, ADNHC currently operates two locations for its dining solutions unit HIVE, with four more under construction, and plans to launch an additional 15 sites over the next two years. The Company acquired Food Nation on 17 March 2025 and consolidated it from 31 March 2025, contributing AED 13 Mn in revenue during 2Q25. Similarly, ADNHC increased its ownership in the Saudi joint venture to 50%, enabling full consolidation of the business upon completion, which is expected in 3Q25. Meanwhile, ADNHC outlined a strategic plan to implement its sales and marketing approach in the Kingdom, targeting SAR 500 Mn in growth over the next five years. In the near term, capex is expected to be c. 1.5% of revenue, slightly above historical levels, reflecting the Company's strategy to deploy more capital to secure attractive long-term contracts. ADNHC distributed a dividend of AED 60 Mn in May 2025. For the full year 2025, the Company intends to distribute AED 180 Mn in dividends, payable semi-annually. Thus, based on our analysis, we assign a BUY rating on the stock.

ADNH Catering PLC – Valuation¹

(at CMP)	2024	2025F
P/E (x)	12.89	12.18
P/B (x)	3.62	3.54
EV/EBITDA (x)	8.48	7.88
BVPS	0.243	0.249
EPS	0.068	0.072
DPS	0.027	0.080
Dividend Yield (%)	3.1% ²	9.1%

FABS estimate & Co Data

Note – ¹ADNHC Company was listed on ADX in October 2024. Thus, the financial multiple for the prior FY2023 is unavailable. ²Dividend yield for 2024 includes the AED 60 Mn special dividends.

ADNH Catering PLC - P&L

AED Mn	3Q24	2Q25	3Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	407	428	439	7.9%	2.7%	1,662	1,724	3.8%
Cost of sales	-343	-342	-360	5.1%	5.5%	-1,405	-1,413	0.6%
Gross Profit	65	86	79	22.3%	-8.3%	257	312	21.3%
G&A exp	-22	-24	-25	14.3%	3.4%	-79	-98	23.7%
Net Finance income	-2	0	0	NM	NM	-1	-1	4.6%
Other Income	0	0	0	NM	NM	0	1	NM
Impairment loss of trade receivables	0	-23	-5	NM	NM	-9	-34	NM
EBITDA	57	56	68	20.4%	22.7%	233	251	7.6%
Profit before tax	43	39	49	15.5%	24.9%	167	179	6.8%
Share of profit from joint venture	1	0	0	-45.4%	18.4%	1	1	NM
Income tax expense	-4	-5	-4	19.2%	-5.0%	-15	-18	17.0%
Profit / (loss) after tax	39	35	45	15.2%	29.0%	154	163	5.9%

FABS estimate & Co Data

ADNH Catering PLC - Margins

	3Q24	2Q25	3Q25F	YOY ch	QOQ Ch	2024	2025F	YOY Ch
Gross Profit	15.9%	20.2%	18.0%	213	-216	15.5%	18.1%	262
EBITDA	13.9%	13.0%	15.5%	162	253	14.0%	14.6%	52
Net Profit	9.5%	8.1%	10.2%	65	208	9.2%	9.4%	19

FABS estimate & Co Data

3Q25 Preview: **Agthia Group PJSC**

Rising competition to impact margins

Current Price AED 3.99	Target Price AED 6.30	Upside/Downside (%) +57.9%	Rating BUY
---------------------------	--------------------------	--------------------------------------	----------------------

3Q25 estimate

Agthia Group (AGTHIA/the Company) is projected to report a 21.0% YOY decrease in net profit to AED 46 Mn in 3Q25. The decline is primarily driven by the anticipated rise in cost of sales, operating expense, and finance expense, partially offset by an increase in revenue and finance income, coupled with a decrease in tax expense and NCI. The Company's revenue is expected to rise 5.0% YOY to AED 1,135 Mn in 3Q25, driven by the projected increase in both the Consumer and Agri-Business segment revenue. The cost of sales is projected to increase 6.9% YOY to AED 799 Mn in 3Q25. Hence, gross profit is expected to grow marginally 0.5% YOY to AED 336 Mn in 3Q25. S&D are predicted to rise 7.6% YOY to AED 159 Mn in 3Q25. Alternatively, G&A expenses are anticipated to rise 9.4% YOY to AED 102 Mn in 3Q25. Other income is expected to increase 20.3% YOY to AED 9 Mn in 3Q25. The Company's EBITDA is likely to decrease 9.5% YOY to AED 140 Mn, with the EBITDA margin expected to fall 197 bps YOY to 12.4% in 3Q25. Agthia is facing tough competition in Water and Food segment as the competitors are focusing on increasing their market share. Consequently, Al Foha and BNB's margins are expected to decline due to a fall in commodity prices of Cocoa and Coffee. Agthia's Agri-Business market share is moderating due to an increase in new players, resulting in a lower market share. AGTHIA's operating profit is estimated to decrease 17.4% YOY to AED 82 Mn in 3Q25. Similarly, operating profit margin is anticipated to fall 194 bps YOY to 7.2% in 3Q25. Finance income is expected to rise from AED 1 Mn in 3Q24 to AED 6 Mn in 3Q25, with finance expense forecasted to increase 47.8% YOY to AED 27 Mn in 3Q25. Income tax and zakat expenses are predicted to fall 33.1% YOY to AED 11 Mn in 3Q25. Additionally, non-controlling interest (NCI) loss is forecasted to fall 35.7% YOY to AED 4 Mn in 3Q25.

2025 forecast

We estimate Agthia's net profit to fall significantly 44.9% YOY to AED 160 Mn in 2025, this fall is primarily driven by an anticipated decrease in revenue coupled with increase in cost of sales, operating expense, lower other and finance income, coupled with higher finance cost, partially offset by a forecasted reduction in tax charges and a lower share attributable to NCI. The Company's revenue is predicted to fall 1.6% YOY to AED 4,836 Mn in 2025, mainly due to contraction in revenue from the Agri-Business segment, with a marginal growth in the Consumer Business segment. However, the cost of sales is anticipated to increase 0.4% YOY to AED 3,462 Mn in 2025. As a result, gross profit is expected to fall 6.3% YOY to AED 1,373 Mn in 2025. S&D expenses are projected to grow 2.7% YOY to AED 629 Mn, while G&A expenses are expected to increase 2.3% YOY to AED 459 Mn in 2025. Other income is forecasted to decline significantly 38.0% YOY to AED 29 Mn in 2025. EBITDA is projected to fall 23.4% YOY to AED 520 Mn, coupled with the EBITDA margin is expected to fall 306 bps YOY to 10.8% in 2025. Operating profit is estimated to decrease significantly 31.2% YOY to AED 306 Mn in 2025, with the operating profit margin anticipated to decline 272 bps YOY to 6.3% in 2025. Finance income is expected to fall 1.2% YOY to AED 17 Mn, while finance expense is forecasted to rise significantly 33.5% YOY to AED 109 Mn in 2025. Income tax and zakat expenses are projected to fall 33.1% YOY to AED 41 Mn in 2025. Additionally, share of NCI profit is anticipated to decline 48.1% YOY to AED 16 Mn in 2025.

2Q25 outturn

AGTHIA's revenue rose 5.9% YOY to AED 1,140 Mn in 2Q25 primarily due growth in Snacking and Water & Food segment, partially offset by a decline in revenue of the Protein & Frozen segment and Agri-Business segment. Revenue from the Protein and Frozen segment fell marginally 0.2% YOY to AED 241 Mn in 2Q25, primarily due to pressure in Egypt and lower exports due to ongoing

developments in distribution and price positioning. Snacking business revenue rose 5.0% YOY to AED 285 Mn in 2Q25, mainly due to the solid performance of Abu Auf with healthy demand and strong brand presence, partially offset by the adoption of lower selling prices across Al Foah's to manage higher inventory levels amid an oversupply situation. Water and Food business revenue grew 19.8% YOY to AED 317 Mn in 2Q25, due to an increase in both organic and non-organic water revenue, excellent customer service across the Home and Office Services business, along with solid performance across international markets and the introduction of new brands in the food and beverages portfolio. Agri-business revenue moderated 0.6% YOY to AED 297 Mn in 2Q25, primarily due to lower average selling prices, partially offset by an improvement in sales volumes. The Company's direct cost rose 12.5% YOY to AED 841 Mn in 2Q25. Thus, gross profit declined 9.0% YOY to AED 299 Mn in 2Q25 owing to a rise in input cost in Egypt, higher cost related to KSA's Protein & Frozen segment facility and BMB and Abu Auf. Total EBITDA fell from AED 150 Mn in 2Q24 to AED 43 Mn in 2Q25 owing to the margin pressure across the dates business (Al Foah, where challenges related to the 2024 crop) and the Protein & Frozen segments. EBITDA margin declined from 13.9% in 2Q24 to 3.8% in 2Q25. Snacking segment EBITDA turned negative to AED 46 Mn in 2Q25 from positive AED 38 Mn in 2Q24, primarily due to a one-time impact on the dates business driven by the sales at discounted rates, along with input cost pressures on Abu Auf, especially in coffee and margin contraction in BMB due to higher cocoa prices. Protein & Frozen segment EBITDA declined 35.7% YOY to AED 23 Mn in 2Q25 driven by higher input costs in Egypt, and ongoing ramp up costs in our KSA facility. Consequently, Water & Food Segment EBITDA fell 53.3% YOY to AED 18 Mn in 2Q25, due to one-off provisions relating to legacy receivables of AED 37.7 Mn. Agri-business EBITDA improved 6.1% YOY to AED 53 Mn in 2Q25 despite a decline in revenue, mainly attributable to gross margin improvement in flour. Furthermore, the finance income fell from AED 4 Mn in 2Q24 to AED 2 Mn in 2Q25, whereas the finance cost declined 24.6% YOY to AED 27 Mn in 2Q25. Additionally, Agthia witnessed a tax and zakat reversal of AED 1 Mn in 2Q25 compared to an expense of AED 11 Mn in 2Q24.

Target price and recommendation

We maintain our BUY rating on Agthia with a target price of AED 6.30. The Company's profitability is impacted in 2Q25 due to the one-time impact arising from the repositioning of the dates business. The Company identified operational gaps like supply-demand planning and credit governance and is now fixing them with a turnaround plan. Agthia advanced its digital strategy by enhancing the Al Ain Water Home and Services app, resulting in a 65% drop in complaints and a 4% rise in conversions. It expanded its product offerings across segments, including new Turkish coffee variants, innovative snack formats, and a refreshed Meatland Luncheon range. Abu Auf opened 25 new stores in 1H25 and expanded its coffee portfolio with the launch of Turkish coffee. Snacking business also launched new iced coffee range, portable Munch box, canned juices, and instant coffee. Similarly, Atyab and Chicketita rolled out new products in Egypt, whereas Nabil launched new products to serve Iraqi market. Agthia witnessed a 26.5% growth in its e-commerce revenue in 1H25, representing 6.0% of total revenue. The Company revamped its packaging to improve shelf visibility and space efficiency, with plans for a media campaign and revised sales incentives to drive volume growth in 2H25. On the other hand, Agthia largely completed legacy cleanups in its water, food, and dates business, addressing overdue receivables and slow-moving inventory by 1H25, now shifting its focus to stronger governance, credit discipline, and commercial controls to prevent these situations. Meanwhile, Agthia is using smart pricing and a tiered brand portfolio, including premium (Atyab) and value options (Meatland and Chicketita), to improve margins and cater to diverse consumer needs. Additionally, Phase 2 of the Protein and Frozen segment facility in KSA is expected to start operations in 2026, which will further improve margins. The company distributed a cash dividend of 10.31 fils per share for 1H25, amounting to AED 85.7 Mn. Thus, considering all these factors, we maintain our BUY rating on the stock.

Agthia - Valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
P/E (x)	72.92	14.50	13.44	12.71	11.93	34.18
P/B (x)	1.75	1.20	1.18	1.14	1.18	1.19
EV/EBITDA (x)	18.49	9.86	8.49	6.56	6.68	13.44
BVPS	2.284	3.321	3.385	3.501	3.377	3.366
EPS	0.055	0.275	0.297	0.314	0.335	0.184
DPS	0.165	0.165	0.165	0.176	0.210	0.196
Dividend Yield (%)	4.1%	4.1%	4.1%	4.4%	5.3%	4.9%

FABS estimate & Co Data
Agthia - P&L

AED Mn	3Q24	2Q25	3Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	1,082	1,140	1,135	5.0%	-0.4%	4,915	4,836	-1.6%
Cost of sale	-747	-841	-799	6.9%	-5.0%	-3,448	-3,462	0.4%
Gross profit	334	299	336	0.5%	12.3%	1,466	1,373	-6.3%
S&D expense	-148	-158	-159	7.6%	0.5%	-612	-629	2.7%
G&A expense	-93	-156	-102	9.4%	-34.6%	-449	-459	2.3%
R&D costs	-2	-2	-2	15.9%	12.7%	-8	-9	14.2%
Other (exp) / inc	8	4	9	20.3%	NM	47	29	-38.0%
EBITDA	155	43	140	-9.5%	NM	679	520	-23.4%
Operating profit	99	-13	82	-17.4%	NM	444	306	-31.2%
Finance income	1	2	6	NM	NM	17	17	-1.2%
Finance expense	-18	-27	-27	47.8%	-0.4%	-81	-109	33.5%
Share of loss from investment in JV	0	0	1	NM	NM	4	4	3.6%
Profit before tax and zakat	81	-38	61	-24.6%	NM	384	218	-43.2%
Income tax & zakat	-17	1	-11	-33.1%	NM	-62	-41	-33.1%
Profit before NCI	65	-37	50	-22.5%	NM	322	176	-45.2%
Non-controlling interest	-6	-4	-4	-35.7%	1.4%	-31	-16	-48.1%
Net Profit	59	-41	46	-21.0%	NM	291	160	-44.9%

FABS estimate & Co Data
Agthia - Margins

	3Q24	2Q25	3Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	30.9%	26.2%	29.6%	-131	335	29.8%	28.4%	-143
Operating Profit	9.1%	-1.2%	7.2%	-194	838	9.0%	6.3%	-272
EBITDA	14.3%	3.8%	12.4%	-197	859	13.8%	10.8%	-306
Net Profit	5.4%	-3.6%	4.1%	-134	768	5.9%	3.3%	-261

FABS estimate & Co Data

3Q25 preview: Americana Restaurants International PLC (AMR)

Focusing on restoring transaction levels to improve margins

Current Price AED 2.12	Target Price AED 2.50	Upside/Downside (%) +17.8%	Rating BUY
---------------------------	--------------------------	-------------------------------	---------------

3Q25 estimate

Americana Restaurants (the Company/ Americana) is expected to report a 58.3% YOY increase in net profit to USD 59 Mn in 3Q25. This growth is primarily driven by an anticipated rise in sales, partially offset by an increase in direct cost, S&M and G&A expenses, coupled with higher zakat charges. The Company's revenue is projected to increase 18.0% YOY to USD 655 Mn in 3Q25, owing to an expected increase in LFL sales and store expansion. COGS is anticipated to increase 18.6% YOY to USD 306 Mn in 3Q25. Consequently, gross profit is expected to grow 17.4% YOY to USD 348 Mn in 3Q25. S&M expenses are estimated to increase 9.8% YOY to USD 226 Mn in 3Q25, while G&A expenses are forecasted to grow 14.8% YOY to USD 50 Mn in 3Q25. Furthermore, other income is anticipated to increase from USD 1 Mn in 3Q24 to USD 4 Mn in 3Q25. As a result, total operating expenses are expected to increase 9.0% YOY to USD 271 Mn in 3Q25. EBITDA is anticipated to rise 29.0% YOY to USD 152 Mn in 3Q25. As a result, operating profit is likely to surge 60.9% YOY to USD 77 Mn in 3Q25. Finance income is projected to increase 18.7% YOY to USD 4 Mn in 3Q25. On the other hand, finance cost is projected to rise 11.2% YOY to USD 10 Mn in 3Q25. Additionally, the zakat charge is forecasted to increase from USD 6 Mn in 3Q24 to USD 13 Mn in 3Q25. The Company's non-controlling interest is anticipated to rise 1.1% YOY to USD 1 Mn in 3Q25.

2025 forecast

We estimate Americana Restaurants net profit to rise 30.7% YOY to USD 208 Mn in 2025. This increase is primarily attributed to a projected growth in revenue and other income partially offset by a rise in direct cost, S&M and G&A expenses and zakat expense. Americana's revenue is expected to grow 15.4% YOY to USD 2,535 Mn in 2025, driven by growth in revenue across all the brands due to opening of new stores. While the cost of sales is anticipated to rise 15.0% YOY to USD 1,184 Mn in 2025. As a result, gross profit is likely to boost 15.7% YOY to USD 1,351 Mn in 2025. Gross margins are expected to increase 16 bps YOY to 53.3% in 2025. S&M expenses are projected to grow 13.7% YOY to USD 892 Mn, while G&A expenses are expected to increase 7.0% YOY to USD 198 Mn in 2025. Additionally, other income is anticipated to rise from USD 7 Mn in 2024 to USD 17 Mn in 2025. As a result, total operating expenses are expected to increase 10.4% YOY to USD 1,077 Mn in 2025. EBITDA is forecasted to grow 19.4% YOY to USD 578 Mn, with the EBITDA margin expected to rise 76 bps YOY to 22.6% in 2025. As a result, operating profit is likely to surge 42.9% YOY to USD 274 Mn, while the operating profit margin is anticipated to rise from 8.7% in 2024 to 10.8% in 2025. Finance income is expected to increase marginally 0.7% YOY to 16 Mn in 2025, while finance cost is expected to rise 14.3% YOY to USD 41 Mn in 2025. Additionally, zakat expenses are projected to increase from USD 21 Mn in 2024 to USD 45 Mn in 2025. Furthermore, non-controlling interest is anticipated to decrease from USD 7 Mn in 2024 to USD 3 Mn in 2025.

2Q25 outturn

Americana restaurant's revenue grew 15.1% YOY to USD 644 Mn in 2Q25, primarily driven by a strong growth in LFL sales, opening of new stores, and product innovation strategy. Revenue from the Power Brands portfolio, including KFC, Hardee's, Pizza Hut and Krispy Kreme, contributed 94% of total revenue in 1H25. All power brands recorded double-digit revenue growth in 2Q25, except Krispy Kreme. Americana's ongoing digital transformation saw strong results, with self-service kiosk revenue mix improving from 5.3% in 1H24 to 14.0% in 1H25. The Company's cost of goods sold rose 14.9% YOY to USD 297 Mn in 2Q25, with the cost of inventory increasing from 28.9% in 2Q24 to 29.2% in 2Q25. Thus, gross profit increased 15.2% YOY to USD 347 Mn in 2Q25. Selling &

marketing expenses increased 15.2% YOY to USD 224 Mn in 2Q25, while G&A expenses remained flat. Thus, total operating expenses rose 12.7% YOY to USD 272 Mn in 2Q25. Moreover, Americana's EBITDA increased 18.4% YOY to USD 153 Mn in 2Q25, whereas the EBITDA margin expanded 67 bps YOY to 23.8% in 2Q25. Operating profit rose 25.2% YOY to USD 75 Mn in 2Q25 with a margin of 11.7%, growing 94 bps YOY. However, the Company's finance income fell 1.5% YOY to USD 4 Mn in 2Q25, and finance costs rose 26.4% YOY to USD 10 Mn in 2Q25. Americana's zakat expenses almost doubled from USD 5 Mn in 2Q24 to USD 9 Mn in 2Q25 due to growth in profit before tax and additional tax impact attributable to Pillar 2.

Target price and recommendation

We maintain our BUY rating on Americana Restaurants with a revised target price of AED 2.50. Americana demonstrated resilience amid significant geopolitical uncertainty. The Company's performance in 2Q25 is mainly influenced by solid momentum in LFL sales, solid expansion strategy, continuous cost discipline, and product innovation. Americana integrated 46 additional restaurants into Pizza Hut Oman, in addition to 36 gross openings across 1H25. Consequently, the Company is further expected to add 150-160 net new stores in 2025. Americana signed a franchise agreement with Carpo, a premium lifestyle brand from Athens. Carpo is known for its premium nuts, refined coffee, and artisanal chocolates. The deal gives exclusive rights to Americana for building and operating Carop stores in Kuwait and Qatar, with further expansion planned across Bahrain and Saudi Arabia. Americana carried out personalized engagement and offers, along with advanced segmentation through the launch of the Customer Data Platform (CDP), which unifies data from an extensive active customer record into one platform. The Company witnessed early signs of success of the CDP, with a 10% rise in first-time orders in KFC UAE and 8% lower cost per install in KFC Saudi Arabia. On the other hand, the Company is actively working to improve its performance in KSA, amid a challenging environment marked by fierce competition and weaker consumer spending. Americana has strategic plans for the LFL sales recovery to September 2023 levels but currently focuses on restoring transaction levels to previous highs. The Company implemented continuous cost-cutting measures to enhance operational efficiency and reduce expenses, maintaining a flat inventory cost at 29.2% in 1H25 compared to 1H24. Additionally, Americana completed its IT setup in India, which will further streamline its operations. Thus, based on our analysis, we maintain our BUY rating on the stock.

Americana - Relative Valuation¹

(at CMP)	2022	2023	2024	2025F
PE (x)	18.77	18.75	30.63	23.43
PB (x)	17.10	11.07	12.33	11.15
EV/EBITDA (x)	8.58	8.17	9.51	7.92
BVPS (AED)	0.124	0.191	0.172	0.190
EPS (AED)	0.113	0.113	0.069	0.090
DPS (AED)	0.093	0.078	0.055	0.071
Dividend Yield	4.4%	3.7%	2.6%	3.3%

FABS Estimate & Co Data, ¹Americana Restaurants was listed in 2022; hence, the previous years' multiples are unavailable.

Americana - P&L

USD Mn	3Q24	2Q25	3Q25F	YOY Ch.	QOQ Ch.	2024	2025F	Change
Revenue	555	644	655	18.0%	1.7%	2,197	2,535	15.4%
COGS	-258	-297	-306	18.6%	3.3%	-1,029	-1,184	15.0%
Gross Profit	297	347	348	17.4%	0.4%	1,167	1,351	15.7%
S&M Expenses	-206	-224	-226	9.8%	0.7%	-785	-892	13.7%
G&A Expenses	-43	-47	-50	14.8%	5.3%	-185	-198	7.0%
Other Income	1	2	4	NM	NM	7	17	NM
Total Operating Exp.	-249	-272	-271	9.0%	-0.2%	-976	-1,077	10.4%
EBITDA	118	153	152	29.0%	-0.8%	484	578	19.4%
EBIT	48	75	77	60.9%	2.6%	192	274	42.9%
Financing income	4	4	4	18.7%	9.2%	16	16	0.7%
Financing cost	-9	-10	-10	11.2%	-3.4%	-36	-41	14.3%
Profit Before ZAKAT	42	68	71	68.0%	3.9%	172	249	44.9%
Zakat	-6	-9	-13	NM	44.6%	21	45	NM
Net Profit	37	60	58	59.6%	-2.1%	151	204	35.0%
Non-controlling interest	-1	0	-1	1.1%	NM	-7	-3	-58.3%
Net profit	37	60	59	58.3%	-1.0%	159	208	30.7%

FABS Estimate & Co Data

Americana - Margins

	3Q24	2Q25	3Q25F	YOY Ch.	QOQ Ch.	2024	2025F	Change
Gross Profit	53.5%	53.9%	53.2%	-26	-70	53.1%	53.3%	16
EBITDA	21.2%	23.8%	23.2%	198	-59	22.0%	22.8%	76
Operating Profit	8.6%	11.7%	11.8%	314	11	8.7%	10.8%	208
Net Profit	6.7%	9.3%	9.0%	230	-25	7.2%	8.2%	96

FABS estimate and Co data

3Q25 preview: **Emirates Driving Company PJSC**

Higher enrolments and rising contributions from acquisitions to drive top-line growth

Current Price AED 3.21	Target Price AED 4.10	Upside/Downside (%) +27.7%	Rating BUY
---------------------------	--------------------------	--------------------------------------	----------------------

3Q25 estimate

Emirates Driving Company (EDC/the Company) is projected to achieve a 25.5% YOY increase in net profit, to AED 107 Mn in 3Q25, due to expected growth in revenue, coupled with higher other and finance income, partially offset by forecasted rise in direct expenses, G&A expenses, finance costs and tax charges. Revenue is anticipated to rise 27.0% YOY to AED 205 Mn in 3Q25, driven by an expected rise in revenue from EDC and Excellence. Revenue from EDC is forecasted to grow 28.7% YOY to AED 135 Mn 3Q25, due to expected growth in students' enrolment in EDC and weighted average fees. Similarly, we expect revenue from Excellence to grow 17.3% YOY to AED 67 Mn in 3Q25 due to an anticipated rise in the total number of enrolled students, partially offset by a projected decline in weighted average fees. However, direct expenses are projected to rise 29.2% YOY to AED 68 Mn in 3Q25. Thus, gross profit is projected to increase 26.0% YOY to AED 138 Mn in 3Q25. G&A expenses are projected to grow 36.9% YOY to AED 41 Mn in 3Q25. Thus, EBIT is likely to increase 21.8% YOY to AED 97 Mn in 3Q25. However, EBIT margin is anticipated to fall from 49.0% in 3Q24 to 47.0% in 3Q25. EDC's EBITDA is projected to rise 34.2% YOY to AED 133 Mn in 3Q25. Additionally, we expect the EBITDA margin to expand from 61.1% in 3Q24 to 64.6% in 3Q25. Net gain from financial assets at fair value through profit or loss is forecasted to grow 11.1% YOY to AED 8 Mn in 3Q25. Other income is projected to increase from AED 2 Mn in 3Q24 to AED 14 Mn in 3Q25. Furthermore, finance income is projected to grow from AED 8 Mn in 3Q24 to AED 13 Mn in 3Q25. While the finance cost is anticipated to rise from AED 1 Mn in 3Q24 to AED 2 Mn in 3Q25. Income tax expenses are expected to grow substantially from AED 9 Mn in 3Q24 to AED 19 Mn in 3Q25. The Company's non-controlling interest is forecasted to increase from AED 2 Mn in 3Q24 to AED 3 Mn in 3Q25.

2025 forecast

We project EDC's net profit to grow 23.4% YOY, reaching AED 342 Mn in 2025, driven by a forecasted rise in revenue, net gain from financial assets at fair value through profit or loss, other income, and finance income, partly offset by higher direct expenses, G&A expenses, finance costs, and income tax expenses. Revenue is anticipated to grow 41.2% YOY to AED 724 Mn in 2025, supported by an expected rise in revenue from EDC and Excellence. Revenue from EDC is forecasted to grow 16.1% YOY to AED 454 Mn in 2025, due to expected growth in students' enrolment in EDC and weighted average fees. Additionally, revenue from Excellence is expected to grow from AED 114 in 2024 to AED 262 Mn in 2025 due to an anticipated rise in the total number of enrolled students in Excellence, partially offset by a forecasted decrease in weighted average fees. The Company's direct costs are projected to rise significantly from AED 153 Mn in 2024 to AED 262 Mn in 2025. Thus, gross profit is likely to surge 28.7% YOY to AED 462 Mn in 2025. We expect the gross margins to decline 621 bps YOY to 63.9% in 2025. G&A expenses are forecasted to rise 27.8% YOY to AED 140 Mn in 2025. Thus, EBIT is expected to grow 29.0% YOY to AED 322 Mn in 2025. However, EBIT margin is likely to decline from 48.7% in 2024 to 44.5% in 2025. The Company's EBITDA is projected to grow 28.4% YOY to AED 404 Mn in 2025. While EBITDA margin is anticipated to fall from 61.4% in 2024 to 55.8% in 2025. Other income is anticipated to rise from AED 9 Mn in 2024 to AED 38 Mn in 2025. Finance income is expected to grow 20.3% YOY to AED 42 Mn in 2025. Finance costs is forecasted to rise from AED 4 Mn in 2024 to AED 7 Mn in 2025. Income tax expenses are forecasted to grow significantly from AED 28 Mn in 2024 to AED 63 Mn in 2025. Non-controlling interest is expected to increase substantially from AED 5 Mn in 2024 to AED 14 Mn in 2025.

2Q25 outturn

Drive's revenue grew from AED 86 Mn in 2Q24 to AED 186 Mn in 2Q25, primarily driven by the acquisition of subsidiaries, geographic expansion, a higher number of enrolled students, and operational efficiency improvements. Drive's direct expenses rose from AED 18 Mn in 2Q24 to AED 65 Mn in 2Q25 due to operational scale and the acquisition of Excellence Premier. As a result, gross profit increased from AED 68 Mn in 2Q24 to AED 122 Mn in 2Q25. However, gross margin declined from 79.6% in 2Q24 to 65.3% in 2Q25 due to low margins of the acquired subsidiary. General and administrative expenses also doubled from AED 19 Mn in 2Q24 to AED 38 Mn in 2Q25. Consequently, operating profit increased from AED 49 Mn in 2Q24 to AED 83 Mn in 2Q25. However, the operating profit margin declined from 57.5% in 2Q24 to 44.7% in 2Q25 due to low gross profit margins. As a result, Drive's calculated EBITDA grew from AED 57 Mn in 2Q24 to AED 112 Mn in 2Q25 with a contraction in EBITDA Margin from 67.0% in 2Q24 to 60.1% in 2Q25. Net gain from financial assets at fair value through profit recorded at AED 7 Mn in 2Q25 compared to a loss of AED 0.3 Mn in 2Q24. The Company also reported the rental income of AED 2 Mn in 2Q25 compared to AED 1 Mn in 2Q24. Other income, including gain on sale of assets held for sale, also increased from AED 3 Mn in 2Q24 to AED 7 Mn in 2Q25. The Company's finance expense stood at AED 1 Mn in 2Q25. However, finance income declined 16.0% YOY to AED 7 Mn in 2Q25. The tax charges amounted to AED 15 Mn in 2Q25, compared to AED 5 Mn in 2Q24. NCI stood at AED 3 Mn in 2Q25, compared to nil in 2Q24.

Target price and recommendation

We maintain our BUY rating on Drive with a target price of AED 4.10. The Company reported strong growth in net profit in 2Q25, due to the acquisition of Dubai-based Excellence Premier driving school, expanding the geographical presence outside of Abu Dhabi and higher revenue growth. The Company also boasts a healthy debt-free balance sheet with a cash balance of AED 738 Mn in 2Q25. EDC is the leading authorized provider of pre-licensing driver education in Abu Dhabi, holding a market leadership position supported by high regulatory and infrastructure barriers. Its fleet of 399 vehicles (as of 2024) enables high-capacity training across all vehicle categories, including cars (279), heavy buses (19), motorcycles (55), heavy trucks (26), heavy machinery (9), and light buses (11). EDC, in collaboration with Abu Dhabi Mobility, is launching a joint strategy aligned with the UAE plan to enhance road safety. The strategy focuses on AI-driven training, sustainable education practices, modern techniques, competency standards, traffic awareness, behavioural insights from traffic engineering, and promoting soft mobility solutions for safer transport. Furthermore, Drive also agreed to acquire a 22.5% stake in Mwasalat Holdings, with an option to increase to 50.6% pending conditions and approvals. This strategic move supports EDC's growth, strengthens its leadership in mobility, and advances innovation, safety, and sustainable transport across the UAE and the broader region. Headquartered in Abu Dhabi, Mwasalat recorded revenues exceeding AED 650 Mn in 2024 and manages a diverse fleet that includes public buses, taxis, school transportation, and corporate hire vehicles. The Company distributed the dividend of AED 183 Mn with a payout ratio of 66.1% for the period of 2024, equivalent to AED 0.17 per share dividend. Thus, based on the above analysis, we maintain a BUY rating on Drive.

Emirates Driving Company PJSC - Valuation

(at CMP)	2021	2022	2023	2024	2025F
P/E (x)	1.72	1.14	12.95	12.48	10.41
P/B (x)	0.36	0.30	3.01	2.80	2.52
EV/EBITDA (x)	0.08	-0.70	11.73	11.00	9.11
BVPS	8.972	10.823	1.067	1.147	1.273
EPS	1.871	2.822	0.248	0.257	0.308
DPS	0.042	0.121	0.170	0.170	0.207
Dividend Yield (%)	1.3%	3.8%	5.3%	5.3%	6.4%

FABS estimate & Co Data, In Jan 2024 the company did the stock split by reducing the share nominal value by 50 fils.

Emirates Driving Company PJSC - P&L

AED Mn	3Q24	2Q25	3Q25F	YOY Ch.	QOQ Ch.	2024	2025F	Change
Revenue	162	186	205	27.0%	10.3%	513	724	41.2%
Direct expenses	-52	-65	-68	29.2%	4.8%	-153	-262	70.5%
Gross profit	109	122	138	26.0%	13.2%	359	462	28.7%
G&A Expenses	-30	-38	-41	36.9%	6.9%	-110	-140	27.8%
EBIT	79	83	97	21.8%	16.1%	250	322	29.0%
EBITDA¹	99	112	133	34.2%	18.4%	315	404	28.4%
Net gain from financial assets at FVTPL	7	7	8	11.1%	17.4%	16	21	35.0%
Change in FV of investment property	0	0	0	NM	NM	0	1	NM
Rental income	1	2	0	NM	NM	6	2	NM
Dividend income	0	0	0	NM	NM	0	0	NM
Other Income	2	7	14	NM	92.6%	9	38	NM
Finance income	8	7	13	63.9%	81.6%	35	42	20.3%
Finance costs	-1	-1	-2	49.5%	50.7%	-4	-7	67.4%
Profit / (loss) before tax from continuing operations	96	105	130	34.6%	23.9%	310	419	35.1%
Income tax expense	-9	-15	-19	119.6%	33.1%	-28	-63	125.1%
Profit / (loss) after tax from continuing operations	87	90	110	26.0%	22.4%	282	356	26.2%
Non-controlling interest	-2	-3	-3	47.8%	14.7%	-5	-14	NM
Profit attributable to the owner	85	87	107	25.5%	22.6%	277	342	23.4%

FABS estimate & Co Data, ¹Calculated EBITDA

Emirates Driving Company PJSC - Margins

	3Q24	2Q25	3Q25F	YOY Ch.	QOQ Ch.	2024	2025F	Change
Gross Profit	67.6%	65.3%	67.0%	-56	171	70.1%	63.9%	-621
EBITDA	61.1%	60.1%	64.6%	345	441	61.4%	55.8%	-556
Operating Profit	49.0%	44.7%	47.0%	-200	234	48.7%	44.5%	-419
Net Profit	52.7%	46.8%	52.1%	-64	525	54.0%	47.2%	-681

FABS estimate & Co Data, ¹Based on calculated EBITDA

3Q25 preview: **Lulu Retail Holdings PLC**

New store expansion and private label growth to drive top-line

Current Price AED 1.17	Target Price AED 2.00	Upside/Downside (%) +70.9%	Rating BUY
---------------------------	--------------------------	--------------------------------------	----------------------

3Q25 estimate

Lulu Retail Holdings PLC (Lulu /the Company) is projected to report a 14.9% YOY increase in net profit to USD 40 Mn in 3Q25. The rise in net profit is primarily attributed to a forecasted increase in revenue and an increase in other operating income, partially offset by anticipated growth in cost of revenue, operating expenses, and finance and income tax charges. Revenue is expected to increase 7.5% YOY to USD 1,998 Mn in 3Q25, due to the anticipated rise in LFL sales and store expansions. Revenue from the UAE is predicted to grow 10.0% YOY to USD 728 Mn, while revenue from KSA is anticipated to rise 13.0% YOY to USD 417 Mn in 3Q25. Additionally, revenue from other countries is projected to increase 3.0% YOY to USD 853 Mn in 3Q25. On the other hand, the cost of revenue is projected to increase 7.4% YOY to USD 1,528 Mn in 3Q25. As a result, gross profit is likely to boost 7.9% YOY to USD 470 Mn in 3Q25. Other operating income is expected to rise 5.5% YOY to USD 80 Mn in 3Q25. Operating expenses are projected to increase 5.9% YOY to USD 456 Mn in 3Q25. Net finance cost is estimated to increase 18.0% YOY to USD 48 Mn in 3Q25. Lulu's EBITDA is expected to rise 5.7% YOY to USD 186 Mn in 3Q25. However, we expect the EBITDA margin to decline by 16 bps YOY to 9.3% in 3Q25. The Company's profit before tax is expected to grow 14.0% YOY to USD 46 Mn in 3Q25. Income tax expenses are forecasted to grow 8.2% YOY to USD 6 Mn in 3Q25.

2025 forecast

We estimate Lulu Retail's net profit to fall marginally 0.9% YOY to USD 247 Mn in 2025. The Company's net profit declined primarily due to the discontinuation of a business segment, which was done in 2024, and the same will not be reported in 2025. However net profit from continuing operation is expected to increase 14.2% YOY to USD 247 Mn, driven by an anticipated rise in revenue and other operating income, partially offset by growth in cost of revenue, operating expenses, finance cost, and income tax expenses. Revenue is anticipated to grow 7.1% YOY to USD 8,165 Mn in 2025, supported by expected increases across all the regions. Revenue from the UAE is forecasted to rise 6.9% YOY to USD 2,936 Mn in 2025. Additionally, revenue from KSA is predicted to increase 11.6% YOY to USD 1,649 Mn in 2025. Furthermore, revenue from other countries is anticipated to grow 5.4% YOY to USD 3,580 Mn in 2025. On the other hand, the cost of revenue is projected to increase 7.5% YOY to USD 6,295 Mn in 2025. Thus, gross profit is likely to surge 5.9% YOY to USD 1,870 Mn in 2025. We expect the gross margins to decline 26 bps YOY to 22.9% in 2025. Other operating income is anticipated to increase 8.7% YOY to USD 326 Mn in 2025. On the other hand, operating expenses are forecasted to increase 4.9% YOY to USD 1,738 Mn in 2025. Similarly, finance cost is predicted to rise 4.6% YOY to USD 177 Mn in 2025. The Company's EBITDA is expected to grow 6.2% YOY to USD 835 Mn, while the EBITDA margin is anticipated to decline 10 bps YOY to 10.2% in 2025. Income tax expenses are forecasted to grow from USD 22 Mn in 2024 to USD 34 Mn in 2025.

2Q25 outturn

Lulu Retail's revenue rose 4.6% YOY to USD 2,017 Mn in 2Q25, primarily supported by the growth in LFL sales and new store openings. The growth in private label and e-commerce sales also supported the revenue growth. Private label category sales rose 3.5% YOY and constituted 29.7% of retail revenue in 2Q25. The e-commerce sales surged 43.4% YOY to USD 108 Mn in 2Q25, supported by faster delivery and expanded reach. Fresh food category revenue grew 11.2% YOY in 2Q25, supported by sustained strong demand. Revenue from Electrical Goods grew 10.6% YOY in 2Q25, driven by promotional initiatives launched in 2Q25 to boost footfall. Lulu recorded strong demand for fresh food and enhanced through the company's omni-channel offerings. In KSA, revenue

rose 3.8% YOY in 2Q25, driven by strong electrical goods sales and the contribution from new store openings. Similarly, Kuwait's revenue grew 4.9% YOY in 2Q25, while Qatar's revenue increased marginally 0.1% YOY, as growth in the fresh food segment was partly offset by weaker department store sales. Revenue from Oman declined marginally by 1.0% YOY due to flat supermarket sales, driven by price declines despite higher volumes. The Company's cost of revenue rose 4.1% YOY to USD 1,549 Mn in 2Q25. Thus, gross profit increased 6.5% YOY to USD 468 Mn and gross profit margins expanded 40 bps YOY to 23.2% in 2Q25, supported by volume and price growth as well as higher contribution from private label products. Other operating income declined 2.7% YOY to USD 80 Mn, whereas operating expenses grew 3.8% YOY to USD 441 Mn in 2Q25. Net finance cost expanded 20.9% YOY to USD 41 Mn in 2Q25 due to an increase in debt and lease liabilities. EBITDA rose 7.3% YOY to USD 204 Mn in 2Q25, whereas EBITDA margin increased 25 bps YOY to 10.1% in 2Q25, supported by expansion in gross margin and stable operating expenses. The Company's profit before tax rose 4.5% YOY to USD 66 Mn in 2Q25. Income tax expenses increased 27.2% YOY to USD 9 Mn in 2Q25.

Target price and recommendation

We maintain our BUY rating on LuLu with a target price of AED 2.00. LuLu demonstrated strong growth in profitability driven by higher revenue and expansion in gross margin, partially offset by a rise in finance costs and tax expenses during 2Q25. The Company's LFL sales increased 2.1% YOY in 2Q25, demonstrating sustained demand from its core customer base. Lulu added c. 26k daily shoppers, including 1 Mn loyalty program members in 2Q25, underscoring the strong appeal of its store network. Additionally, it generated sales of USD 37 Mn from the new stores in 2Q25, reflecting the successful execution of its expansion strategy. Furthermore, a continued growth and increased contribution from e-commerce sales, supported by improved delivery speed and broader coverage. The Company opened seven stores in 1H25 and further expanded its footprint in September 2025 with the launch of a mini market in Kuwait and an express store in Dubai, thereby strengthening its retail presence and extending its customer reach. Additionally, the Company's performance is further highlighted by growth across key metrics, with average basket value, customer count, and sales per square meter rising in 1H25, supported by 690k daily shoppers choosing Lulu for its value-to-premium offerings. To further strengthen its store portfolio, Lulu Retail is focusing on revenue enhancement, cost optimization and improving operational efficiency. The Company expanded its digital platform categories by capturing a larger share of e-commerce to drive revenue growth. Additionally, the Company launched Quick Commerce for faster and more flexible delivery and introduced the LOT store-in-store format to serve the growing value-conscious customer segment. LOT stores enhanced customer retention and value proposition and addressed competitive pressure from discounters without significant capital outlay. On the cost front, the Company aims to enhance efficiency by optimizing store area, outsourcing non-essential functions to reduce costs and renegotiating leases with landlords to improve financial terms. To enhance productivity, the Company is focusing on improving operational efficiency by prioritizing higher-margin products, reallocation of non-performing category areas, and enhanced store layouts to improve customer engagement and sales. The Company's high-margin private label segment continues to drive profitability, with key initiatives focused on new product launches, enhanced in-store branding for greater visibility, and exclusive GCC-wide promotions to strengthen customer engagement and sales. Moreover, Lulu also paid an interim dividend of 3.5 fils per share, totaling USD 98.4 Mn for 1H25. Given Lulu's strong execution, expanding footprint, and focus on operational efficiency, we maintain our BUY rating on the stock.

LuLu Retail - Valuation

	2024	2025F
(at CMP)		
P/E (x)	13.20	13.32
P/B (x)	3.31	3.11
EV/EBITDA (x)	4.98	4.30
BVPS (AED)	0.353	0.377
EPS (AED)	0.089	0.088
DPS (AED) ¹	0.030	0.069
Dividend Yield (%)	2.6% ¹	5.9%

FABS estimate & Co Data, Company was listed in 2024; hence, the previous year's multiples are unavailable.

¹Dividend yield for 2024 is based on the 3 fils per share the Company announced for 2H'24.

LuLu Retail - P&L

USD Mn	3Q24	2Q25	3Q25F	YOY Ch	QOQ Ch	2024	2025F	YOY Ch
Revenue	1,859	2,017	1,998	7.5%	-1.0%	7,621	8,165	7.1%
Cost of revenue	-1,424	-1,549	-1,528	7.4%	-1.3%	-5,856	-6,295	7.5%
Gross profit	435	468	470	7.9%	0.2%	1,765	1,870	5.9%
Other operating income	76	80	80	5.5%	0.4%	300	326	8.7%
Operating expenses	-430	-441	-456	5.9%	3.2%	-1,657	-1,738	4.9%
Finance cost, net	-41	-41	-48	18.0%	17.1%	-169	-177	4.6%
EBITDA	176	204	186	5.7%	-8.8%	787	835	6.2%
Profit before tax	40	66	46	14.0%	-30.4%	239	281	17.7%
Income tax expense	-5	-9	-6	8.2%	-35.8%	-22	-34	51.1%
Net profit from con. Ops.	35	57	40	14.9%	-29.6%	216	247	14.2%
PAT from dis. operations	0	0	0	NM	NM	33	0	NM
Net profit	35	57	40	14.9%	-29.6%	249	247	-0.9%

FABS Estimate & Co Data

LuLu Retail - Margins

	3Q24	2Q25	3Q25F	YOY Ch	QOQ Ch	2024	2025F	YOY Ch
Gross Profit	23.4%	23.2%	23.5%	8	28	23.2%	22.9%	-26
EBITDA	9.5%	10.1%	9.3%	-16	-80	10.3%	10.2%	-10
Net Profit	1.9%	2.8%	2.0%	13	-82	3.3%	3.0%	-24

FABS estimate and Co data

3Q25 preview: **Talabat Holding PLC**

Strong customer acquisition and higher order frequency to boost GMV growth

Current Price AED 0.97	Target Price AED 1.80	Upside/Downside (%) +85.6%	Rating BUY
---------------------------	--------------------------	--------------------------------------	----------------------

3Q25 estimate

Talabat Group (Talabat/the Company) is projected to report a 38.1% YOY increase in net profit to USD 126 Mn in 3Q25, with net margin expanding by 33 bps YOY to 5.1%. The performance will be mainly supported by higher GMV and revenue recognition, partly offset by rising operating costs. GMV is projected to increase 29.0% YOY to USD 2,488 Mn, while IFRS revenue is forecasted to grow 31.8% YOY to USD 989 Mn in 3Q25. Operating costs are anticipated to rise 31.1% YOY to USD 677 Mn in 3Q25. Consequently, gross profit is expected to grow 33.6% YOY to USD 311 Mn, with gross margin improving by 43 bps YOY to 12.5% of GMV in 3Q25. Marketing expenses are estimated at USD 52 Mn, IT expenses at USD 17 Mn, and general administrative expenses at USD 55 Mn, while other income is projected at USD 5 Mn in 3Q25. Supported by margin expansion, operating profit is forecasted at USD 142 Mn in 3Q25. Adjusted EBITDA is expected to rise 24.5% YOY to USD 159 Mn, however, the EBITDA margin is likely to decline 23 bps YOY to 6.4% in 3Q25. Net finance income is projected at USD 2 Mn, while income tax expenses are estimated at USD 19 Mn in 3Q25.

2025 forecast

Talabat's net profit is expected to rise sharply by 38.1% YOY to USD 478 Mn in 2025, with the net margin improving 34 bps YOY to 5.0%. This growth is primarily driven by higher GMV and revenue recognition, partially offset by rising operating costs. GMV is projected to increase 28.8% YOY to USD 9,567 Mn, while IFRS revenue is expected to grow 31.9% YOY to USD 3,788 Mn in 2025. Operating costs are expected to increase 31.2% YOY to USD 2,566 Mn in 2025. This would drive gross profit up 33.4% YOY to USD 1,222 Mn, with the gross margin improving 44 bps YOY to 12.8% in 2025. Marketing expenses are expected at USD 210 Mn, G&A expenses at USD 81 Mn, and general administrative expenses at USD 206 Mn, while other income is forecasted at USD 20 Mn in 2025. Other expenses and impairments are projected at USD 191 Mn, leading to an operating profit of USD 552 Mn in 2025. Adjusted EBITDA is anticipated to increase 24.5% YOY to USD 619 Mn, though EBITDA margin is likely to decline 22 bps YOY to 6.5% in 2025. Net finance costs are projected at USD 9 Mn, with foreign exchange losses of USD 1 Mn in 2025. Income tax expenses are estimated at USD 84 Mn for 2025.

2Q25 outturn

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.

Target price and recommendation

We maintain our BUY rating on Talabat with a revised target price of AED 1.80. 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 reported 21% YOY growth in active partners to 77,000 partners in 2Q25. 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 has approved a dividend of 3.188 fils per share, totalling to c. USD 202 Mn for 1H25, resulting in 90% payout ratio. 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 - Valuation

(at CMP)	2024	2025F
P/E (x)	17.78	12.87
P/B (x)	11.43	8.71
EV/EBITDA (x)	13.09	9.65
BVPS (AED)	0.085	0.111
EPS (AED)	0.055	0.075
DPS (AED)	0.017	0.063
Dividend Yield (%)	1.8% ¹	6.5%

FABS estimate & Co Data

¹The company was listed in Dec 2024, hence dividend yield for 2024 is considering the interim dividend (4Q24).

Talabat - P&L

USD Mn	3Q24	2Q25	3Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
GMV	1,929	2,439	2,488	29.0%	2.0%	7,428	9,567	28.8%
IFRS Revenue	750	981	989	31.8%	0.8%	2,872	3,788	31.9%
Operating cost	-517	-677	-677	31.1%	0.0%	-1,956	-2,566	31.2%
Gross profit	233	304	311	33.6%	2.4%	915	1,222	33.4%
Adj. EBITDA	128	166	159	24.5%	-4.3%	497	619	24.5%
Profit to shareholders	91	121	126	38.1%	3.7%	346	478	38.1%

FABS estimate & Co Data, ¹Details for the FY2024 and 3Q24 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 historical period.

Talabat – Margins (As a % of GMV)

	3Q24	2Q25	3Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	12.1%	12.5%	12.5%	43	5	12.3%	12.8%	44
EBITDA	6.6%	6.8%	6.4%	-23	-42	6.7%	6.5%	-22
Net Profit	4.7%	5.0%	5.1%	33	8	4.7%	5.0%	34

FABS estimate & Co Data

FAB Securities Contacts

Research Analyst

Ahmad Banihani +971-2 -6161629 ahmad.banihani@Bankfab.com

Sales & Execution

Trading Desk Abu Dhabi Head Office +971-2 -6161777
+971-2 -6161700/1
Institutional Desk +971-4 -5658395
Sales and Marketing +971-2 -6161703

Customer Service

Abu Dhabi Office +971-2 -6161600 [Online Trading Link](#)

DISCLAIMER

This report has been prepared by FAB Securities (FABS), which is authorized by the UAE Securities and Commodities Authority, licensing registration number 604002, and is a member of the Abu Dhabi Securities Exchange and Dubai Financial Market. The information, opinions and materials contained in this report are provided for information purposes only and are not to be used, construed, or considered as an offer or the solicitation of an offer or recommendation to sell or to buy or to subscribe for any investment security or other financial instrument. The information, opinions and material in this report have been obtained and derived from publicly available information and other sources considered reliable without being independently verified for their accuracy or completeness. FABS gives no representation or warranty, express or implied, as to the accuracy and completeness of information and opinions expressed in this report. Opinions expressed are current as of the original publication date appearing on the report only and the information, including the opinions contained herein, are subject to change without notice. FABS is under no obligation to update this report. The investments referred to in this report might not be suitable for all recipients. Recipients should not base their investment decisions on this report and should make their own investigations, and obtain independent advice, as appropriate. Any loss or other consequences arising from the uses of material contained in this report shall be the sole and exclusive responsibility of the recipient and FABS accepts no liability for any such loss or consequence. The value of any investment could fall as well as rise and the investor may receive less than the original amount invested. Some investments mentioned in this report might not be liquid investments, which could be difficult to realise in cash. Some investments discussed in this report could be characterised by high level of volatility, which might result in loss. FABS owns the intellectual property rights and any other material contained in this report. No part of this report may be reproduced, utilised or modified in any form either in whole or in part or by any electronic, mechanical or other means, now known or hereafter invented, including photocopying and recording, or stored in any retrieval system without the prior consent of FABS in writing. While utmost care has been taken to ensure that the information provided is accurate and correct, neither FABS, nor its employees shall, in any way, be responsible for the contents. By accepting this document, the recipient agrees he/she has read the above disclaimer and to be bound by the foregoing limitations/restrictions.