FAB SECURITIES أبوظبي الأول للأوراق المالية

Earnings Call Insight | 3Q25

UAE Equity Research Sector: Consumer Market: ADX

Americana Restaurants International PLC (AMR)

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.86	AED 2.50	+34%	BUY

3Q25 Net income lower than our estimate

- Americana Restaurants revenue rose 12.2% YOY to USD 623 Mn in 3Q25, primarily supported by a growth in like-for-like (LfL) sales coupled with expansion of store and menu innovation.
- The Company reported 13.8% YOY growth in gross profit to USD 338 Mn in 3Q25. Gross profit margin expanded 78 bps YOY to 54.2% in 3Q25 is attributed to a combination of factors, including operational efficiency, digital pricing strategy and cost control.
- Americana opex including expense on S&M and G&A expenses rose from USD 249 Mn in 3Q24 to USD 278 Mn in 3Q25.
- EBITDA grew 18.2% YOY to USD 139 Mn with an expansion in margin by 113 bps YOY to 22.4% in 3Q25. The growth in EBITDA and margin expansion is mainly attributed to LfL growth and cost discipline.
- Net profit grew 14.7% YOY to USD 43 Mn in 3Q25, attributed to EBITDA growth partially offset by higher finance and tax expenses.
- Generated a free cash flow of USD 128.3 Mn in 9M25 with a conversion ratio of 53%.
- The Company's cash and cash equivalents, including balance of short and long-term deposits, stood at USD 308 Mn in 3Q25 compared to USD 286 Mn in 2Q25.

Earnings Call Summary

- Revised its FY25 guidance to target 110-120 net new stores (down from 150-160) to enhance profitability and capital efficiency.
- Plan to scale back store opening in KSA and Iraq, while the growth will be maintained in UAE, Kuwait, Kazakhstan, and Morocco.
- Digital transformation accelerated with 2,490 self-ordering kiosks and the Dynamic Pricing Offers & Discounts (DPOD) initiative, adding USD 40 Mn in revenue.
- Management remains focused on restoring unit-level revenue to pre-boycott levels, citing strong October momentum and successful campaigns like Hardee's Chicken Slaw Burger, KFC's 5D Twister, and Pizza Hut's pasta launch as key drivers of continued LFL growth through value, innovation, and marketing.
- Krispy Kreme store closures mainly involved older outlets, averaging about 10 years. Half of the closures were driven by financial underperformance and the remaining by external factors like high rent renewals, relocations, or site redevelopments, with most planned closures for 2025 already completed.
- The average check size ranges between USD 9 and USD 12, varying by brand and country, with YOY growth differing widely across markets.
- 3Q25 LfL sales is 12-13% below pre-boycott levels as compared to 3Q23.
- KSA Pizza Hut acted as a drag on overall LfL attributed to a higher base and a slower rebound.
- Oman showed steady recovery momentum following the Pizza Hut acquisition.
- Oman Pizza Hut is still below full potential and expected to perform more in the upcoming quarters.
- Pizza Hut in the UAE constituted 70% of Pizza Hut's business recovered faster and was less impacted by geopolitical issues.
- Slowdown in 3Q25 LfL was temporary and seasonal, and witnessed a strong rebound in October 2025 with LfL sales slightly above July & August 2025 levels, indicating sustained underlying momentum into 4Q25.
- Launch of new delivery aggregator, Keeta, in the UAE increased home delivery share due to aggressive discounting. In the short term, the impact on the Company is positive, as it will monitor the effects in the medium-term before shifting further delivery share from its own app to aggregators.

- Key focus areas for 2026 include accelerating LFL sales growth, improving unit-level volumes, and restoring KSA profitability.
- Exploring merger and acquisition opportunities, particularly in the Arabic food segment.
- No direct impact of the ceasefire or geopolitical development on performance.
- Moderation in UAE growth reflects market maturity and seasonality, rather than structural weakness.
- The management 2026 focus is on driving LfL growth and improving KSA margins rather than aggressive expansion.
- Americana plans to provide an exhaustive post-boycott strategy and financial guidance at Investor Day in 1Q26.
- Store expansion in KSA would be dependent upon the strengthening of LfL sales, as higher sales per store support profitability and new investments.
- Profitability decline in GCC is driven entirely by KSA, with UAE and Kuwait performance remain healthy.
- Americana management expects a solid growth in 4Q25 despite a high base in 4Q24, owing to planned brand campaigns and marketing activities.

Americana Restaurants

(USD Mn)	3Q24	2Q25	3Q25	3Q25F	Var.	YOY Ch.	QOQ Ch.
Revenue	555	644	623	655	-4.9%	12.2%	-3.2%
COGS	-258	-297	-285	-306	-7.0%	10.3%	-3.9%
Gross Profit	**297**	**347**	**338**	**348**	**-3.0%**	**13.8%**	**-2.6%**
Total Operating Expense	**-249**	**-272**	**-278**	**-271**	**2.5%**	**11.7%**	**2.3%**
EBITDA	**118**	**153**	**139**	**152**	**-8.4%**	**18.2%**	**-9.1%**
EBIT	**48**	**75**	**60**	**77**	**-22.4%**	**24.9%**	**-20.3%**
Profit Before ZAKAT	**42**	**68**	**53**	**71**	**-26.1%**	**24.2%**	**-23.2%**
Zakat	-6	-9	-9	-13	-27.5%	60.3%	4.8%
Net profit from Equity Holders	**37**	**60**	**43**	**59**	**-27.6%**	**14.7%**	**-28.3%**

FABS estimate & Co Data

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%

FAB Securities Contacts:

Research Analyst		
Ahmad Banihani	+971-2-6161629	ahmad.banihani@Bankfab.com
Sales & Execution		
Abu Dhabi Head Office		
Trading Desk	+971-2-6161700/1 +971-2-6161777	Online Trading Link
Institutional Desk	+971-4-4245765	

DISCLAIMER