FAB SECURITIES أبوظبي الأول للأوراق المالية

Earnings Call Insight | 3Q25

UAE Equity Research   Sector: Consumer Discretionary   Market: DFM

Talabat Holding PLC

Current Price	Target Price	Upside/Downside (%)	Rating
AED 0.90	AED 1.80	+99.6%	BUY

3Q25 Net Profit marginally in line with our estimate

- Talabat's Gross Merchandise Value (GMV) excluding Instashop grew strongly from USD 1,929 Mn in 3Q24 to USD 2,422 Mn in 3Q25. This increase was mainly driven by double-digit growth in the core GCC markets and food verticals, strong performance in non-GCC markets, increased customer acquisition, and higher order frequency.
- GMV of Instashop increased 7.5% YOY to USD 157 Mn in 3Q25.
- Talabat management revenue grew from USD 772 Mn in 3Q24 to USD 1,009 Mn in 3Q25, excluding the Instashop. Revenue to GMV ratio also expanded from 40.0% in 3Q24 to 42.0% in 3Q25, owing to higher contribution of tMart business and higher subscription fees.
- IFRS revenue rose 33.9% YOY to USD 1,004 Mn in 3Q25.
- Adjusted EBITDA (excluding Instashop) increased 20.7% YOY to USD 154 Mn in 3Q25. The Adjusted EBITDA margin (as a % of GMV), declined marginally from 6.6% in 3Q24 to 6.4% in 3Q24. The contraction was primarily due to lower gross margins resulting from a continued shift in the GMV product mix.
- Operating profit stood at USD 132 Mn in 3Q25, with margin (as a % of GMV) stood at 5.5% in 3Q25.
- Net income stood at USD 121 Mn in 3Q25 driven strong revenue growth, with margin (as a % of GMV) stood at 5.0% in 3Q25, compared to USD 91 Mn in 3Q24 with a margin of 4.7%.

Earnings Call Summary

- The Company remains on track to pay at least USD 400 Mn in 2025 dividends, with a proposed payout ratio of 90.0%.
- Talabat's MAU (Monthly Active Users) growth accelerated to 23.0% YOY to 7.5 Mn in 3Q25 despite a temporary Qatar closure, which caused only about a 1.0% GMV impact with a swift recovery.
- Fleet size grew 36% YOY to 160k riders in 3Q25, while vendor base expanded 22% YOY to more than 80K active partners during 3Q25.
- The Company's partner-funded savings reached 6.3% of GMV, equivalent to USD 0.5 Bn, improving customer affordability.
- Talabat Pro adoption tripled to 25%, as of September 2025 compared to September 2024, and contributes c. 50.0% of GMV.
- Over one-third of customers now order across multiple verticals (food, grocery, retail), accounting for 70.0% of GMV.
- AdTech margins improved to 3.5% in 3Q25, moving toward the 7.5-8% long-term target, with an increased focus on CPG partnerships and AI-driven personalization to boost advertising returns.
- t-Mart's contribution to revenue rose to 31.0% in 3Q25 from 28.0% last year, while adjusted free cash flow margin dipped to 4.1% in 3Q25 due to new tax payments but remains strong at 6.1% YTD 2025.
- Regulatory changes in GCC (Saudi, UAE, Kuwait) expected to be positive, discouraging predatory pricing.
- New entrant Kita is offering steep discounts and promotions, effectively "giving food for free," but Talabat's high- and medium-value customer segments is driving most orders and profits—remain largely unaffected.
- Delivery fees fell 5.0% QOQ in 3Q25 due to higher Talabat Pro adoption, but rising subscription revenue kept the effective take rate steady at 9.0% of GMV.
- Management remains confident in the current pricing model, focusing on adding more value to Talabat Pro through new benefits and partnerships rather than lowering prices.
- EBITDA margin is expected to improve slightly in 4Q25, supported by T-Mart seasonal rebates and year-end accrual reversals.

- The Company has maintained its 2025 guidance, expecting GMV growth of 27–29% and management revenue growth of 29–32%.
- talabat also maintained its margin guidance (as a % of GMV) to 6.5% for adjusted EBITDA, 5.0% for net profit, and 6.0% for adjusted FCF for 2025.

Talabat – P&L

(USD Mn)	3Q24	2Q25	3Q25	3Q25F	VAR	YOY Ch	QOQ Ch
GMV[1]	**1,929**	**2,439**	**2,422**	**2,488**	**-2.7%**	**25.6%**	**-0.7%**
Revenue (IFRS)	750	981	1,004	989	1.6%	33.9%	2.4%
Operating Cost	-517	-677	-712	-677	5.1%	37.8%	5.2%
Gross Profit	**233**	**304**	**292**	**311**	**-6.2%**	**25.3%**	**-3.9%**
Adjusted EBITDA	**128**	**166**	**154**	**159**	**-3.1%**	**20.7%**	**7.2%**
Net profit from Equity Holders	**91**	**121**	**121**	**126**	**-3.9%**	**32.7%**	**-0.4%**

FABS estimate & Co Data, [1]Excluding Instashop

Talabat Management Guidance:

Performance measure	IPO guidance reiterated 13 Feb '25	Revised 12 Aug '25 & reiterated 10 Nov '25	9M '25 actuals	Q3 '25 actuals
GMV growth (y/y at constant currency)	**17-18%** USD 8.7-8.8bn	**27-29%** USD 9.4-9.6bn	**31%** USD 7bn	**27%** USD 2.4bn
Management Revenue growth (y/y at constant currency)	**18-20%** USD 3.49-3.55bn	**29-32%** USD 3.81-3.90bn	**35%** USD 2.9bn	**32%** USD 1bn
Adjusted EBITDA (margin, % of GMV)	**6.5-7.0%** USD 565-614mn	**6.5%** USD 613-623mn	**6.6%** USD 459mn	**6.4%** USD 154mn
Net income (margin, % of GMV)	**5.0-5.5%** USD 435-482mn	**5.0%** USD 472-479mn	**4.9%** USD 341mn	**4.9%** USD 119mn
Adjusted FCF (margin, % of GMV)	**6.0-6.5%** USD 521-570mn	**6.0%** USD 566-575mn	**6.1%** USD 424mn	**4.1%** USD 99mn
Dividends	**min. USD 400mn**	**min. USD 400mn(1)**		

(1) Dividends of USD 202mn respect of H1 2025 were approved by the Board in September and paid out to shareholders in October 2025. Management intends to recommend the same payout ratio of 90% of net income for the full year, subject to Board and shareholder approval. This would equate to c. USD 425 Mn based on minimum talabat-only guidance figures.

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	

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