FAB أبوظبي الأول للأوراق المالية SECURITIES

Earnings Call Insight | 2Q26

UAE Equity Research   Sector: Consumer Discretionary   Market: ADX

Americana Restaurants International PLC (AMR)

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.15	AED 2.50	+16.3%	BUY

2Q26 Net income higher than our estimate

- Americana Restaurants revenue rose 11.1% YOY to USD 715 Mn in 2Q26, driven by revenue growth across all brands and continued network expansion.
- The Company reported 16.5% YOY growth in gross profit to USD 404 Mn in 2Q26. Gross profit margin expanded 266 bps YOY to 56.6% in 2Q26, as strategic procurement initiatives, successful premium menu offerings, and operating leverage from strong sales growth more than offset higher input costs arising from the prevailing geopolitical environment.
- Americana's operating expenses, including S&M and G&A expenses, rose 11.6% YOY to USD 303 Mn in 2Q26.
- EBITDA grew 22.5% YOY to USD 188 Mn, with EBITDA margin expanding 245 bps YOY to 26.3% in 2Q26. The growth in EBITDA and margin expansion is driven by positive operating leverage, effective cost management and healthy unit economic of the home delivery channel.
- Net profit attributable to shareholders increased 40.5% YOY to USD 84 Mn in 2Q26, driven by higher revenue and finance income, partially offset by higher cost of revenues, operating expenses, finance costs, and tax expenses.
- The Company generated free cash flow of USD 160 Mn in 1H26, up 44.5% YOY, with a cash conversion ratio of 70%, reflecting strong underlying profitability and effective working capital optimization.
- Cash and cash equivalents, including short-term deposits, decreased to USD 361 Mn in 2Q26 from USD 426 Mn in 1Q26.
- The Board approved an interim cash dividend of USD 100.8 Mn (USD 0.012/ 4.4 fils per share) for the 1H26, reflecting the Company's disciplined capital allocation framework and continued commitment to delivering shareholder value.

Earnings Call Summary

- The Company added 167 gross and 108 net new stores over the last twelve months, taking the total footprint to 2,746 restaurants; gross additions comprised 134 power brands, 26 growth brands and 7 Malak Al Tawouk (MAT) stores, against 59 closures.
- 1H26 gross openings amounted 26 core restaurants plus 7 MAT locations, with the first half again carrying a larger share of planned closures and development activity weighted to 2H26.
- Americana announced a long-term strategic partnership with ADNOC Distribution providing preferential access to 200 Tier-1 locations over five years on a profit and capex sharing model.
- MAT store pipelines are being built in the UAE and KSA, with a Kuwait launch planned in 2H26 and sites already signed.
- The first Carpo store opened in Qatar, marking entry into premium food retail, and recorded the highest-ever launch sales in Americana's history.
- Inventory cost improved to 27.5% in 2Q26 of revenue from 29.2% in 2Q25.
- Home delivery mix rose to 52% in 1H26 from 47% in 1H25 and kiosks to 17% in 1H26 from 14% in 1H25; 83% of revenue continued to come from stable pegged currencies.
- Americana opened 356 stores during 1 Apr 2024 to 31 Mar 2026 and are currently in operation, average capex per restaurant amounted to USD 402k with a three-year payback; KFC delivered 2.4 years on 142 openings and Hardee's 2.5 years on 57 openings, while Pizza Hut and Krispy Kreme paybacks exceed five years, reflecting dine-in footfall pressure in some locations.
- The forward pipeline comprises 56 restaurants under construction, 47 secured sites and 47 locations with approved feasibility studies.

- Management guided mid-single-digit LFL growth consistent with 1H26, 120–130 net new store openings in 2026 including new brands focused on high-performing brand market units, and gross profit, EBITDA and net income margin expansion versus 2025, with net income margin expansion of 100–150 bps over the 2025 base of 8.9%.
- Management stated the margin improvement is driven by fundamental business performance rather than transitory benefits and that current margin levels are sustainable.
- Most major commodity contracts are locked in for the current year, with elevated costs confined to higher logistics, insurance and alternate sourcing; management does not expect the balance of the year to be materially different from 2Q26 in terms of cost.
- Logistics cost increases were not fully reflected in Q2 26 as earlier-purchased inventory was consumed; management expects marginal, non-significant margin dilution in 2H26, with 2H26 EBITDA margin not materially different from 1H25.
- KSA LFL growth driven by multiple initiatives, rather than one single factor and expect there is still room for further improvement during the rest of the year.
- Pizza hut recorded weak performance mainly due to UAE, while KSA continues to perform well. Geopolitical tension impacted performance in UAE reduced family and group dining occasions which impacted the brand compared to other brands.
- Pizza Hut recorded positive performance in July 2026 and expect performance will be similar to other brands from September onwards.
- Delivery profitability improved due to several factors such as the presence of new delivery platforms which offered lower delivery costs, reduced participation in subscription programmes and optimised last-mile delivery operations.
- KSA store openings will continue to grow, but management does not expect a return to 2022–23 opening levels.
- World Cup impact was muted given odd match timings, with no significant uplift seen and limited materiality over six months.
- On ADNOC and store expansion generally, management reiterated 120–130 net openings, roughly three-year paybacks and disciplined site selection with no material impact on return thresholds.

Americana Restaurants P&L

(USD Mn)	**2Q25**	**1Q26**	**2Q26**	**2Q26F**	**Var**	**YOY Ch.**	**QOQ Ch.**
Revenue	644	650	715	709	0.8%	11.1%	10.0%
COGS	-297	-288	-311	-325	-4.4%	4.7%	7.8%
Gross Profit	**347**	**362**	**404**	**384**	**5.2%**	**16.5%**	**11.8%**
Total Operating Expense	**-272**	**-282**	**-300**	**-297**	**1.0%**	**10.2%**	**6.1%**
EBITDA	**153**	**161**	**188**	**169**	**11.0%**	**22.5%**	**16.9%**
EBIT	**75**	**79**	**105**	**88**	**19.3%**	**39.3%**	**31.7%**
Profit Before ZAKAT	**68**	**73**	**98**	**80**	**22.3%**	**43.2%**	**34.2%**
Zakat	-9	-10	-14	-11	25.7%	59.2%	41.0%
Net profit from Equity Holders	**60**	**63**	**84**	**69**	**21.7%**	**40.5%**	**33.0%**

FABS estimate & Co Data

Management 2026 Guidance:

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
Shahrukh Nawaz	+971-2-6161612	Shahrukh.Nawaz@bankfab.com

Sales & Execution

Abu Dhabi Head Office

Trading Desk	+971-2-6161700/1	Online Trading Link
	+971-2-6161777	
Institutional Desk	+971-4-4245765	

DISCLAIMER