أبوظبـي الأول للأوراق المالية
FAB SECURITIES

First Look Note | 2Q26

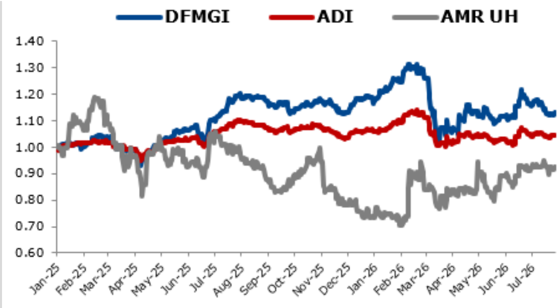
UAE Equity Research   Sector: Consumer Discretionary   Market: ADX

Americana Restaurants International PLC (AMR)

Strong Earnings Growth Supported by Margin Expansion

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.17	AED 2.50	+15.2%	BUY

- The Company added 108 net new restaurants over the last 12 months, expanding its footprint to 2,746 restaurants.
- EBITDA margin expanded 245 bps YOY to 26.3% in 2Q26, driven by effective cost management and improved home delivery unit economics.
- Americana secured preferential access to 200 Tier-1 ADNOC locations, supporting its long-term store expansion strategy.
- The Board approved an interim cash dividend of USD 100.8 Mn, equivalent to (USD 0.012/AED 4.4 fils) per share for the 1H26.
- Management reiterated mid-single-digit LFL sales growth, including expansion in gross, EBITDA and net profit compared to 2025. Also guided a 100–150 bps expansion in 2026 net profit margin versus 2025.



Stock Information	
Market Cap (USD, Mn)	18,868.94
Paid Up Capital (Mn)	167.42
52 Week High	2.25
52 Week Low	1.55
3M Avg. daily value (AED)	13,072,150

2Q26 Result Review (USD, Mn)	
Total Assets	1,696
Total Liabilities	1,261
Total Equity	435
EBITDA	188
Net Profit	84

Financial Ratios	
Dividend Yield (12m)	3.94
Dividend Pay-out (%)	91.99
Price-Earnings Ratio(x)	18.72
Price-to-Book Ratio (x)	11.81
Book Value (AED)	0.05
Return-on Equity (%)	68.76

Stock Performance	
5 Days	9.80%
1 Months	9.27%
3 Months	12.00%
6 Months	39.13%
1 Year	6.16%
Month to Date (MTD%)	3.23%
Quarter to Date (QTD%)	10.34%
Year to Date (YTD%)	38.27%

2Q26 Net Profit higher than our estimate

Americana Restaurants (Americana/ the Company) net profit attributable to shareholders increased 40.5% YOY to USD 84 Mn in 2Q26, higher than our estimate of USD 69 Mn. The increase in net profit was supported by higher revenue, other income, and finance income, partially offset by higher cost of revenues, operating expenses, finance costs, and tax expenses.

P&L Highlights

Americana's revenue grew 11.1% YOY to USD 715 Mn in 2Q26, driven by revenue growth across all brands and continued network expansion. The revenue growth is driven by the addition of new stores and LFL growth, partially mitigated by store closures. In addition, all power brands recorded double-digit growth except Pizza Hut revenue, which posted 1% YOY growth. The Company's cost of goods sold increased 4.7% YOY to USD 311 Mn in 2Q26, while the cost of inventory as a percentage of revenue improved from 29.2% in 2Q25 to 27.5% in 2Q26. As a result, gross profit increased 16.5% YOY to USD 404 Mn in 2Q26, with the gross margin expanding by 266 bps YOY to 56.6% in 2Q26, as strategic procurement initiatives, successful premium menu offerings, and positive operating leverage from strong sales growth more than offset higher input costs arising from the prevailing geopolitical environment. Selling & marketing expenses rose 10.9% YOY to USD 249 Mn in 2Q26, with G&A expenses increasing 14.7% YOY to USD 54 Mn in 2Q26. Other income increased from USD 2 Mn in 2Q25 to USD 5 Mn in 2Q26. Thus, total operating expenses rose 10.2% YOY to USD 300 Mn in 2Q26. Moreover, Americana's EBITDA increased 22.5% YOY to USD 188 Mn in 2Q26, with the EBITDA margin expanding by 245 bps YOY to 26.3% in 2Q26. Operating profit rose 39.3% YOY to USD 105 Mn in 2Q26, with the operating margin increased by 297 bps YOY to 14.6% in 2Q26. The Company's finance income increased 23.7% YOY to USD 5 Mn in 2Q26, while finance costs rose 8.5% YOY to USD 11 Mn in 2Q26. Income tax and zakat expenses increased from USD 9 Mn in 2Q25 to USD 14 Mn in 2Q26.

Balance Sheet Highlights

Americana's cash and cash equivalents, including short-term deposits, decreased to USD 361 Mn in 2Q26 from USD 426 Mn in 1Q26. 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. Net working capital declined from negative USD 218 Mn in 2Q25 to negative USD 266 Mn in 2Q26, representing negative 10.0% of trailing twelve-month revenue in 2Q26, compared with negative 9.2% in 2Q25 owing to a decline in inventory and higher payables, partially offset by an increase in receivables. Additionally, gross capex amounted to USD 67 Mn, or 4.9% of revenue in 1H26, compared with USD 50 Mn, or 4.1% of revenue in 1H25.

Target Price and Rating

We maintain our BUY rating on Americana Restaurants with a target price of AED 2.50. The Company delivered a strong 2Q26 performance, with revenue growing 11.1% YOY to USD 715 Mn and net profit attributable rising 40.5% YOY to USD 84 Mn. Growth was broad-based across brands, with 1H26 revenue from KFC rising 12.6% YOY to USD 818 Mn, Hardee's 13.9% YOY to USD 241 Mn, Krispy Kreme 10.2% YOY to USD 49 Mn, and Pizza Hut 4.4% YOY to USD 167 Mn, on LFL growth of 7.0%, 7.6%, 5.8% and 1.6% respectively, against 6.3% for the Company. By geography, 1H26 revenue rose 10% YOY in the UAE to USD 449 Mn, 7% YOY in KSA to USD 336 Mn, 16% YOY in Kuwait to USD 200 Mn, and 23% YOY in Egypt to USD 95 Mn. Power Brands continued to contribute 94% of revenue, with 83% of revenue generated in stable pegged currencies. Home delivery mix rose to 52% in 1H26 from 47% in 1H25 and kiosks to 17% in 1H26 from 14% in 1H25. Management guided for mid-single-digit LFL growth for 2026, consistent with the performance achieved in 1H26, and expects to open 120–130 net new stores during 2026, including new brands focused on high-performing brand market units. Americana also expects gross profit, EBITDA and net income margins to expand versus 2025, with net income margin projected to improve by 100–150 bps over the 2025 base of 8.9%. It stated that the expected margin improvement is driven by fundamental business performance rather than transitory benefits and believes current margin levels are sustainable. The Company added 167 gross and 108 net new stores over the last twelve months, taking its total footprint to 2,746 restaurants. Gross additions comprised 134 power brands stores, 26 growth brands stores and 7 Malak Al Tawouk (MAT) stores, against 59 closures. Planned closures were front-loaded in 1H26, whereas development activity is weighted toward 2H26. MAT store pipelines are being built in the UAE and KSA, with a Kuwait launch planned in 2H26 and sites already signed. Americana also 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. Of the 356 stores opened between 1 April 2024 and 31 March 2026 and currently in operation, average capex per restaurant amounted to USD 402k with a three-year payback period. KFC delivered a payback period of 2.4 years across 142 openings and Hardee's 2.5 years across 57 openings, while Pizza Hut and Krispy Kreme recorded payback periods exceeding five years, reflecting weaker dine-in footfall in certain locations. Most major commodity contracts are locked in for the current year, with elevated costs limited to higher logistics, insurance and alternate sourcing expenses. Management does not expect cost conditions during the remainder of the year to differ materially from those experienced in 2Q26. Management noted that KSA's LFL growth was driven by multiple initiatives rather than any single factor and expects further improvement during the remainder of the year. Pizza Hut's weak performance was mainly attributable to the UAE, while KSA continued to perform well. Geopolitical tensions in the UAE reduced family and group dining occasions, disproportionately affecting Pizza Hut relative to other brands. However, Pizza Hut recorded positive performance in July 2026, with management expecting performance to align with the Company's other brands from September onwards. Delivery profitability improved due to the presence of new delivery platforms offering lower delivery costs, reduced participation in subscription programmes, and optimised last-mile delivery operations. The Board approved an interim cash dividend of USD 100.8 Mn (USD 0.012/ AED 4.4 fils per share) for the period ended 30 June 2026, reflecting the Company's disciplined capital allocation framework and continued commitment to delivering shareholder value. Thus, based on our analysis, we maintain our BUY rating on the stock.

Americana - Relative valuation[1]

(at CMP)	2022	2023	2024	2025	2026F
PE	19.13	19.11	31.21	22.56	18.17
PB	17.42	11.28	12.56	10.11	8.44
EV/EBITDA	8.75	8.33	9.63	7.60	6.80
BVPS (AED)	0.124	0.191	0.172	0.214	0.256
EPS (AED)	0.113	0.113	0.069	0.096	0.119
DPS (AED)	0.093	0.078	0.055	0.088	0.091
Dividend Yield	4.3%	3.6%	2.5%	4.1%	4.2%

FABS Estimates & Co Data, [1]Americana Restaurants was listed in 2022; hence, the previous year's multiples are unavailable

Americana - P&L

USD Mn	2Q25	1Q26	2Q26	2Q26F	Var.	YOY Ch.	QOQ Ch.	2025	2026F	Change
Revenue	644	650	715	709	0.8%	11.1%	10.0%	2,509	2,736	9.1%
COGS	-297	-288	-311	-325	-4.4%	4.7%	7.8%	-1,144	-1,212	6.0%
Gross Profit	**347**	**362**	**404**	**384**	**5.2%**	**16.5%**	**11.8%**	**1,365**	**1,524**	**11.6%**
S&M Expenses	-224	-231	-249	-241	3.2%	10.9%	7.7%	-886	-968	9.2%
G&A Expenses	-47	-55	-54	-58	-6.8%	14.7%	-1.6%	-203	-220	8.5%
Other Income	2	4	5	3	98.1%	NM	27.8%	13	14	6.0%
Total Operating Expense	**-272**	**-282**	**-300**	**-297**	**1.0%**	**10.2%**	**6.1%**	**-1,082**	**-1,176**	**8.6%**
EBITDA	**153**	**161**	**188**	**169**	**11.0%**	**22.5%**	**16.9%**	**596**	**673**	**13.1%**
EBIT	**75**	**79**	**105**	**88**	**19.3%**	**39.3%**	**31.7%**	**283**	**348**	**23.1%**
Financing income	4	5	5	3	46.5%	23.7%	0.3%	16	16	6.2%
Financing cost	-10	-11	-11	-11	5.0%	8.5%	1.9%	-44	-43	-1.8%
Profit Before ZAKAT	**68**	**73**	**98**	**80**	**22.3%**	**43.2%**	**34.2%**	**254**	**321**	**26.4%**
Zakat	-9	-10	-14	-11	25.7%	59.2%	41.0%	36	45	26.1%
Net Profit	**60**	**63**	**84**	**69**	**21.8%**	**40.8%**	**33.1%**	**218**	**276**	**26.4%**
Non-controlling interest	0	0	0	0	-22.4%	NM	NM	-1	4	NM
Net profit attributable	**60**	**63**	**84**	**69**	**21.7%**	**40.5%**	**33.0%**	**219**	**272**	**24.1%**

FABS estimate & Co Data

Americana - Margins

	2Q25	1Q26	2Q26	YOY Ch.	QOQ Ch.	2025	2026F	Change
Gross Profit	53.9%	55.7%	56.6%	266	88	54.4%	55.7%	128
EBITDA	23.8%	24.7%	26.3%	245	155	23.7%	24.6%	87
Operating Profit	11.7%	12.2%	14.6%	297	241	11.3%	12.7%	145
Net Profit	9.3%	9.7%	11.8%	246	203	8.7%	9.9%	121

FABS estimate & Co Data

Key Developments:

- **26 February 2026:** Americana Restaurants acquired 100% of the shares in Americana Arabic Cuisine L.L.C, formerly Yummy Junction International Investment LLC, which operates Malak Al Tawouk restaurants in the UAE, for a consideration of USD 19.3 Mn, recognising goodwill of USD 1.9 Mn.
- **08 February 2026:** Americana Restaurants secured a 75-year exclusive license to develop Malak Al Tawouk across 13 markets and acquired its UAE and Saudi Arabia franchise operations for USD 20.8 million, strengthening its presence in the Arabic QSR segment.
- **19 May 2026:** Americana Restaurants and ADNOC Distribution entered into a strategic partnership to open up to 200 quick-service restaurants across ADNOC Distribution's service stations in the UAE, Saudi Arabia, and Egypt. The partnership supports ADNOC Distribution's non-fuel retail growth strategy and expands Americana's regional footprint at high-traffic roadside locations.
- **09 July 2026:** Americana Restaurants completed the acquisition of a 100% stake in Rock Star International Restaurant For Meals Serving LLC, which operates under the Malak Al Tawouk brand in KSA, extending the brand across both markets and supporting a planned launch in Kuwait in 2H26.
- **28 July 2026:** The Board of Directors approved an interim cash dividend of USD 0.0120 per share, amounting to USD 100.8 Mn, based on the results for the period ended 30 June 2026.

Valuation:

We use Discounted Free Cash Flow (DCF) and Relative Valuation (RV) to value Americana Restaurants. We have assigned 70% weight to DCF and 30% to RV.

Valuation Method	Target	Weight	Weighted Value
DCF Method	2.42	70.0%	1.70
Relative Valuation (RV)	2.67	30.0%	0.80
Weighted Average Valuation (AED)			**2.50**
Current market price (AED)			2.17
Upside/Downside (%)			+15.2%

1) DCF Method:

Americana is valued using free cash flow to equity. We have discounted the cash flow using the cost of equity of 9.5%. The cost of equity is calculated using a 10-year government bond yield of 5.2%, a beta of 1.0, and an equity risk premium of 4.3%. The government bond yield is calculated after adding Abu Dhabi's 10-year spread over the 10-year US risk-free rate. Also, assumed a terminal growth rate of 2.5%.

Sum of PV (USD, Mn)	1,295
Terminal value (USD, Mn)	4,244
FV to Common shareholders (USD, Mn)	**5,540**
No. of share (Mn)	8,399
Current Market Price (AED)	2.17
Fair Value per share (AED)	**2.42**

DCF Method

(All Figures in USD Mn)	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Net Income	276	299	332	387	421
D&A	325	345	353	368	386
(-) Capex	-126	-132	-138	-145	-151
Change in working capital	30	28	23	23	24
Net change in debt	-201	-214	-222	-233	-247
Free Cash Flow to Equity (FCFE)	**304**	**326**	**349**	**400**	**433**
Discounting Factor	*0.96*	*0.88*	*0.80*	*0.73*	*0.67*
Discounted FCFE	**146**[1]	**286**	**280**	**293**	**290**

Source: FAB Securities, [1]Adjusted for partial year

2) Relative Valuation:

We have used regional and global peers to value Americana, which is valued using the EV/EBITDA multiple. It is valued at EV/EBITDA multiple of 13.9x, in line with peers.

Company	Market (USD Mn)	EV/EBITDA (x) 2026F	EV/EBITDA (x) 2027F	P/E (x) 2026F	P/E (x) 2027F
Herfy Food Services Co	237	NM	NM	NM	NM
Domino's Pizza Enterprises Ltd	1,114	8.0	8.3	13.7	13.2
Yum China Holdings Inc	15,073	8.6	8.0	14.9	13.3
Restaurant Brands International	25,739	16.4	15.6	18.3	16.7
Yum Brands	42,052	17.3	16.4	22.7	20.6
Domino's Pizza Inc	10,340	13.9	13.3	16.3	14.9
Average		**12.8x**	**12.3x**	**17.2x**	**15.8x**
Median		**13.9x**	**13.3x**	**16.3x**	**14.9x**
Max		**16.4x**	**15.6x**	**18.3x**	**16.7x**
Min		**8.6x**	**8.3x**	**14.9x**	**13.3x**

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%

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