Earnings Call Insight | 3Q26

UAE Equity Research Sector: Consumer Discretionary Market: ADX

Americana Restaurants International PLC

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.45	AED 2.70	+10.2%	ACCUMULATE

3Q26 Net income slightly higher than our estimate

- Americana revenue rose 14.4% YOY to USD 712 Mn in 3Q26, driven by like-for-like sales growth of 8.6%, revenue growth across all Power Brands and continued network expansion.
- The Company reported 16.7% YOY growth in gross profit to USD 394 Mn in 3Q26. Gross profit margin expanded 111 bps YOY to 55.4% in 3Q26, as strategic procurement initiatives, targeted pricing, menu innovation and operating leverage more than offset higher input costs arising from the prevailing geopolitical environment.
- Americana's total operating expenses, including S&M and G&A expenses, rose 9.1% YOY to USD 303 Mn in 3Q26.
- EBITDA grew 24.8% YOY to USD 174 Mn, with EBITDA margin expanding 204 bps YOY to 24.3% in 3Q26. The growth in EBITDA and margin expansion was driven by positive operating leverage and effective cost management, despite higher seasonal utility costs during the quarter.
- Net profit attributable to shareholders increased from USD 43 Mn in 3Q25 to USD 70 Mn in 3Q26, driven by higher revenue, other income and finance income, partially offset by higher cost of revenues, finance costs and zakat expenses.
- The Company generated free cash flow of USD 225 Mn in 9M26, up 75.6% YOY, with a cash conversion ratio of 67%, reflecting strong underlying profitability and effective working capital optimisation.
- Cash and cash equivalents, including short-term deposits, decreased to USD 332 Mn in 3Q26 from USD 361 Mn in 2Q26.
- Net working capital stood at negative USD 254 Mn in 3Q26 compared with negative USD 199 Mn in 3Q25, reflecting higher trade payables and lower inventory, partially offset by increased receivables.

Earnings Call Summary

- The Company added 167 gross and 112 net new stores over the last twelve months, taking the total footprint to 2,769 restaurants. Gross additions comprised 126 Power Brand, 31 Growth/Niche Brand and 10 Malak Al Tawouk (MAT) stores through acquisition (7 in the UAE and 3 in KSA), against 55 closures, which were largely intentional exits from locations below performance and return thresholds.
- In 3Q26, the Company opened 32 gross new restaurants, with openings again weighted towards 4Q26 as the 101 restaurants currently under construction are completed before year-end.
- The forward pipeline comprises 101 restaurants under construction, 31 secured sites and 26 locations with approved feasibility studies, supporting the reaffirmed guidance of 120–130 net new stores in 2026, after planned closures.
- The Company indicated that it aims to increase net openings from the current 120–130 a year towards 250–300 over time, supported by new growth platforms such as the ADNOC partnership, MAT and Taco Bell.
- Americana secured exclusive development rights for Taco Bell, entering the fast-growing Mexican-inspired QSR category. The Company will launch first in the UAE with disciplined site selection and supply chain infrastructure, followed by phased expansion across other GCC markets, as Mexican cuisine remains under-represented in the region.
- MAT has opened three new restaurants since integration, with a pipeline in the UAE and KSA and a planned Kuwait launch. MAT delivery orders are now fulfilled by Americana's own fleet.
- Inventory cost improved 130 bps YOY to 27.7% of revenue in 9M26, and 30 bps YOY in 3Q26, as targeted pricing, procurement efficiencies and menu innovation offset continued inflation in certain food inputs.

- Americana noted continued inflation in beef and cooking oil, while other commodity costs are expected to remain broadly in line with 2026, as 2027 supplier contracts are currently being tendered. The Company plans to offset higher input costs through targeted pricing, menu engineering and innovation and stated that the Company never takes blanket price increases on menu.
- Home delivery contributed c. 52% of revenue in 9M26, up from 47% in 9M25 and broadly consistent with 1H26, while 82% of revenue continued to come from stable, pegged currencies.
- Americana raised FY2026 net profit margin expansion guidance to 150–175 bps over 2025 (from 100–150 bps), while reaffirming strong mid-single-digit LFL growth, 120–130 net new stores including new brands, and gross profit, EBITDA and net profit margin expansion compared to 2025, after accounting for input cost pressures including transportation and insurance.
- The Company expects 4Q26 profitability to be broadly in line with 3Q26, as 4Q25 included one-off benefits from tax litigation closures, creating a high base for comparison.
- Americana attributed its sustained performance to structural changes rather than temporary factors. These include a stronger in-house culinary, innovation and commercialisation team, greater local relevance through collaborations with local brands and culturally relevant promotions, a shift from a single regional marketing calendar to country-by-country calendars, and a global media RFP that doubled media exposure for the same spend.
- UAE like-for-like performance was broadly flat in 3Q26, affected by the regional conflict and summer holidays, although total UAE revenue grew 10.0% YOY to USD 223 Mn, supported by network expansion. The Company said October 2026 trading was very strong, with healthy transaction growth.
- Pizza Hut performance improved in 3Q26 as customer traffic in the UAE normalised following softness in 1H26, although Pizza Hut continues to lag other brands on LFL in KSA.
- KSA momentum continued in 3Q26, led by KFC and closely followed by Hardee's. Demand was affected only in a few areas such as Jizan and Najran, while early supply disruptions via the Bab el-Mandeb route have normalized.
- The Saudi minimum wage increase from SAR 5,000 to SAR 6,000 next year, higher utility tariffs and possible outdoor advertising restrictions are not expected to materially affect margins, supported by top-line growth and cost optimization.
- In Kuwait, a regulatory cap on commissions, including marketing investments, is expected to benefit Americana, which is below the thresholds, as smaller players above them will be constrained in their marketing spend, improving Americana's visibility.
- Digital transactions reached 66% of the total, up from 48% in 2024, while kiosks are now in 1,300+ restaurants, up from 500+ in September 2024. The loyalty programme is live across five brands, with 19 Mn+ transactions in 9M26, up 47% YOY, and the customer data platform is driving personalisation and CRM, with early positive returns.
- Americana sees further operating leverage beyond gross margin, through fixed rents, labour efficiency from automation and kiosks, AI-led G&A streamlining, IoT-based utility savings and disciplined capex that keeps D&A in check.
- Free cash flow rose 75.6% YOY to USD 225 Mn in 9M26, with cash conversion improving to 67% in 9M26 from 54% in 9M25, supported by structurally negative working capital of USD 254 Mn, equivalent to 9.3% of LTM revenue. Gross capex amounted to USD 95 Mn, or 4.6% of revenue, including the MAT acquisitions.

Americana Restaurants

(USD Mn)	3Q25	2Q26	3Q26	3Q26F	Var	YOY Ch.	QOQ Ch.
Revenue	623	715	712	696	2.3%	14.4%	-0.3%
COGS	-285	-311	-318	-304	4.5%	11.6%	2.4%
Gross Profit	**338**	**404**	**394**	**392**	**0.6%**	**16.7%**	**-2.5%**
S&M Expenses	-225	-249	-255	-254	0.2%	13.2%	2.4%
G&A Expenses	-52	-54	-53	-56	-6.3%	1.3%	-2.5%
Other Income	2	5	4	3	NM	NM	-17.0%
Monetary gain from hyperinflation	0	0	0	0	NM	NM	NM
Rev. of imp./(imp. losses) of non-fin. assets	-3	-2	0	0	NM	NM	NM
Total Operating Expenses	**-278**	**-300**	**-303**	**-308**	**-1.5%**	**9.1%**	**1.2%**
EBITDA	**139**	**188**	**174**	**166**	**4.9%**	**24.8%**	**-7.4%**
Operating Profit	**60**	**105**	**91**	**84**	**8.1%**	**NM**	**-12.9%**
Financing income	4	5	5	5	-6.3%	23.0%	-1.8%
Financing cost	-11	-11	-12	-11	8.6%	9.2%	6.0%
Profit Before ZAKAT	**53**	**98**	**84**	**78**	**7.1%**	**NM**	**-14.6%**
Zakat	-9	-14	-13	-11	22.0%	43.8%	-5.3%
Net Profit	**43**	**84**	**70**	**67**	**4.7%**	**NM**	**-16.2%**
Non-controlling interest	0	0	0	0	NM	5.0%	NM
Net profit to shareholders	**43**	**84**	**70**	**67**	**3.8%**	**NM**	**-16.8%**

FABS estimate & Co Data

2026 Management Guidance:

Revenue Growth

- ✓ Continue delivering strong mid-single-digit LfL growth
- ✓ Win brand love and trust through local relevance and strong campaign execution

NSO Guidance

- ✓ 120 – 130 net new stores in 2026; including new brands
- ✓ NSOs focused on high performing BMUs[1] and scale-up of new brands

Digital Leadership

- ✓ Evolving to a loyalty-led ecosystem and making loyalty a core pillar of customer engagement
- ✓ Drive customer engagement by leveraging Cmericana's proprietary customer stack(QMP, CRM and personalization)

Profitability Outlook

- ✓ Gross profit margin, EBITDA margin and Net profit margin expansion vs. 2025
- ✓ Net profit margin expansion guidance raised to 150-175 bps vs. 2025 (vs 100-150 bps previously)

Category Expansion

- ✓ Build on the successful acquisition of Malak Al Tawouk in the UAE and KSA
- ✓ Launch MAT in Kuwait
- ✓ Identifying locations for Taco Bell's market entry and establishing the supply chain infrastructure

Cost Efficiencies

- ✓ Drive inventory cost savings with menu optimization and supplier negotiations
- ✓ Streamline G&A leveraging efficiencies of scale and AI initiatives

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%

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