

Americana Restaurants International PLC

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.59	AED 3.15	+22%	BUY

4Q24 Net in-line with our estimate

- Americana Restaurants revenue rose 14.1% YOY to USD 589 Mn in 4Q24, driven primarily by LFL growth and newly opened stores during FY2024.
- The Company reported a gross profit of USD 315 Mn in 4Q24 as compared to USD 270 Mn in 4Q23, an increase of 16.7% YOY, fuelled by favourable commodity prices and effective management and procurement strategies. Gross profit margin also expanded from 52.4% in 4Q23 to 53.5% in 4Q24.
- Americana incurred expenditure of USD 209 Mn of selling and marketing expenses and USD 45 Mn of general and admin expenses during 4Q24 compared to S&M expenses of USD 183 Mn and G&A expenses of 45 Mn during 4Q23.
- The Company incurred total operating expenses of USD 266 Mn during 4Q24, a growth of 13.1% YOY.
- Americana recorded EBITDA of USD 122 Mn during 4Q24, an increase of 17.1% YOY due to growth in revenue. EBITDA margin also expanded 20.2% in 4Q23 to 20.7% in 4Q24.
- Net profit of Americana Restaurants grew 26.3% YOY to USD 41 Mn in 4Q24, indicating ongoing business recovery. Net profit margin also expanded from 6.9% in 4Q23 to 8.5% in 4Q24.
- The Company's cash balance stands at USD 81 Mn in FY2024.

Earnings Call Summary

- Americana faced challenges in FY2024 due to regional geopolitical conflicts, particularly in markets like Egypt, Oman, and Jordan, which affected consumer behaviour and market conditions. Additionally, currency devaluation, notably in Egypt, led to a negative revenue impact of USD 65 Mn.
- The Company faced significant challenges during FY2024 due to the regional boycott, which impacted consumer behaviour and sales. However, following the cessation of the boycott, there has been a recovery, with positive momentum building across key markets, including Saudi Arabia and the UAE, as consumer engagement is recovering to pre-boycott levels.
- Revenue for FY2024 declined by 9.0% YOY, totaling USD 2.2 Bn, primarily due to the impact of geopolitical situations and a 12.5% YOY decline in like-for-like sales, primarily due to reduced consumer spending amid macroeconomic pressures and political instability in several regions.
- 4Q24 Revenue saw 14.1% YOY growth compared to 4Q23, and 6.1% QOQ growth.
- Americana opened 213 new restaurants, with notable expansions in Saudi Arabia (81 stores), UAE (49 stores), and Kuwait (24 stores) in FY2024.
- The Company crossed 700 stores in Saudi Arabia, including the milestone of the 100th Pizza Hut within just 30 months, and continued to grow its presence in the Kraft coffee segment, with 14 Pete's Coffee shops now in the UAE.
- Americana expanded into new markets like Kazakhstan, Morocco, and Iraq during FY2024.
- The Company's portfolio includes 734 stores in Saudi Arabia, 605 in the UAE, 262 in Kuwait, 453 in Egypt, and 536 stores across other regions as of December 2024.
- By the end of 2024, Americana expanded its total portfolio to 2,590 restaurants, opening 213 gross new stores and 155 net new stores, with 183 of these dedicated to power brands (KFC, Pizza Hut, Hardee's).
- Americana successfully launched loyalty programs for Hardee's and Pizza Hut in the UAE and KSA, driving repeat purchases and strengthening brand loyalty through increased customer engagement.
- In January 2025, Americana acquired Pizza Hut Oman, adding 47 stores to its portfolio and further solidifying its position as the dominant food platform in the region. This acquisition supports the

Company's growth strategy and enhances its market dominance across key food brands like KFC, Pizza Hut, and Hardee's.

- Americana plans to open 150-160 net new restaurants in FY2025, concentrating on key markets like UAE, KSA, Kuwait, and Iraq. The Company will continue to focus on transaction recovery, average check growth, and improving gross margins through stable commodity costs and enhanced operational efficiency, supported by strengthened inventory controls via proprietary apps.
- Americana plans further expansion of loyalty programs and personalization across its core brands like KFC, Pizza Hut, and Hardee's to further enhance customer retention and engagement in 2025.
- Capex of the Company accounted for 5.2% of revenue during FY2024, totalling USD 115 Mn, with the majority allocated to new store openings, digital initiatives, and selective remodels.
- The Company enhanced store efficiency by implementing better inventory controls through AMR apps and expects a slight improvement in gross margin in FY2025 compared to FY2024. Additionally, Americana is setting up a Center of Excellence (COE) for IT in India to further streamline operations.
- The UAE will see its tax rate increase from 9% in FY2024 to 15% in FY2025, while Kuwait will also impose a 15% tax. Saudi Arabia's effective tax rate remains steady at around 15%. These changes will increase Americana's effective tax rate to c. 15% in FY2025.
- The Company implemented cost-cutting measures, including a USD 25 Mn reduction in people costs and optimization of marketing and maintenance expenses, while maintaining a disciplined approach to Capex by prioritizing new store openings, digital initiatives, and selective remodels to support business recovery.
- Proposed USD 127 Mn dividend for FY2024, subject to shareholder approval in the AGM.

Americana Restaurants

(USD Mn)	4Q23	3Q24	4Q24	4Q24F	Var.	YOY Ch	QOQ Ch
Revenue	516	555	589	565	4.2%	14.1%	6.1%
COGS	-246	-258	-274	-266	2.8%	11.3%	5.9%
Gross Profit	270	297	315	299	5.5%	16.7%	6.3%
S&M Expenses	-183	-206	-209	-201	4.1%	14.1%	1.8%
G&A Expenses	-45	-43	-45	-49	-8.7%	-0.9%	3.3%
Other Income	8	1	2	12	-82.7%	-73.0%	NM
Total Operating Expense	-235	-249	-266	-237	11.9%	13.1%	6.7%
EBITDA	104	118	122	132	-7.3%	17.1%	3.6%
EBIT	35	48	50	62	-19.2%	40.6%	3.9%
Financing income	5	4	4	5	-28.1%	-29.5%	1.8%
Financing cost	-8	-9	-10	-9	4.6%	18.5%	6.8%
Profit Before ZAKAT	32	42	44	57	-23.8%	35.2%	3.1%
Zakat	0	-6	-7	-9	-27.6%	NM	13.0%
Net Profit	32	37	37	48	-23.1%	16.3%	1.6%
Non-controlling interest	-1	-1	-4	5	-181.5%	NM	NM
Net profit from Equity Holders	33	37	41	43	-3.9%	26.3%	10.6%

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%

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