

## Talabat Holding PLC

Strong customer acquisition and higher order frequency boosted platform GMV

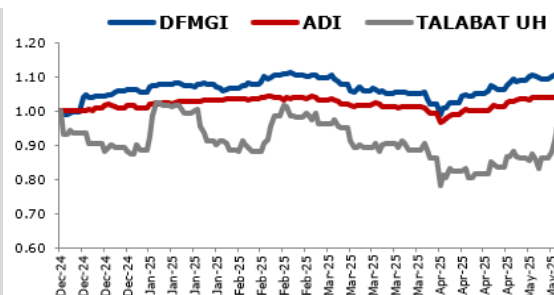
**Current Price**  
AED 1.52

**Target Price**  
AED 2.00

**Upside/Downside (%)**  
+32%

**Rating**  
BUY

- The Company maintains debt-free balance sheet with healthy cash balance of USD 507 Mn as of 1Q25, providing financial support for future organic and inorganic growth.
- In 1Q25, Talabat achieved 30% YOY GMV growth, surpassing projections due to improved customer acquisition and higher order frequency, and success of Talabat Pro subscription service.
- Strong performance by AdTech segment, now accounts for one-third of the EBITDA.
- The Company announced USD 110 Mn dividend for 4Q24 and plans to distribute at least USD 400 Mn dividend for 2025.



### 1Q25 Net Profit in line with our estimate

Talabat Holdings PLC (Talabat/the Company) net profit increased from USD 27 Mn in 1Q24 to USD 103 Mn in 1Q25, in line our estimate of USD 99 Mn. The increase in net profit is mainly attributable to rise in GMV with double digit growth in GCC and non-GCC markets and a healthy revenue-to-GMV conversion ratio, enhanced gross margins, and operating leverage.

### P&L Highlights

Gross Merchandise value (GMV) (excluding InstaMart) increased 30.0% YOY to USD 2,084 Mn in 1Q25 due to stronger demand across all regions and verticals, driven by customer acquisitions, higher order frequency, and expanded multi-verticality. As a result, management revenue (excluding InstaMart) grew 34% YOY to USD 846 Mn in 1Q25 driven by higher contribution of tMart business and higher subscription fees coupled with growth in GMV. The IFRS revenue increased 35.6% YOY to USD 834 Mn in 1Q25. Cost of sales also rose 36.2% YOY to USD 567 Mn in 1Q25. As a result, gross profit increased 34.3% YOY to USD 266 Mn in 1Q25. Marketing expenses stood at USD 45 Mn in 1Q25, while the Company incurred IT expense of USD 20 Mn coupled with G&A expenses of USD 43 Mn in 1Q25. Other income stood at USD 2 Mn and other expenses stood at USD 38 Mn in 1Q25. As a result, Talabat recorded operating profit of USD 122 Mn in 1Q25 with operating margin of 5.9% as % GMV. Adjusted EBITDA of Talabat (excluding InstaMart) rose 34.0% YOY to USD 140 Mn driven by operating leverage and higher gross profit. Adjusted EBITDA margin as a % of GMV also expanded to 6.7% in 1Q25 from 6.5% in 1Q24. Net finance income stood at USD 2 Mn in 1Q25, while forex gain stood at USD 1 Mn. Talabat incurred an income tax expense of USD 21 Mn in 1Q25 due to revised effective tax rate.

### Stock Information

Market Cap (AED, Mn)	35,398.13
Paid Up Capital (Mn)	253.62
52 Week High	1.72
52 Week Low	1.22
3M Avg. daily value (AED)	34,554,140

### 1Q25 Result Review (USD, Mn)

Total Assets	1,305
Total Liabilities	675
Total Equity	629
EBITDA	140
Net Profit	103

### Financial Ratios

Dividend Yield (12m)	1.14
Dividend Pay-out (%)	0.00
Est Price-Earnings Ratio(x)	20.69
Price-to-Book Ratio (x)	0.17
Book Value (AED)	2.48
Return-on Equity (%)	N/A

### Stock Performance

5 Days	14.29%
1 Months	14.29%
3 Months	-3.80%
6 Months	-
1 Year	-
Month to Date (MTD%)	7.80%
Quarter to Date (QTD%)	7.04%
Year to Date (YTD%)	8.57%

## Balance Sheet Highlights

Talabat generated USD 135 Mn in adjusted free cash flow (pro-forma Talabat only) in 1Q25 compared to USD 97 Mn in 1Q24. The cash and bank balances stood at USD 507 Mn in 1Q25. The Company also boasts debt-free balance sheet. Total equity stood at USD 629 Mn, while total liabilities were USD 675 Mn in 1Q25.

## Target Price and Rating

We maintain our BUY rating on Talabat with target price of AED 2.00. Talabat's strategic acquisition of InstaShop highlights a calculated move to strengthen its grocery and retail vertical by leveraging InstaShop's high-value customer base and operational synergies. The app will continue operating as a standalone brand in the near term, maintaining its item-first, high-relevance grocery interface to retain user loyalty. This move allows Talabat to benefit from differentiated customer segments, as only about one-third of grocery users overlap between the two platforms, minimizing cannibalization and enhancing growth potential. Meanwhile, Talabat's channel-agnostic approach, offering services via dark stores, third-party retailers, and specialized apps like InstaShop, caters to diverse consumer preferences and reinforces its flexible, scalable grocery model. In 1Q25, Talabat achieved 30% YOY GMV growth, surpassing projections due to improved customer acquisition and higher order frequency, alongside the continued success of its Talabat Pro subscription service, which has shown high retention and order volume growth, especially in Egypt, its most successful launch yet. Grocery and retail now contribute roughly one-third of overall GMV when including InstaShop, reinforcing the importance of this vertical. The Company also reported strong performance in its advertising business, with AdTech now contributing nearly half of total EBITDA, supported by automation investments in bidding and targeting, particularly for grocery. Talabat's average commission rates remain stable, 14-15% overall and 17-18% for restaurants, with future upside potential. Strategic partner-funded promotions totalling nearly USD 500 Mn in 2024 demonstrate solid B2B collaboration and are key drivers of user acquisition. On the cost side, backend technology from parent company Delivery Hero accounts for 6% of platform revenue, while a higher-than-expected 17% effective tax rate, due to UAE-Egypt withholding taxes, is under review for optimization, though the rate is expected to stay above 15% due to new GCC tax rules. Seasonal demand fluctuations, such as Ramadan, are being normalized through greater grocery penetration. The Company operates 25-26 Talabat Kitchens across markets, enabling low-capex restaurant expansion. Overall, GMV rose to USD 2.1 Bn in 1Q25, with adjusted EBITDA up 34% YOY to USD 140 Mn and net income nearly quadrupling to USD 103 Mn. These results reflect robust growth across both GCC and non-GCC markets and both Food and Grocery & Retail segments, underlining Talabat's expanding market leadership. The Company announced USD 110 Mn dividend for 4Q24 and plans to distribute at least USD 400 Mn dividend for 2025. Thus, considering the above-mentioned factors, we assign a BUY rating on the stock.

### Talabat - Relative valuation

(at CMP)	2022	2023	2024	2025F
(x)	92.9	43.7	26.8	21.3
PE (x)	41.5	51.4	17.2	13.8
EV/EBITDA (x)	40.8	27.7	19.2	14.6
DPS (AED)	0.00	0.00	0.017	0.063
Dividend Yield	0.0%	0.0%	1.1% <sup>1</sup>	4.1%

FABS Estimates & Co Data, <sup>1</sup>The company was listed in Dec 2024, so the dividend yield for 2024 is considering the interim dividend for 4Q24.

**Talabat – P&L**

USD Mn	1Q24 <sup>1</sup>	4Q24	1Q25	1Q25F	Var.	YOY Ch	QOQ Ch	2024 <sup>1</sup>	2025F
Revenue	615	801	834	791	5.4%	35.6%	-3.9%	2,872	3,332
Operating cost	-417	-546	-567	-536	5.9%	36.2%	-3.7%	-1,956	-2,248
<b>Gross profit</b>	<b>198</b>	<b>255</b>	<b>266</b>	<b>256</b>	<b>4.2%</b>	<b>34.3%</b>	<b>-4.2%</b>	<b>915</b>	<b>1,084</b>
<b>Adj. EBITDA</b>	<b>104</b>	<b>139</b>	<b>140</b>	<b>135</b>	<b>3.8%</b>	<b>34.0%</b>	<b>-1.0%</b>	<b>497</b>	<b>577</b>
<b>Net Profit</b>	<b>27</b>	<b>138</b>	<b>103</b>	<b>99</b>	<b>3.9%</b>	<b>NM</b>	<b>33.5%</b>	<b>346</b>	<b>435</b>

<sup>1</sup>Historical detailed financials for the FY2024 and 1Q24 are not provided by the Company, as the Company was listed in Dec 2024 and the 1Q25 financial report includes historical data since inception (3 Sep 2024) till 1Q25.

**Talabat AI – Margins (As a % of GMV)**

	1Q24	4Q24	1Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	12.4%	12.5%	12.8%	41	30	12.3%	12.4%	8
Adj. EBITDA	6.5%	6.8%	6.7%	20	-6	6.7%	6.6%	-9
Net Profit	1.7%	6.7%	5.0%	326	-179	4.7%	5.0%	32

FABS estimate & Co Data

## Valuation:

We use Discounted Free Cash Flow (DCF), Dividend Discount Model (DDM), and relative valuation methods to value Talabat. In the relative valuation, an average of EV/EBITDA and P/Sales multiple is used for valuation. We have assigned 70% weight to DCF, 15% to DDM, and 15% to relative valuation.

Valuation Method	Target	Weight	Weighted Value
DCF Method	2.12	70.0%	1.48
DDM	1.83	15.0%	0.27
Relative Valuation	1.63	15.0%	0.24
<b>Weighted Average Valuation (AED)</b>			<b>2.00</b>
Current market price (AED)			1.52
Upside/Downside (%)			+32%

### 1) DCF Method:

Talabat is valued using free cash flow to equity. We have discounted the cash flow using the cost of equity of 9.9%. The cost of equity is calculated using a 10-year government bond yield of 5.6%, a beta of 1.00, and an equity risk premium of 4.3%. Government bond yield is calculated after adding Abu Dhabi's 10-year spread over a 10-year US risk-free rate. Also, assumed a terminal growth rate of 3.0%.

Sum of PV (USD, Mn)	3,828
Terminal value (USD, Mn)	9,624
<b>FV to Common shareholders (USD, Mn)</b>	<b>13,451</b>
No. of share (Mn)	23,288
Current Market Price (AED)	1.52
<b>Fair Value per share (AED)</b>	<b>2.12</b>

### DCF Method

(All Figures in USD Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
Net profit	445	534	633	751	893	1,026	1,129
Lease payment	(21)	(23)	(27)	(30)	(34)	(37)	(40)
Depreciation & amortization	58	62	67	74	83	92	101
(-) CAPEX	(31)	(35)	(40)	(46)	(53)	(57)	(61)
Working Capital	44	41	46	53	55	58	60
<b>FCFE</b>	<b>495</b>	<b>577</b>	<b>679</b>	<b>802</b>	<b>944</b>	<b>1,082</b>	<b>1,189</b>
Discounting Factor	0.94	0.86	0.78	0.71	0.65	0.59	0.54
<b>Discounted FCFE</b>	<b>350<sup>1</sup></b>	<b>495</b>	<b>530</b>	<b>569</b>	<b>610</b>	<b>636</b>	<b>637</b>

Source: FAB Securities, <sup>1</sup>Adjusted for partial year

## 2) DDM Method:

Talabat plans to pay minimum USD 400 Mn dividend in 2025 and expects to maintain a dividend payout ratio of 90% of annual distributable profit after tax from 2026 onwards. The dividend is discounted at the cost of equity of 9.9%.

Total PV of Dividend (USD, Mn)	3,252
Terminal value (USD, Mn)	8,223
<b>FV to Common shareholders (USD, Mn)</b>	<b>11,475</b>
No. of share (Mn)	23,288
Current Market Price (AED)	1.52
<b>Fair Value per share (AED)</b>	<b>1.83</b>

### DDM Method

(All Figures in USD Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
<b>Total Dividend</b>	<b>400</b>	<b>453</b>	<b>547</b>	<b>653</b>	<b>785</b>	<b>924</b>	<b>1,016</b>
Discounting Factor	0.94	0.86	0.78	0.71	0.65	0.59	0.54
<b>PV of Dividend</b>	<b>377</b>	<b>389</b>	<b>427</b>	<b>464</b>	<b>508</b>	<b>544</b>	<b>544</b>

Source: FAB Securities

## 3) Relative Valuation:

In the CCM valuation, we have used an average of EV/EBITDA and P/Sales multiple to value Talabat. We have used the valuation of regional and global companies operating in the food delivery sector to compare their business models for relative valuation. It is valued at a 2025 EV/EBITDA multiple of 15.1x and a P/Sales Multiple of 3.4x in line with peers.

Company	Market (USD Mn)	P/Sales (x)		EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F	2025F	2026F
JAHEZ INTERNATIONAL CO	1,420	2.0	1.8	15.1	13.5	25.2	22.3
DELIVEROO PLC	3,448	1.2	1.1	12.4	9.1	29.8	19.1
DOORDASH INC	81,401	6.3	5.4	27.8	21.0	41.1	31.0
ZOMATO LTD	25,559	10.4	7.1	158.3	63.3	224.3	82.0
GRAB HOLDINGS LTD	20,311	6.0	5.1	30.7	19.2	127.0	47.8
UBER TECHNOLOGIES INC	184,232	3.6	3.2	21.6	17.1	31.5	25.9
MEITUAN-CLASS B	107,701	2.0	1.7	11.5	8.9	15.8	12.6
OCADO GROUP	2,875	0.6	0.6	13.7	9.6	NM	NM
MAPLEBEAR	11,371	3.1	2.8	9.7	8.5	25.2	21.4
GOTO GOJEK TOKOPEDIA	5,181	4.8	4.1	NM	40.8	NM	NM
<b>Average</b>		<b>4.0x</b>	<b>3.3x</b>	<b>33.4x</b>	<b>21.1x</b>	<b>65.0x</b>	<b>32.8x</b>
<b>Median</b>		<b>3.4x</b>	<b>3.0x</b>	<b>15.1x</b>	<b>15.3x</b>	<b>30.7x</b>	<b>24.1x</b>
<b>Max</b>		<b>5.7x</b>	<b>4.9x</b>	<b>27.8x</b>	<b>20.6x</b>	<b>62.6x</b>	<b>35.2x</b>
<b>Min</b>		<b>2.0x</b>	<b>1.7x</b>	<b>12.4x</b>	<b>9.2x</b>	<b>25.2x</b>	<b>20.8x</b>

Source: FAB Securities

**Research Rating Methodology:**


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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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