UAE Consumers Sector

Favourable macro conditions drive healthy consumer spending outlook

Sector Weighting: **MARKET WEIGHT**

We highlight Emirates Driving Company (EDC), Americana Restaurants and Talabat Holdings PLC as our top pick within the UAE Consumer sector. EDC continues to execute on its diversification strategy, expanding into higher-margin mobility verticals and enhancing exposure across the regional transport value chain. The recently completed acquisition of a 22.5% stake in Mwasalat Holdings broadens its presence in public and private mobility services and is expected to generate meaningful EBITDA synergies over the medium term. EDC also secured a strategic tender from Abu Dhabi's Integrated Transport Centre to develop and operate next-generation EV charging stations, marking its entry into sustainable mobility infrastructure. The project is expected to enhance long-term earnings visibility and strengthen EDC's position in the region's clean transport ecosystem. The Company's upward revisions to 2025 guidance with a healthy student growth outlook, and a strong net cash position supports earnings resilience and financial flexibility going forward. Meanwhile, Americana remains supported by resilient underlying demand and improving operational levers. However, 3Q25 LFL growth was subdued due to seasonal softness and a high base, the strong rebound in October signals sustained momentum into 4Q25. The store expansion strategy is shifting toward higher-return markets, with the Company scaling back openings in KSA and Iraq, while maintaining growth in the UAE, Kuwait, Kazakhstan, and Morocco. Furthermore, the Company expanded its digital footprint, adding 526 new self-ordering kiosks in 3Q25, bringing the total to 2,490 kiosks. In-house dynamic pricing platform, which enabled differentiated pricing across aggregators and other channels, earned an additional revenue of USD 40 Mn and contributed to 2% gross margin improvement. The Company further aims to diversify beyond international brands by exploring acquisitions in the Arabic food segment. Additionally, Talabat recorded robust GMV growth across regions and verticals in 3Q25, with rising MAUs, higher order frequency, and increasing multi-vertical adoption supporting sustained demand momentum. The Company's scale advantages, expanding ecosystem monetisation, and growing presence in non-GCC markets are enhancing revenue diversification and margin visibility. Reaffirmed 2025 guidance, improving profitability, and a sizable dividend commitment further strengthen Talabat's positioning as a leading sector player. Collectively, these Companies offer a superior blend of structural growth, operating leverage, balance sheet strength, and shareholder returns, positioning as our preferred picks in the sector.

The UAE consumer sector is expected to remain resilient, supported by robust macroeconomic fundamentals and improving consumer confidence. UAE's GDP growth is projected at 5.0% in 2025 and accelerating to 5.2% in 2026, supported by robust non-oil activity and higher hydrocarbon output. The Consumer Price Index (CPI) stood 1.1% YOY in 3Q25, driven mainly by deflation in energy costs and easing food prices, partially offset by declined transportation cost and non-energy commodity prices, leading the Central Bank to forecast lower inflation to 1.3% for 2025. However, inflation in 2026 is expected to increase to 1.8% due to lower base effect. Similarly, Business sentiment also remains positive, as reflected in PMI readings well above the expansion threshold. While firms are facing higher input costs, driven by wages, transport, and maintenance, selling price increases have remained modest, suggesting that demand conditions are strong enough to absorb limited price increase. Continued growth in tourism and aviation, supported by record airport traffic, rising visitor arrivals, and higher hotel occupancy, is also expected to boost consumer spending across retail, hospitality, food and beverages, entertainment, and transport sector. Collectively, these dynamics support a constructive operating environment and a competitive consumer landscape.

Stocks	Target Price	CMP	Gain	Rating	P/E[1]	EV/EBITDA[1]	Dividend Yield[1]
ADNH Catering PLC	1.30	0.752	72.87%	**BUY**	10.10	6.66	11.1%
Agthia Group PJSC	5.70	3.65	56.16%	**BUY**	17.68	3.16	5.3%
Americana Restaurants (USD)	2.50	1.65	51.52%	**BUY**	27.48	8.44	3.0%
Emirates Driving Company	4.10	3.16	29.75%	**BUY**	9.11	7.32	7.4%
Lulu Retail Holdings PLC (USD)	1.80	1.11	62.16%	**BUY**	13.69	4.07	5.5%
Talabat Holding PLC (USD)	1.80	0.993	81.27%	**BUY**	12.17	8.47	7.4%

Source: FABS Estimate, [1]Data refers to FY2026

Key Developments in the Consumer Sector

Food Inflation Remains Moderate Across UAE, Saudi Arabia, and Egypt

Food inflation trends show a clear divergence across the UAE, Saudi Arabia, and Egypt. In the UAE, headline CPI rose modestly by 1.1% YOY in 3Q25, while food and beverages inflation declined by 0.2% YOY, reflecting the continued easing in global food prices and softer domestic cost pressures. The CBUAE further revised its 2025 inflation forecast lower to 1.3%, with inflation expected to remain contained at 1.8% in 2026 due to base effects. By contrast, Saudi Arabia's inflation increased to 1.9% YOY in November 2025, driven in part by a 1.3% YOY rise in food and beverages prices, led by higher fresh and frozen meat prices. Meanwhile, Egypt experienced an easing in food inflation, with food prices rising 0.7% YOY in November 2025, down from 1.5% YOY in October 2025. This deceleration contributed to a moderation in headline inflation despite a slight uptick in core inflation, underscoring the role of softer food prices in containing overall inflationary pressures.

Aviation and tourism boom in the UAE and Saudi Arabia fuels consumer sector growth

According to the Central Bank of the UAE, the tourism and aviation sectors remain key pillars supporting the country's expanding non-oil economy. Abu Dhabi's aviation sector saw a significant increase in 3Q25, with the airport recording robust passenger traffic. Abu Dhabi Airports recorded strong momentum, welcoming 8.5 Mn passengers, up 10.1% YOY during 3Q25. Zayed International Airport (AUH) was the primary contributor, handling 8.3 Mn passengers in 3Q25, a 10.4% YOY increase. Total aircraft movements across Abu Dhabi's five airports rose 6.0% YOY to 67,035, of which AUH accounted for 49,073 flights, reflecting an 5.9% YOY rise in 3Q25. Meanwhile, Dubai International Airport (DXB) retains strong momentum, handling 24.2 Mn passengers in 3Q25, delivering its strongest quarter to date. This lifted total passenger volumes for the first nine months to 70.1 Mn, resulting in Dubai's resilience as a global travel and business hub. In twelve months, DXB's rolling traffic increased to 93.8 Mn passenger driven by an average of 213 travellers per flight. The Hospitality sector also maintained its growth trajectory, as Dubai attracted 17.6 Mn international overnight visitors, up from 4.5% during January to November 2025 compared to the same period last year. Average hotel occupancy also improved, rising to 80.4% during January to November 2025 compared to 78.0% in the same period last year, highlighting the sector's resilience. In Saudi Arabia, tourism maintained strong momentum, with domestic and international visitors reaching 90.8 Mn YTD, representing a 4% increase compared to 2024. Additionally, tourist spending also rose by 8% YOY to SAR 228 Bn YTD, marking a new record. The significant rise in aviation traffic and resilient tourism activity continues to support non-hydrocarbon growth in the UAE, reinforcing its role as a global travel hub, while strong tourism momentum in Saudi Arabia further underscores regional diversification trends.

PMI data signals continued growth in non-oil amid rising costs across UAE, Saudi Arabia, and Egypt

The S&P Global UAE Purchasing Managers Index (PMI) maintained robust growth in December. The index fell to 54.2 in December 2025, from 54.8 in November, but remained well above the 50.0 mark, reflecting expansion in the activity in the non-oil private sector. Robust new orders, improving market conditions and supportive domestic policies resulted in an expansion in non-oil private sector activity. Companies faced rising cost pressures in December, with input prices increasing at the fastest pace in 15 months due to higher wages, transport, and maintenance costs, resulting firms to raise selling prices modestly for the sixth consecutive month. Cost and margin pressures led firms to cut inventories sharply, with stock levels falling at the second-steepest rate on record, as companies avoided building further stocks. Additionally, subdued hiring, together with rising demand and ongoing administrative delays, resulted in a sharp increase in work backlogs in December, reaching the highest level in ten months. As the new year begins, business confidence remained positive, but it has softened to the lowest in three-years owing to concerns around saturation despite optimism around demand and investments. Dubai PMI fell marginally to 54.3 in December 2025 after remaining stable at 54.5 in October and November 2025. However, business output expanded at its fastest pace since March 2024, driven by a strong increase in new business intakes, although the pace of sales growth moderated slightly from November. Furthermore, in December, input costs reached their highest level in a year, resulting in firms raising output prices more quickly, though the overall price increase remained modest. In Saudi Arabia, PMI dropped from 58.5 in November 2025 to 57.4 in December 2025, due to slow growth in the non-oil sector, but remained in the expansion territory. Non-oil companies recorded rapid growth in new orders and employment driven by better economic conditions, new clients, contracts, and marketing efforts. Moreover, purchasing activity expanded robustly, the fastest in three months, resulting in a rapid increase in input stocks compared to November 2025. However, non-oil firms faced higher input prices with accelerating inflation resulting in higher output prices in December 2025. In Egypt, the PMI eased from 51.1 in November 2025 to 50.2 in December 2025, remaining above the 50 thresholds for the second consecutive month. The expansion in the business activity is driven by continued expansion in new orders and output for the second consecutive month, supported by strong demand and higher client spending, although at a slower pace. Purchasing activity increased for the first time in ten months, though vendor shortages caused input stocks to decline for the third consecutive month. Meanwhile, cost pressures eased, with slight rises in fuel, cement, and wages. However, the impact on expenses was modest, resulting in only a marginal increase in selling prices.

Contents:

4Q25 preview: ADNH Catering PLC (ADNHC)

Higher direct costs and operating expenses to impact profitability

Current Price	Target Price	Upside/Downside (%)	Rating
AED 0.752	AED 1.30	+73%	BUY

4Q25 estimate

ADNH catering (ADNHC / the Company) is projected to report a 6.2% YOY decrease in net profit to AED 42 Mn in 4Q25. The decrease in net profit is primarily attributed to an anticipated rise in cost of sales, G&A expenses, and income tax expenses, partially offset by an anticipated increase in revenue and a decrease in impairment loss of trade receivables. Revenue is projected to rise 10.8% YOY to AED 491 Mn in 4Q25, driven by an increase in food services and support services revenue. Food services segment is expected to grow 8.7% YOY to AED 312 Mn in 4Q25, while revenue from Support Services segment is anticipated to expand 14.6% YOY to AED 179 Mn in 4Q25. On the other hand, the cost of revenue is expected to rise 13.2% YOY to AED 416 Mn in 4Q25. Consequently, gross profit is likely to decline 0.8% YOY to AED 75 Mn in 4Q25. Gross Profit margin is anticipated to decrease 179 bps YOY to 15.3% in 4Q25. G&A expenses are projected to increase 21.5% YOY to AED 22 Mn in 4Q25. The Company is expected to generated net finance income of AED 2 Mn in 4Q25 compared to bet finance cost of AED 1 Mn in 4Q24. The Company's impairment losses on trade receivables are expected to decline from AED 9 Mn in 4Q24 to AED 8 Mn in 4Q25. Moreover, ADNHC's EBITDA is estimated to fall 7.1% YOY to AED 62 Mn in 4Q25. Likewise, EBITDA margin is expected to decline 242 bps YOY to 12.6% in 4Q25. Profit before tax is expected to decrease 1.8% YOY to AED 48 Mn in 4Q25. Whereas, income tax expense is estimated to increase 40.6% YOY to AED 6 Mn in 4Q25.

2025 forecast

We estimate ADNHC's net profit to increase 7.7% YOY to AED 165 Mn in 2025, driven by an anticipated rise in revenue and other income, partially offset by an increase in cost of sales, G&A expenses, and income tax expenses. Revenue is anticipated to grow 5.6% YOY to AED 1,756 Mn in 2025, supported by expected increases in revenue across Food Services and Support Services segments. Revenue from food services segment is anticipated to grow 6.0% YOY to AED 1,103 Mn in 2025. Similarly, revenue from Support Services Segment is anticipated to grow 5.0% YOY to AED 652 in 2025. On the other hand, the cost of sales is projected to increase 4.2% YOY to AED 1,463 Mn in 2025. Thus, gross profit is likely to surge 13.7% YOY to AED 292 Mn in 2025. Gross profit margin is expected to improve from 15.5% in 2024 to 16.6% in 2025. Moreover, G&A expenses are anticipated to increase 19.0% YOY to AED 94 Mn in 2025. Finance cost is projected to increase 4.6% YOY to AED 1 Mn in 2025. The Company is expected to generate other income of AED 4 Mn in 2025. Impairment loss of trade receivables is projected to grow from AED 9 Mn in 2024 to AED 32 Mn in 2025. The Company's EBITDA is expected to grow 7.5% YOY to AED 250 Mn in 2025. Whereas, EBITDA margin is likely to rise 25 bps YOY to 14.2% in 2025. Profit before tax is projected to increase 8.8% YOY to AED 182 Mn in 2025. Income tax expense is expected to grow 19.2% YOY to AED 18 Mn in 2025.

3Q25 outturn

ADNHC's revenue grew 4.8% YOY to AED 427 Mn in 3Q25, primarily driven by an increase in revenue from Food and Support services, coupled with growth from the consolidation of revenue from Food Nation and Compass Arabia, mitigated by the exit of the ZadSource business. Revenue from the Food Services increased 6.1% YOY to AED 271 Mn, constituting 63.6% of total revenue, mainly driven by acquisitions, the addition of new contracts, and focusing on the retention of existing contracts. The Company's Support services segment revenue rose 2.7% YOY to AED 155 Mn and contributed 36.4% of total revenue during 3Q25. ADNHC Catering's total contract grew 20.2% on a YTD basis to 458, with a strong contract retention rate of 98.3% in 3Q25. Cost of sales also increased 6.5% YOY to

AED 365 Mn in 3Q25. The growth in cost of sales is higher than revenue due to change in business mix. Thus, gross profit declined 4.4% YOY to AED 62 Mn in 3Q25, with a decrease in gross profit margin from 15.9% in 3Q24 to 14.5% in 3Q25. G&A expenses increased 8.1% YOY to AED 24 Mn in 3Q25. ADNHC's EBITDA increased 32.3% YOY to AED 74 Mn in 3Q25, with the EBITDA margin increasing from 13.8% in 3Q24 to 17.4% in 3Q25 due to an increase in acquisition-related gain of AED 17 Mn. Adjusted EBITDA excluding bargain purchase gain from the acquisition of Compass Arabia rose marginally from AED 56 Mn in 3Q24 to AED 57 Mn in 3Q25. Net finance expense increased from AED 1.5 Mn in 3Q24 to AED 2.0 Mn in 3Q25 due to lower finance income and higher finance cost. Additionally, income tax charge decreased 8.2% YOY to AED 3 Mn in 3Q25. Profit attributable to non-controlling interest holders amounted to AED 0.2 Mn in 3Q25 compared to nil in 3Q24 on account of consolidation of Compass Arabia financials starting from 31 August 2025.

Target price and recommendation

We maintain a BUY rating on ADNH Catering PLC with a target price of AED 1.30. ADNHC reported an increase in profitability, driven by a one-time gain on previously held equity interests and a bargain purchase gain from the acquisition of Compass Arabia, new contract wins, acquisitions, and steady growth during 3Q25.The Company's business model benefits from several factors including support by appealing long-term contracts, a capex light investment model and operations typically conducted on client sites using their own assets. ADNHC secured 55 new contracts in the UAE on a YTD basis in 2025, which was partially offset by the loss of 12 contracts. A targeted sales strategy and market analytics contributed to this high win rate. Furthermore, the acquisition of Compass Arabia added 25 new contracts to the Company's portfolio. This brings the total number of new contracts awarded to 80 in 9M25, compared to 34 in 9M24. Additionally, there has been an increase in investment to support the rebranding of HUSK and Hive, along with strategies focused on client retention. This was offset by the exit of ZadSource operations, as the business was not achieving its target growth and margins. Moreover, ADNHC continues to review select acquisitions that would contribute to growth and scale objectives or provide support in gaining market share in key sectors. During 2024, the Company acquired a 30% shareholding in Compass Arabia Company (CAC) from Abu Dhabi National Hotels Company. Following this, it recently signed a sale and purchase agreement to increase its stake in CAC from 30% to 50% obtaining control, which was finalised on 31 August 2025, making CAC a subsidiary. This acquisition will leverage shared systems, processes, and scale across the consolidated business to maximise efficiency, optimise structure, and support continued growth. Furthermore, ADNHC also intends to pursue a targeted small-scale acquisition in the future to complement its existing business, strengthen local capabilities, and enhance its operational infrastructure. ADNHC aims an 8% to 10% of total revenue from new contract wins in the near to mid-term, with a target retention ratio of above 95%. Additionally, the Company expects revenue growth of 5% to 7% in the near to mid-term with EBITDA Margin of 13.5% to 14%. ADNHC announced AED 90 Mn dividends in November 2025 and plans semi-annual payouts in 2026-27, targeting 8.0-8.5 fils per share annually, at least 5% higher than 2025. Thus, based on our analysis, we assign a BUY rating on the stock.

ADNH Catering PLC – Valuation[1]

(at CMP)	**2024**	**2025F**
P/E (x)	11.08	10.27
P/B (x)	3.11	3.03
EV/EBITDA (x)	7.32	6.81
BVPS	0.243	0.250
EPS	0.068	0.074
DPS	0.027	0.080
Dividend Yield (%)	3.6%[2]	10.7%

FABS estimate & Co Data

[1]ADNHC Company was listed on ADX in October 2024. Thus, the financial multiple for the prior FY2023 is unavailable.

[2]Dividend yield for 2024 includes the AED 60 Mn special dividends.

ADNH Catering PLC - P&L

AED Mn	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	YOY Ch
Revenue	443	427	491	10.8%	15.0%	1,662	1,756	5.6%
Cost of sales	-367	-365	-416	13.2%	13.9%	-1,405	-1,463	4.2%
Gross Profit	**76**	**62**	**75**	**-0.8%**	**21.6%**	**257**	**292**	**13.7%**
G&A exp	-18	-24	-22	21.5%	-8.0%	-79	-94	19.0%
Net Finance income	-1	-2.0	2	NM	NM	-1	-1	4.6%
Other Income	0	17	0	-12.8%	NM	0	4	NM
Impairment loss of trade receivables	-9	0	-8	-11.3%	NM	-9	-32	NM
EBITDA	**66**	**74**	**62**	**-7.1%**	**-16.7%**	**232**	**250**	**7.5%**
Profit before tax	**48**	**54**	**48**	**-1.8%**	**-11.4%**	**167**	**182**	**8.8%**
Share of profit from joint venture	1	0	0	-31.3%	9.6%	1	1	NM
Income tax expense	-4	-3	-6	40.6%	75.7%	-15	-18	19.2%
Profit / (loss) after tax	**45**	**50**	**42**	**-6.2%**	**-16.7%**	**154**	**165**	**7.7%**

FABS estimate & Co Data

ADNH Catering PLC - Margins

	4Q24	3Q25	4Q25F	YOY ch	QOQ Ch	2024	2025F	YOY Ch
Gross Profit	17.1%	14.5%	15.3%	-179	83	15.5%	16.6%	118
EBITDA	15.0%	17.4%	12.6%	-242	-479	14.0%	14.2%	25
Net Profit	10.1%	11.8%	8.5%	-155	-325	9.2%	9.4%	18

FABS estimate & Co Data

4Q25 Preview: Agthia Group PJSC

Stable revenue and elevated costs to weigh on net profit

Current Price	Target Price	Upside/Downside (%)	Rating
AED 3.65	AED 5.70	+56%	BUY

4Q25 estimate

Agthia Group (AGTHIA/the Company) is projected to report a 25.9% YOY decrease in net profit to AED 49 Mn in 4Q25. The decline is primarily driven by marginal decline in revenue, lower finance income and growth in selling & distribution expenses and finance charges, partially offset by expected decline in costs of sales, lower general and administrative expenses, and tax charges. The Company's revenue is expected to decline marginally from AED 1,307 Mn in 4Q24 to AED 1,299 Mn in 4Q25, driven by the projected decline in the Consumer Business segments. The cost of sales is projected to decline 3.4% YOY to AED 889 Mn in 4Q25. Hence, gross profit is expected to grow 6.1% YOY to AED 410 Mn in 4Q25. We expect the gross margins to grow 200 bps YOY to 31.6% in 4Q25. S&D expenses are expected to grow 23.9% YOY to AED 183 Mn in 4Q25. However, G&A expenses are anticipated to decline 1.2% YOY to AED 164 Mn in 4Q25. R&D costs are estimated to rise from AED 2 Mn in 4Q24 to AED 3 Mn in 4Q25. Other income is expected to decline 48.8% YOY to AED 8 Mn in 4Q25. The Company's EBITDA is likely to decrease 23.6% YOY to AED 108 Mn in 4Q25, with the EBITDA margin expected to decline 250 bps YOY to 8.3% in 4Q25. AGTHIA's operating profit is projected to decrease 21.0% YOY to AED 69 Mn in 4Q25. Similarly, we anticipate operating profit margin to fall 137 bps YOY to 5.3% in 4Q25. Finance income is expected to decline 17.8% YOY to AED 7 Mn, while finance expense is projected to increase significantly from AED 10 Mn in 4Q24 to AED 25 Mn in 4Q25. Income tax and zakat expenses are expected to fall 76.4% YOY to AED 3 Mn in 4Q25. Additionally, profit share to non-controlling interest (NCI) is projected to fall from AED 6 Mn in 4Q24 to AED 1 Mn in 4Q25.

2025 forecast

We estimate Agthia's net profit to fall significantly from AED 291 Mn in 2024 to AED 91 Mn in 2025. This decrease is primarily driven by an anticipated decrease in revenue coupled with rise in operating expense, finance expense, and decline in finance income, partially offset by anticipated decrease in cost of sale, tax charges, and lower share to NCI. The Company's revenue is expected to decline 1.1% YOY to AED 4,859 Mn in 2025, mainly due to contraction in revenue from the Agri-Business segment, partially offset by anticipated rise in the Consumer Business segment. However, the cost of sales is anticipated to decline marginally to AED 3,431 Mn in 2025. Hence, gross profit is also expected to decrease 2.6% YOY from AED 1,466 Mn in 2024 to AED 1,429 Mn in 2025. S&D expenses are projected to grow 8.9% YOY to AED 667 Mn, while G&A expenses are expected to increase 26.2% YOY to AED 567 Mn in 2025. R&D is estimated to grow 14.8% YOY to AED 9 Mn in 2025. Other income is expected to decline significantly from AED 47 Mn in 2024 to AED 27 Mn in 2025. EBITDA is projected to fall 37.4% YOY to AED 425 Mn in 2025. We expect the EBITDA margins to decline 506 bps YOY to 8.8% in 2025. Operating profit is expected to decrease 52.1% YOY to AED 213 Mn in 2025, with the operating profit margin anticipated to decline 466 bps YOY to 4.4% in 2025. Finance income is expected to decline 13.1% YOY to AED 15 Mn, while finance expense is anticipated to rise 28.5% YOY to AED 104 Mn in 2025. Income tax and zakat expenses are projected to fall from AED 62 Mn in 2024 to AED 24 Mn in 2025. Additionally, share to NCI holders is anticipated to decline from AED 31 Mn in 2024 to AED 12 Mn in 2025.

3Q25 outturn

AGTHIA's revenue rose 5.0% YOY to AED 1,136 Mn in 3Q25, primarily due to growth across all business segments. Revenue from the Protein and Frozen segment grew 4.9% YOY to AED 252 Mn in 3Q25, driven mainly by enhanced commercial execution and a stronger portfolio focus across key markets. Snacking business revenue rose 3.9% YOY to AED 289 Mn in 3Q25, supported by Abu Auf's strong performance. In contrast, Al Foah and BMB experienced softer sales during 3Q25, owing to the ongoing business recalibration aligned with the Company's strategy to optimize product portfolios and enhance route-to-market capabilities. Water and Food business revenue grew 10.1% YOY to AED 306 Mn in 3Q25, driven by growth in both organic and non-organic water sales, along with strong customer service delivery within the Home and Office Services business. Excluding the contribution from Riviere, which was consolidated from May 2025, the Water and Food segment's like-for-like (LFL) revenue grew by 1.5% YOY in 3Q25. Agri-business revenue grew 1.3% YOY to AED 289 Mn in 3Q25, primarily due to lower average selling prices, partially offset by an improvement in sales volumes. The Company's direct cost rose 4.2% YOY to AED 778 Mn in 3Q25. Thus, gross profit rose 7.0% YOY to AED 358 Mn in 3Q25, supported by improved performance in the Company's Snacking and Water & Food segments. Gross Margins also improved 57 bps YOY to 31.5% in 3Q25. Total EBITDA fell from AED 155 Mn in 3Q24 to AED 89 Mn in 3Q25, with EBITDA margin declining from 14.3% in 3Q24 to 7.8% in 3Q25. Snacking segment EBITDA continued to turn negative to AED 30 Mn in 3Q25 from positive AED 30 Mn in 3Q24, primarily due to a provision of AED 58.3 Mn recognized in relation to a commercial counterparty. Excluding this, the Underlying EBITDA declined 5.1% YOY in 3Q25, primarily due to margin pressures at Abu Auf and BMB, while Al Foah recorded an improvement in underlying margins during 3Q25. Protein & Frozen segment EBITDA declined 18.8% YOY to AED 22 Mn in 3Q25. Consequently, Water & Food Segment EBITDA grew 9.9% YOY to AED 51 Mn in 3Q25, while margins remained largely stable over the period. Agri-business EBITDA declined 11.5% YOY to AED 52 Mn in 3Q25. Furthermore, the finance income increased from AED 1 Mn in 3Q24 to AED 3 Mn in 3Q25. Finance cost also grew 39.3% YOY to AED 26 Mn in 3Q25, due to an increase in borrowings. Additionally, Agthia recorded tax and zakat charges of AED 1 Mn in 3Q25, compared to AED 17 Mn in 3Q24.

Target price and recommendation

We maintain our BUY rating on Agthia with a target price of AED 5.70. The Company continued to build momentum in 3Q25, delivering 5.0% YOY revenue growth to AED 1.1 Bn, supported by solid performance across all core segments. While profitability was impacted by a one-off provision related to a commercial counterparty, underlying performance remained resilient, with EBITDA margins at 12.9% and net profit margin at 5.5% during 3Q25. Agthia aims to reposition its Snacking segment by enforcing stronger commercial discipline and optimizing its product portfolio. Furthermore, in the Protein & Frozen segment, the Company plans to drive a turnaround through strategic cost management and pricing restructuring. Additionally, it expects Protein margins to improve by c. 200 bps in 2026 as new leadership and KSA capacity ramp-up would take effect going forward. These developments reflect the Company's ability to enhance profitability and strengthen market position through disciplined execution across business segments. Agthia's Egypt market remains a strategic export hub for the Company, with export revenue reaching AED 83.1 Mn in 9M25, representing 12% of total sales. Furthermore, Agthia's innovation contributed AED 126.8 Mn to revenue in the 9M25, remaining a key driver for Agthia's growth. This performance is driven by the launch of new products across multiple categories. To drive growth and capture more consumer demand, the Company expanded its Turkish coffee range and launched date-filled biscuits under Abu Auf, while introducing new chicken products and refreshed packaging in the Protein & Frozen segment to boost shelf appeal. Agthia's bottled water brand, Al Ain Water, maintained a strong market position in the UAE, with market share rising to 30.5%, supported by solid performance across retail and HoReCa channels. Additionally, the Company also delivered 20.7% growth in e-commerce revenue during 9M25, constituting 6.2% of total Group sales. These demonstrate the Company's capability to enhance operational efficiency and deepen its investments in innovation and digital capabilities. On the cost front, the Company's cost optimization initiatives delivered AED 133 Mn in savings across procurement, manufacturing, and logistics in 9M25. Based on its strong operation and financial performance, the Company reiterated its medium-term target to reduce leverage to below 2x, supported by a solid interest coverage ratio of 4.4x and strong liquidity. Furthermore, Agthia expects 2026 to mark a year of stabilization and normalization for the dates business, laying the foundation for renewed growth thereafter. Agthia also declared an interim dividend of 10.31 fils per share for

1H25, resulting in a dividend yield of 5.2% for 2025. Thus, based on these factors, we continued to maintain a BUY rating on this stock.

Agthia Group - Valuation

(at CMP)	2020	2021	2022	2023	2024	2025F
P/E (x)	68.35	13.59	12.60	11.91	11.18	54.78
P/B (x)	1.64	1.13	1.10	1.07	1.11	1.11
EV/EBITDA (x)	17.25	9.40	8.13	6.26	6.38	15.35
BVPS	2.284	3.321	3.385	3.501	3.377	3.366
EPS	0.055	0.275	0.297	0.314	0.335	0.104
DPS	0.165	0.165	0.165	0.176	0.210	0.159
Dividend Yield (%)	4.4%	4.4%	4.4%	4.7%	5.6%	4.3%

FABS estimate & Co Data

Agthia Group - P&L

AED Mn	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Revenue	1,307	1,136	1,299	-0.6%	14.4%	4,915	4,859	-1.1%
Cost of sale	-921	-778	-889	-3.4%	14.2%	-3,448	-3,431	-0.5%
Gross profit	**386**	**358**	**410**	**6.1%**	**14.7%**	**1,466**	**1,429**	**-2.6%**
S&D expense	-148	-178	-183	23.9%	2.6%	-612	-667	8.9%
G&A expense	-166	-156	-164	-1.2%	5.1%	-449	-567	26.2%
R&D costs	-2	-2	-3	44.4%	54.8%	-8	-9	14.8%
Other (exp) / inc	16	6	8	-48.8%	27.1%	47	27	-42.9%
Operating expenses	-299	-329	-341	14.1%	3.6%	-1,022	-1,216	19.0%
EBITDA	**141**	**89**	**108**	**-23.6%**	**21.8%**	**679**	**425**	**-37.4%**
Operating profit	**87**	**28**	**69**	**-21.0%**	**NM**	**444**	**213**	**-52.1%**
finance income	9	3	7	-17.8%	NM	17	15	-13.1%
finance expense	-10	-26	-25	NM	-3.7%	-81	-104	28.5%
Share of loss from invest in JV	2	0	2	21.6%	NM	4	4	4.1%
Profit before tax and zakat	**87**	**5**	**53**	**-38.7%**	**NM**	**384**	**127**	**-66.9%**
Income tax & zakat	-15	-1	-3	-76.4%	NM	-62	-24	-61.0%
Profit of the year	**72**	**4**	**50**	**-31.0%**	**NM**	**322**	**103**	**-68.0%**
Non-controlling interest	-6	-3	-1	-89.8%	-81.8%	-31	-12	-59.6%
Net Profit	**66**	**1**	**49**	**-25.9%**	**NM**	**291**	**91**	**-68.9%**

FABS estimate & Co Data

Agthia - Margins

	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	29.6%	31.5%	31.6%	200	9	29.8%	29.4%	-43
Operating Profit	6.7%	2.5%	5.3%	-137	282	9.0%	4.4%	-466
EBITDA	10.8%	7.8%	8.3%	-250	51	13.8%	8.8%	-506
Net Profit	5.1%	0.1%	3.8%	-130	371	5.9%	1.9%	-406

FABS estimate & Co Data

4Q25 preview: Americana Restaurants International PLC (AMR)

Strong LFL growth and new store openings to drive revenue momentum

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.65	AED 2.50	+52%	BUY

4Q25 estimate

Americana Restaurants (the Company/ Americana) is expected to report a 7.6% YOY increase in net profit to USD 56 Mn in 4Q25. This growth is primarily driven by an anticipated rise in revenue, other income, finance income, coupled with expected decline in finance cost and NCI, partially offset by anticipated growth in COGS, operating expenses, and zakat expenses. The Company's revenue is projected to increase 9.4% YOY to USD 644 Mn in 4Q25, owing to an expected increase in revenue from brands like KFC, Pizza Hut, Hardees and "Other" category, partially offset by flat revenues from Krispy Kreme brand. Similarly, COGS is anticipated to increase 9.6% YOY to USD 300 Mn in 4Q25. Consequently, gross profit is expected to grow 9.1% YOY to USD 344 Mn in 4Q25. S&M expenses are estimated to increase 7.1% YOY to USD 224 Mn in 4Q25, while G&A expenses are estimated to increase 9.4% YOY to USD 51 Mn in 4Q25. Furthermore, other income is anticipated to increase from USD 2 Mn in 4Q24 to USD 5 Mn in 4Q25. As a result, total operating expenses are expected to increase 6.0% YOY to USD 270 Mn in 4Q25. The Company's EBITDA is expected to rise 8.5% YOY to USD 145 Mn in 4Q25. Whereas, EBITDA margin is anticipated to decline 19 bps YOY to 22.5% in 4Q25. As a result, operating profit is likely to surge 22.5% YOY to USD 74 Mn in 4Q25. While operating profit margin is anticipated to grow 123 bps YOY to 11.5% in 4Q25. Finance income is projected to increase 27.8% YOY to USD 5 Mn in 4Q25. On the other hand, finance cost is projected to decline 7.7% YOY to USD 9 Mn in 4Q25. Additionally, the zakat charge is expected to increase from USD 7 Mn in 4Q24 to USD 16 Mn in 4Q25. The Company's non-controlling interest is anticipated to decrease 45.7% YOY to USD 2 Mn in 4Q25.

2025 forecast

We estimate Americana Restaurants net profit to rise 21.2% YOY to USD 192 Mn in 2025. This increase is primarily attributed to a projected growth in revenue, other income, and decline in NCI, partially offset by an anticipated rise in COGS, S&M and G&A expenses, finance cost and zakat expense. Americana's revenue is expected to grow 13.1% YOY to USD 2,484 Mn in 2025, driven by growth in revenue across all the brands due to an expected increase in like for like revenue growth across the brands. While the COGS is anticipated to rise 11.9% YOY to USD 1,152 Mn in 2025. As a result, gross profit is likely to boost 14.1% YOY to USD 1,332 Mn in 2025. Gross margins are expected to increase 48 bps YOY to 53.6% in 2025. S&M expenses are projected to grow 12.9% YOY to USD 886 Mn, while G&A expenses are expected to increase 7.6% YOY to USD 199 Mn in 2025. Additionally, other income is anticipated to rise significantly from USD 7 Mn in 2024 to USD 15 Mn in 2025. As a result, total operating expenses are expected to increase 10.3% YOY to USD 1,076 Mn in 2025. EBITDA is forecasted to grow 15.7 % YOY to USD 560 Mn, with the EBITDA margin expected to rise 51 bps YOY to 22.6% in 2025. As a result, operating profit is likely to surge 33.3% YOY to USD 256 Mn, while the operating profit margin is anticipated to rise from 8.7% in 2024 to 10.3% in 2025. Finance income is expected to remain stable at USD 16 Mn in 2025 compared to 2024, while finance cost is expected to rise 13.6 % YOY to USD 41 Mn in 2025. Additionally, zakat expenses are projected to increase from USD 21 Mn in 2024 to USD 42 Mn in 2025. Furthermore, non-controlling interest is anticipated to decrease from USD 7 Mn in 2024 to USD 3 Mn in 2025.

3Q25 outturn

Americana restaurant's revenue grew 12.2% YOY to USD 623 Mn in 3Q25, primarily driven by a growth in LFL sales, opening of new stores, and product innovation strategy. Revenue from the Power Brands portfolio, including KFC, Hardee's, Pizza Hut and Krispy Kreme, contributed 94% of total revenue in 9M25. All power brands recorded double-digit revenue growth in 3Q25, except KFC.

Americana's ongoing digital transformation saw strong results, with self-service kiosk revenue mix improving from 6.0% in 9M24 to 14.0% in 9M25. The Company's cost of goods sold rose 10.3% YOY to USD 285 Mn in 3Q25, whereas the cost of inventory as percentage of revenue improved from 29.1% in 3Q24 to 28.5% in 3Q25. Thus, gross profit increased 13.8% YOY to USD 338 Mn in 3Q25. Gross margin improved 78 bps YOY to 54.2% in 3Q25. Selling & marketing expenses increased 9.4% YOY to USD 225 Mn in 3Q25, with G&A expenses rising 20.3% YOY to USD 52 Mn in 3Q25. Thus, total operating expenses rose 11.7% YOY to USD 278 Mn in 3Q25. Moreover, Americana's EBITDA increased 18.2% YOY to USD 139 Mn in 3Q25, whereas the EBITDA margin expanded 113 bps YOY to 22.4% in 3Q25. Operating profit rose 24.9% YOY to USD 60 Mn in 3Q25 with a margin of 9.6%, 98 bps higher on YOY basis. The Company's finance income grew 7.3% YOY to USD 4 Mn in 3Q25, and finance cost rose 21.2% YOY to USD 11 Mn in 3Q25. Americana's zakat expenses increased from USD 6 Mn in 3Q24 to USD 9 Mn in 3Q25 due to additional tax on account of new tax regulations.

Target price and recommendation

We maintain our BUY rating on Americana Restaurants with a target price of AED 2.50. The Company experienced softer sales momentum in 3Q25, with single-digit LFL growth mainly due to an unusually weak September, affected by seasonal factors and a high comparison base from 2024. The cost of sales benefited from lower cost of inventory owing to agreed vendor commitments and efficient supply chain process, partially mitigated by higher opex expense in proportion to topline. However, it witnessed a strong rebound in October 2025 with LFL sales slightly above July & August 2025 levels, indicating sustained underlying momentum into 4Q25. Americana added 32 gross new restaurants in 3Q25, with a total store count of 2,657. The Company plans to scale back store opening in KSA and Iraq, while the growth will be maintained in UAE, Kuwait, Kazakhstan, and Morocco. Additionally, to ensure quality growth and maintain capital efficiency, the Company reduced its full-year new stores opening targets to 110-120 for 2025. Furthermore, the Company expanded its digital footprint, adding 526 new self-ordering kiosks in 3Q25, bringing the total to 2,490 kiosks. In-house dynamic pricing platform, which enabled differentiated pricing across aggregators and other channels, earned an additional revenue of USD 40 Mn and contributed to 2% gross margin improvement. The Company expects a solid growth in 4Q25 despite a high base in 4Q24, owing to planned brand campaigns and marketing activities. Americana's key priorities include accelerating LFL sales growth, improving unit-level volumes, and restoring KSA profitability in 2026. The Company also aims to diversify beyond international brands by exploring acquisitions in the Arabic food segment. Americana remains focused on restoring unit-level revenue to pre-boycott levels, citing strong October momentum and successful campaigns like Hardee's Chicken Slaw Burger, KFC's 5D Twister, and Pizza Hut's pasta launch as key drivers of continued LFL growth through value, innovation, and marketing. Thus, based on our analysis, we maintain our BUY rating on the stock.

Americana - Relative Valuation[1]

(at CMP)	2022	2023	2024	2025F
PE (x)	22.14	22.12	36.12	29.72
PB (x)	20.16	13.06	14.54	13.32
EV/EBITDA (x)	10.21	9.75	11.31	9.67
BVPS (AED)	0.124	0.191	0.172	0.188
EPS (AED)	0.113	0.113	0.069	0.084
DPS (AED)	0.093	0.078	0.055	0.066
Dividend Yield	5.6%	4.7%	3.3%	4.0%

FABS Estimate & Co Data

[1]*Americana Restaurants was listed in 2022; hence, the previous year's multiples are unavailable.*

Americana - P&L

USD Mn	4Q24	3Q25	4Q25F	YOY Ch.	QOQ Ch.	2024	2025F	Change
Revenue	589	623	644	9.4%	3.4%	2,197	2,484	13.1%
COGS	-274	-285	-300	9.6%	5.3%	-1,029	-1,152	11.9%
Gross Profit	**315**	**338**	**344**	**9.1%**	**1.9%**	**1,167**	**1,332**	**14.1%**
S&M Expenses	-209	-225	-224	7.1%	-0.4%	-785	-886	12.9%
G&A Expenses	-47	-52	-51	9.4%	-2.1%	-185	-199	7.6%
Other Income	2	2	5	133.7%	NM	7	15	100.0%
Total Operating Exp.	**-255**	**-278**	**-270**	**6.0%**	**-2.9%**	**-976**	**-1,076**	**10.3%**
EBITDA	**134**	**139**	**145**	**8.5%**	**4.1%**	**484**	**560**	**15.7%**
EBIT	**61**	**60**	**74**	**22.5%**	**23.9%**	**192**	**256**	**33.3%**
Financing income	4	4	5	27.8%	21.2%	16	16	0.7%
Financing cost	-10	-11	-9	-7.7%	-18.6%	-36	-41	13.6%
Profit Before ZAKAT	**54**	**53**	**70**	**28.3%**	**32.6%**	**172**	**231**	**34.4%**
Zakat	-7	-9	-16	NM	72.6%	21	42	100.8%
Net Profit	**48**	**43**	**54**	**12.3%**	**24.1%**	**151**	**190**	**25.3%**
Non-controlling interest	-4	0	-2	-45.7%	NM	-7	-3	-61.3%
Net profit	**52**	**43**	**56**	**7.6%**	**30.6%**	**159**	**192**	**21.2%**

FABS Estimate & Co Data

Americana - Margins

	4Q24	3Q25F	4Q25F	YOY Ch.	QOQ Ch.	2024	2025F	Change
Gross Profit	53.5%	54.2%	53.4%	-12	-81	53.1%	53.6%	48
EBITDA	22.7%	22.4%	22.5%	-19	15	22.0%	22.6%	51
Operating Profit	10.3%	9.6%	11.5%	123	190	8.7%	10.3%	156
Net Profit	8.8%	6.9%	8.7%	-15	181	7.2%	7.7%	52

FABS estimate and Co data

4Q25 preview: Emirates Driving Company (EDC)

Strong growth in student's enrolment to drive profit

Current Price	Target Price	Upside/Downside (%)	Rating
AED 3.16	AED 4.10	+30%	BUY

4Q25 estimate

Emirates Driving Company (EDC) is projected to report a 18.4% YOY increase in net profit to AED 86 Mn in 4Q25, due to higher revenue, other income, and finance income, partially offset by forecasted rise in direct expenses and G&A expenses, decline in rental income, coupled with anticipated rise in income tax expenses and NCI. Revenue is expected to rise 19.8% YOY to AED 210 Mn in 4Q25, due to projected growth in student's enrolment in EDC and Excellence, along with anticipated rise in weighted average fees in Excellence, partially offset by anticipated decline in weighted average fees in EDC. However, direct expenses are projected to rise 14.4% YOY to AED 74 Mn in 4Q25. Thus, resulting in a gross profit to increase 22.9% YOY to AED 136 Mn. G&A expenses are forecasted to expand 7.8% YOY to AED 47 Mn in 4Q25. As a result, operating profit is expected to rise 32.7% YOY to AED 89 Mn in 4Q25. Similarly, operating profit margin is likely to grow from 38.2% in 4Q24 to 42.3% in 4Q25. EDC's EBITDA is expected to rise 10.0% YOY to AED 101 Mn in 4Q25. However, we expect the EBITDA margin to decline 426 bps YOY to 48.2% in 4Q25. EDC's rental income is forecasted to decline 10.1% YOY to AED 3 Mn in 4Q25. Whereas, other income is forecasted to increase from AED 2 Mn in 4Q24 to AED 5 Mn in 4Q25. Similarly, finance income is anticipated to grow from AED 8 Mn in 4Q24 to AED 13 Mn in 4Q25. The Company's profit before tax is expected to grow 33.0% YOY to AED 110 Mn in 4Q25. Income tax expenses are forecasted to grow significantly from AED 7 Mn in 4Q24 to AED 19 Mn in 4Q25. Likewise, NCI is expected to expand from AED 3 Mn in 4Q24 to AED 6 Mn in 4Q25.

2025 forecast

We project EDC's net profit to grow 25.9% YOY, reaching AED 349 Mn in 2025, fuelled by rising revenue, other income, finance income, partially offset by anticipated rise in direct expenses, G&A expenses, decline in rental income, coupled with projected increase in finance cost, income tax expenses and NCI. Revenue is anticipated to grow 50.7% YOY to AED 773 Mn in 2025, mainly supported by expected rise in revenue from training and testing services. While revenue from other segment is forecasted to remain constant at AED 7 Mn in 2025 compared to 2024. Training and testing services is anticipated to expand from AED 506 Mn in 2024 to AED 765 Mn in 2025, driven by anticipated growth in revenue from EDC and Excellence. Revenue from EDC is anticipated to expand 26.0% YOY to AED 493 Mn in 2025, due to projected rise in students' enrolment, partially offset by forecasted decrease in weighted average fees in EDC. Similarly, revenue from Excellence is anticipated to expand from AED 114 Mn in 2024 to AED 272 Mn in 2025, supported by projected rise in students' enrolment and weighted average fees in Excellence. The Company's direct expenses are forecasted to grow from AED 153 Mn in 2024 to AED 271 Mn in 2025. Thus, gross profit is likely to surge 39.7% YOY to AED 502 Mn in 2025. G&A expenses are expected to increase 49.4% YOY to AED 164 Mn in 2025. Thus, EBIT is expected to increase 35.4% YOY to AED 338 Mn in 2025. While, we expect EBIT margin to fall from 48.7% in 2024 to 43.8% in 2025. EDC's EBITDA is expected to grow 31.0% YOY to AED 413 Mn in 2025. Whereas, EBITDA margin to decline from 61.4% in 2024 to 53.4% in 2025. The Company's rental income is anticipated to fall 11.5% YOY to AED 5 Mn in 2025. Other income is expected to increase from AED 9 Mn in 2024 to AED 45 Mn in 2025. Finance income is projected to grow 8.3% YOY to AED 37 Mn in 4Q25. Similarly, finance costs are anticipated to climb to AED 7 Mn in 2025, compared to AED 4 Mn in 2024. EDC profit before tax is expected to grow 37.9% YOY to AED 428 Mn in 2025. Income tax expenses are forecasted to grow significantly from AED 28 Mn in 2024 to AED 64 Mn in 2025. Similarly, NCI is forecasted to expand from AED 5 Mn in 2024 to AED 15 Mn in 2025.

3Q25 outturn

Drive's revenue grew from AED 162 Mn in 3Q24 to AED 209 Mn in 3Q25, supported by higher student enrollments in both EDC and Excellence. The Company's enrolled students in EDC increased by 30.0% YOY to 52K, while enrollments in Excellence reached 13K in 3Q25. Drive's direct expenses rose from AED 52 Mn in 3Q24 to AED 71 Mn in 3Q25 due to expansion in operational scale and the acquisition of an Excellence Driving Centre cost base. As a result, gross profit increased from AED 109 Mn in 3Q24 to AED 138 Mn in 3Q25. However, gross margin declined from 67.6% in 3Q24 to 66.2% in 3Q25, driven by lower margins at the acquired subsidiary. General and administrative expenses increased significantly from AED 30 Mn in 3Q24 to AED 44 Mn in 3Q25. Consequently, operating profit increased from AED 79 Mn in 3Q24 to AED 95 Mn in 3Q25. However, the operating profit margin declined from 49.0% in 3Q24 to 45.3% in 3Q25, driven by lower gross profit margins and higher G&A expenses. Drive's calculated EBITDA grew from AED 99 Mn in 3Q24 to AED 113 Mn in 3Q25. However, EBITDA Margin declined from 61.1% in 3Q24 to 54.1% in 3Q25. Net gain from financial assets at fair value through profit recorded stood at AED 1 Mn in 3Q25 compared to AED 7 Mn in 3Q24. The Company's rental income stood at AED 1 Mn in 3Q25, similar to 3Q24. Other income significantly increased from AED 2 Mn in 3Q24 to AED 30 Mn in 3Q25, primarily due to gains recorded on the sale of assets of AED 25 Mn in 3Q25. The Company's finance expense grew from AED 1 Mn in 3Q24 to AED 3 Mn in 3Q25. Similarly, finance income increased 17.0% YOY to AED 9 Mn in 3Q25. The tax charges amounted to AED 20 Mn in 3Q25, compared to AED 9 Mn in 3Q24. The profit attributable to NCI holders grew from AED 2 Mn in 3Q24 to AED 4 Mn in 3Q25.

Target price and recommendation

We maintain our BUY rating on EDC with a target price of AED 4.10. The Company reported strong growth in net profit, driven by increased enrollment and one-off gains from the sale of assets in 3Q25. EDC's growing presence beyond Abu Dhabi, supported by the integration of Excellence Driving Centre in Dubai and the planned Jebel Ali flagship branch, reinforces its market leadership and expands its reach within the UAE mobility ecosystem. The Company's ongoing diversification into high-value verticals, including delivery and limousine services, fleet management, and workshop operations, positions it for sustained growth. The acquisition of a 22.5% stake in Mwasalat Holdings further enhances its exposure to the broader regional mobility value chain across public transport, car rentals, and vehicle services, unlocking synergistic opportunities in shared fleet procurement, cross-selling, and AI-driven operational efficiency. These synergies are expected to contribute incremental EBITDA of over AED 50 Mn in the medium term. Additionally, the Company recently secured a strategic tender from Abu Dhabi's Integrated Transport Centre to develop and operate next-generation EV charging stations, marking its entry into sustainable mobility infrastructure. This project, with an estimated capex of AED 58 Mn and an expected ROI of 110%, is expected to enhance long-term earnings visibility and strengthen EDC's position in the region's evolving clean transport ecosystem. EDC is also seeking opportunities in KSA by participating in a tender with the Ministry of Interior to regulate 70 driving schools. This opportunity could mark EDC's entry into the Saudi market and support its regional expansion strategy. Collectively, these initiatives are expected to strengthen the Company's financial performance by enhancing revenue visibility, improving profitability, and supporting long-term growth. EDC also recently revised its annual guidance upward with revenue growth of 31-38% YOY, gross profit of 21-27% YOY, and EBITDA of 8-14% for FY2025. The Company revised its expected student growth upward to 13–19% YOY in Abu Dhabi and 6–12% YOY in Dubai, which is anticipated to drive revenue growth from its core operations. EDC also boasts a healthy, debt-free balance sheet, with cash of AED 941 Mn in 3Q25, which will support its future organic and inorganic growth. We therefore maintain our BUY recommendation, reflecting confidence in the Company's execution capabilities and potential upside from strategic investments in mobility and sustainability-driven projects.

Emirates Driving Company PJSC - Valuation

(at CMP)	2021	2022	2023	2024	2025F
P/E (x)	1.68	1.11	12.66	12.20	9.30
P/B (x)	0.35	0.29	2.94	2.74	2.41
EV/EBITDA (x)	0.05	-0.72	11.43	10.76	6.21
BVPS	8.972	10.823	1.067	1.147	1.301
EPS	1.871	2.822	0.248	0.257	0.338
DPS	0.042	0.121	0.170	0.170	0.227
Dividend Yield (%)	1.3%	3.9%	5.4%	5.4%	7.3%

FABS estimate & Co Data, In Jan 2024 the company did the stock split by reducing the share nominal value by 50 fils

Emirates Driving Company PJSC - P&L

AED Mn	4Q24	3Q25	4Q25F	YOY Ch.	QOQ Ch.	2024	2025F	Change
Revenue	175	209	210	19.8%	0.4%	513	773	50.7%
Direct expenses	-65	-71	-74	14.4%	4.4%	-153	-271	76.4%
Gross profit	**111**	**138**	**136**	**22.9%**	**-1.7%**	**359**	**502**	**39.7%**
G&A Expenses	-44	-44	-47	7.8%	8.1%	-110	-164	49.4%
EBIT	**67**	**95**	**89**	**32.7%**	**-6.2%**	**250**	**338**	**35.4%**
EBITDA[1]	**92**	**113**	**101**	**10.0%**	**-10.6%**	**315**	**413**	**31.0%**
Net gain from financial assets at FVTPL	5	1	2	-60.1%	NM	16	9	-46.0%
Change in FV of investment property	-1	0	0	NM	NM	0	1	NM
Rental income	3	1	3	-10.1%	NM	6	5	-11.5%
Dividend income	0	0	0	NM	NM	0	0	NM
Other Income	2	30	5	NM	NM	9	45	NM
Finance income	8	9	13	54.0%	36.0%	35	37	8.3%
Finance costs	-1	-3	-1	-8.2%	-61.8%	-4	-7	67.6%
Profit / (loss) before tax from continuing operations	**83**	**133**	**110**	**33.0%**	**-17.1%**	**310**	**428**	**37.9%**
Income tax expense	-7	-20	-19	NM	-7.6%	-28	-64	129.7%
Profit / (loss) after tax from continuing operations	**76**	**113**	**92**	**21.5%**	**-18.8%**	**282**	**364**	**28.8%**
Non-controlling interest	-3	-4	-6	NM	56.7%	-5	-15	NM
Profit attributable to the owner	**73**	**109**	**86**	**18.4%**	**-21.3%**	**277**	**349**	**25.9%**

FABS estimate & Co Data, [1]Calculated EBITDA

Emirates Driving Company PJSC - Margins

	4Q24	3Q25	4Q25F	YOY Ch.	QOQ Ch.	2024	2025F	Change
Gross Profit	63.2%	66.2%	64.8%	165	-135	70.1%	65.0%	-511
Operating Profit	38.2%	45.3%	42.3%	414	-296	48.7%	43.8%	-493
EBITDA	52.4%	54.1%	48.2%	-426	-593	61.4%	53.4%	-799
Net Profit	41.4%	52.2%	40.9%	-48	-1128	54.0%	45.2%	-886

FABS estimate & Co Data, [1]Based on calculated EBITDA

4Q25 preview: Lulu Retail Holdings PLC

Lower LFL growth and higher direct cost expected to pressure margins

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.11	AED 1.80	+62%	BUY

4Q25 estimate

Lulu Retail Holdings PLC (Lulu /the Company) is projected to report a 33.7% YOY decrease in net profit to USD 43 Mn in 4Q25. The decline in net profit is primarily attributed to a forecasted growth in cost of revenue, operating expenses, coupled with an anticipated increase in tax expenses and net finance cost, partially offset by increase in revenue, and other operating income. Revenue is expected to increase 1.9% YOY to USD 1,929 Mn in 4Q25. Revenue from the UAE region is expected to fall marginally 0.4% YOY to USD 680 Mn, while revenue from KSA is anticipated to decline 3.4% YOY to USD 357 Mn in 4Q25. However, revenue from other countries is projected to increase 6.0% YOY to USD 892 Mn in 4Q25. On the other hand, the cost of revenue is projected to increase 2.6% YOY to USD 1,489 Mn in 4Q25. As a result, gross profit is likely to decline 0.6% YOY to USD 440 Mn in 4Q25. Other operating income is expected to rise 23.1% YOY to USD 93 Mn in 4Q25. Operating expenses are projected to increase 8.8% YOY to USD 429 Mn in 4Q25. Net finance cost is projected to increase 2.6% YOY to USD 54 Mn in 4Q25. Lulu's EBITDA is expected to decrease 13.5% YOY to USD 190 Mn in 4Q25. However, we expect the EBITDA margin to decline from 11.6% in 4Q24 to 9.8% in 4Q25. The Company's profit before tax is expected to decline 29.9% YOY to USD 50 Mn in 4Q25. Income tax expenses are forecasted to increase 10.0% YOY to USD 7 Mn in 4Q25.

2025 forecast

We estimate Lulu Retail's net profit to decrease 17.4% YOY to USD 206 Mn in 2025, driven by an anticipated rise in cost of revenue, operating expenses, net finance cost, and income tax expenses, partially offset by forecasted rise in revenue, and other operating income. Revenue is anticipated to grow 4.0% YOY to USD 7,923 Mn in 2025, supported by expected increases in revenue across all the regions. Revenue from the UAE is forecasted to rise 4.8% YOY to USD 2,879 Mn in 2025. Additionally, revenue from KSA is forecasted to increase 2.5% YOY to USD 1,514 Mn in 2025. Moreover, revenue from other countries is anticipated to grow 3.9% YOY to USD 3,530 Mn in 2025. On the other hand, the cost of revenue is projected to increase 4.2% YOY to USD 6,101 Mn in 2025. Thus, gross profit is likely to expand 3.3% YOY to USD 1,822 Mn in 2025. We expect the gross margins to decline 16 bps YOY to 23.0% in 2025. Other operating income is anticipated to increase 8.7% YOY to USD 326 Mn in 2025. On the other hand, operating expenses are forecasted to increase 4.9% YOY to USD 1,737 Mn in 2025. Similarly, finance cost is expected to rise 4.6% YOY to USD 177 Mn in 2025. The Company's EBITDA is expected to rise marginally 0.2% YOY to USD 788 Mn, while the EBITDA margin is anticipated to decline 38 bps YOY to 9.9% in 2025. Income tax expenses are forecasted to grow from USD 22 Mn in 2024 to USD 28 Mn in 2025.

3Q25 outturn

Lulu Retail's revenue rose 2.0% YOY to USD 1,896 Mn in 3Q25, primarily supported by the stable performance in the UAE and Kuwait regions. The rise in private label and e-commerce sales also supported the revenue growth. Revenue from Private label grew 6.2% YOY in 3Q25, constituting 30.6% of total revenue during 3Q25, driven by strong consumer price sensitivity that boosted demand for affordable private label products, resulting in volume growth outpacing sales growth. The E-commerce sales surged 32.4% YOY, accounting for 6.4% of the total retail revenue in 3Q25, supported by partnerships with aggregators, coupled with improved digital capabilities and online adoption. Additionally, Lulu recorded growth in key markets, with revenue from the UAE expanding 5.1% YOY to USD 695 in 3Q25, marking the strongest regional growth. This growth is driven by strong demand for fresh food and electronics products. However, in the KSA, revenue declined 1.0% YOY to USD 366 in 3Q25, supported by soft demand in CPG and fresh food. Kuwait's revenue expanded 3.3% YOY to USD 171 Mn in 3Q25, due to strong channel performance in the supermarket and e-commerce, while Qatar's revenue increased marginally 1.4% YOY to USD 258 Mn in 3Q25, led by fresh food. Revenue from Oman declined marginally 0.8% YOY to USD 288 Mn in 3Q25 due to lower sales in the fresh food and CPG segments. The Company's cost of revenue rose 1.7% YOY to USD 1,447 Mn in 3Q25. Thus, gross profit increased 3.1% YOY to USD 449 Mn during 3Q25, exceeding the revenue growth. Gross profit margins expanded 26 bps YOY to 23.7% in 3Q25, supported by stronger margins in fresh food and supermarket categories, coupled with strong benefit from a higher mix of private-label products. Other operating income declined 3.1% YOY to USD 73 Mn, whereas operating expenses grew 2.4% YOY to USD 440 Mn in 3Q25. Net finance cost expanded 3.3% YOY to USD 42 Mn in 3Q25. EBITDA rose 2.3% YOY to USD 180 Mn in 3Q25, whereas EBITDA margin remained stable at 9.5% in 3Q25, compared to 3Q24, supported by expansion in gross margin and stable operating expenses. The Company's income tax expenses fell 21.7% YOY to USD 4 Mn in 3Q25.

Target price and recommendation

We maintain our BUY rating on LuLu with a target price of AED 1.80. The Company recorded growth in net profit during 3Q25, attributed to an increase in revenue and lower income tax expenses. The revenue growth is fueled by stable performance in the UAE and Kuwait region, as well as the opening of new stores and strong growth in e-commerce and private label sales. However, the Company's revenue from the Saudi Arabia region declined 1.0% YOY to USD 366 Mn in 3Q25, reflecting a high base from 3Q24, increased promotional activity, and elevated costs associated with new store openings. The Company expects performance in Saudi Arabia to remain subdued in the near term, weighed down by softness in non-food segments and continued consumer down-trading, with a full recovery anticipated in 2026. To mitigate these challenges, Lulu plans to expand into high-potential catchment areas and strengthen its e-commerce ecosystem through proprietary digital platforms, thereby reinforcing its omnichannel capabilities and enhancing customer engagement. These strategic initiatives underscore Lulu's resilient approach to restoring growth in Saudi Arabia while sustaining its broader regional momentum. The Company opened six new stores in 3Q25, bringing the total store count to 260. Furthermore, to enhance customer convenience and accessibility, Lulu expanded its omnichannel network to 102 stores as of 9M25, including 60 Express stores that offer 30–45-minute delivery. The Company further plans to expand its omnichannel-enabled store network to over 150 locations while enhancing the user interface and delivery speed to improve customer experience further. Additionally, Lulu aims to launch in-store digital brand activation campaigns and leverage its CRM system along with a base of over 8 Mn loyalty members to strengthen online engagement and drive profitability. Based on the store expansion momentum and continued e-commerce growth, the Company expect revenue to rise by 4% YOY, with a c. 9.8% EBITDA margin, c. 2.5% net margin, and a total of 20 planned store additions in 2025. The Company's private label products remained in high demand, supported by strong consumer price sensitivity that drove preference for affordable alternatives. As a result, volume growth outpaced sales growth, demonstrating the brand's ability to capture value-conscious consumers and strengthen its market penetration. The Company's average daily shoppers increased 37k YOY to 668k in 3Q25. Furthermore, loyalty-linked sales accounted for 71.8% of total sales in 3Q25, reflecting stronger customer stickiness and engagement. Lulu's capex fell from USD 99 Mn in 9M24 to USD 83 Mn in 9M25, reflecting efficiency gains and a continued shift toward an asset-light model. This strategic focus underscores Lulu's efforts to enhance its return on capital and accelerate expansion through partnerships and leasing arrangements, rather than making heavy upfront investments. Furthermore, the Company's cash conversion improved from 77% in 9M24 to 84% in 9M25, due to strong cash discipline and operational efficiency. Looking ahead, Lulu expects revenue growth of 4–5% YOY, a stable EBITDA margin, and net profit growth of c. 10% YOY, alongside the addition of 18–20 new stores in 2026 and 50 new store openings during FY26-28 in express and hypermarket format. Considering these factors, we reiterate our BUY rating on Lulu.

Lulu Retail - Valuation

(at CMP)	2024	2025F
P/E (x)	12.41	15.03
P/B (x)	3.12	2.99
EV/EBITDA (x)	4.73	4.32
BVPS (AED)	0.353	0.368
EPS (AED)	0.089	0.073
DPS (AED)	0.030	0.057
Dividend Yield (%)	2.7%	5.1%

FABS estimate & Co Data, Lulu Retail was listed in 2024; hence, the previous years' multiples are unavailable. [1]Dividend yield for 2024 is based on the 3 fils per share the Company announced for 2H'24.

LuLu Retail - P&L

USD Mn	**4Q24**	**3Q25A**	**4Q25F**	**YOY Ch**	**QOQ Ch**	**2024**	**2025F**	**YOY Ch**
Revenue	1,894	1,896	1,929	1.9%	1.7%	7,621	7,923	4.0%
Cost of revenue	-1,451	-1,447	-1,489	2.6%	2.9%	-5,856	-6,101	4.2%
Gross profit	**443**	**449**	**440**	**-0.6%**	**-1.9%**	**1,765**	**1,822**	**3.3%**
Other operating income	75	73	93	23.1%	26.2%	300	326	8.7%
Operating expenses	-395	-440	-429	8.8%	-2.5%	-1,657	-1,737	4.9%
Finance cost, net	-53	-42	-54	2.6%	28.4%	-169	-177	4.6%
EBITDA	**220**	**180**	**190**	**-13.5%**	**5.5%**	**787**	**788**	**0.2%**
Profit before tax	**71**	**40**	**50**	**-29.9%**	**24.3%**	**239**	**234**	**-2.0%**
Income tax expense	-6	-4	-7	10.0%	68.9%	-22	-28	25.9%
Net profit from con. Ops.	**65**	**36**	**43**	**-33.7%**	**19.4%**	**216**	**206**	**-4.8%**
PAT from dis. operations	0	0	0	NM	NM	33	0	NM
Net profit	**65**	**36**	**43**	**-33.7%**	**19.4%**	**249**	**206**	**-17.4%**

FABS Estimate & Co Data

LuLu Retail - Margins

	4Q24	**3Q25**	**4Q25F**	**YOY Ch**	**QOQ Ch**	**2024**	**2025F**	**YOY Ch**
Gross Profit	23.4%	23.7%	22.8%	-56	-84	23.2%	23.0%	-16
EBITDA	11.6%	9.5%	9.8%	-175	35	10.3%	9.9%	-38
Net Profit	3.4%	1.9%	2.2%	-119	33	3.3%	2.6%	-67

FABS estimate and Co data

4Q25 preview: Talabat Holding PLC

Strong GMV growth expected driven by ongoing customer expansion and higher engagement

Current Price	Target Price	Upside/Downside (%)	Rating
AED 0.993	AED 1.80	+81%	BUY

4Q25 estimate

Talabat Group (Talabat/the Company) is projected to report a 4.8% YOY decrease in net profit to USD 131 Mn in 4Q25. The decline in net profit is expected mainly due to higher operating costs, partially offset by anticipated growth in GMV and IFRS revenue. Talabat's Gross Merchandise Value (GMV) is projected to increase 25.4% YOY to USD 2,563 Mn, while IFRS revenue is projected to grow 22.2% YOY to USD 979 Mn in 4Q25. Operating costs are anticipated to rise 21.5% YOY to USD 664 Mn in 4Q25. Thus, gross profit is expected to grow 23.5% YOY to USD 315 Mn, with gross margin anticipated to decline 18 bps YOY to 12.3% of GMV in 4Q25. Marketing expenses are estimated at USD 57 Mn, IT expenses at USD 21 Mn, and general administrative expenses at USD 49 Mn, while other income is projected at USD 8 Mn in 4Q25. Whereas other expenses & impairment are forecasted at USD 48 Mn in 4Q25. Operating profit is expected at USD 150 Mn in 4Q25. Talabat's adjusted EBITDA is expected to rise 12.6% YOY to USD 156 Mn, however, the EBITDA margin is anticipated to decline 69 bps YOY to 6.1% of GMV in 4Q25. Net finance costs is projected at USD 5 Mn, while income tax expenses are estimated at USD 19 Mn in 4Q25.

2025 forecast

Talabat's net profit is expected to rise sharply by 37.7% YOY to USD 477 Mn in 2025, with the net margin improving 35 bps YOY to 5.0% of GMV in 2025. This growth is primarily driven by higher projected growth in GMV and IFRS revenue, partially offset by an anticipated increase in operating costs. GMV is projected to increase 28.0% YOY to USD 9,508 Mn, while IFRS revenue is expected to grow 32.2% YOY to USD 3,798 Mn in 2025. Operating costs are expected to increase 33.9% YOY to USD 2,620 Mn in 2025. Thus, we expect the gross profit to grow 28.6% YOY to USD 1,177 Mn, with an anticipated improvement in gross margin of 6 bps YOY to 12.4% of GMV in 2025. The Company's marketing expenses are projected at USD 209 Mn, IT expenses at USD 74 Mn, and general administrative expenses at USD 190 Mn in 2025. Other income is expected at USD 20 Mn in 2025. Other expenses & impairments are projected at USD 174 Mn, leading to an operating profit of USD 550 Mn in 2025. Adjusted EBITDA is anticipated to increase 24.0% YOY to USD 616 Mn, though we expect the EBITDA margin to decline 21 bps YOY to 6.5% of GMV in 2025. Net finance costs are projected at USD 13 Mn, with foreign exchange losses of USD 2 Mn in 2025. Income tax expenses are estimated at USD 84 Mn for 2025.

3Q25 outturn

GMV (excluding InstaMart) grew 25.6% YOY to USD 2,422 Mn in 3Q25, supported by growth in GCC food segment and non-GCC market, rising active users, higher order frequency, and increase in Talabat Pro adoption. As a result, total management revenue grew strongly by 34.1% YOY to USD 1,035 Mn in 3Q25 from USD 772 Mn in 3Q24. The IFRS revenue (including Instamart) increased 33.9% YOY to USD 1,004 Mn in 3Q25 compared to USD 750 Mn in 3Q24. Operating costs rose 37.8% YOY to USD 712 Mn in 3Q25. As a result, gross profit increased 25.3% YOY to USD 292 Mn in 3Q25. Gros profit margin remained stable at 12.1% as a % of GMV in 3Q25. Marketing expenses stood at USD 57 Mn in 3Q25, while the Company incurred IT expenses of USD 17 Mn, coupled with G&A expenses of USD 47 Mn in 3Q25. Other income stood at USD 4 Mn, and other expenses stood at USD 42 Mn in 3Q25. As a result, Talabat recorded an operating profit of USD 132 Mn, with an operating margin (as % GMV) of 5.5% in 3Q25. Adjusted EBITDA increased 20.7% YOY to USD 154 Mn in 3Q25. The Adjusted EBITDA margin (as a % of GMV), declined marginally to 6.4% in 3Q25 compared to 6.6% in 3Q24. This was primarily due to lower gross margins resulting from a continued shift in the GMV product mix. Net finance income stood at USD 4 Mn in 3Q25. Talabat incurred an income tax expense of USD 17 Mn in 3Q25.

Target price and recommendation

We maintain our BUY rating on Talabat with a target price of AED 1.80. Talabat delivered strong results in 3Q25, with GMV growing 25.6% YOY (27% at constant currency) to USD 2.4 Bn, driven by broad-based strength across both GCC and non-GCC markets and in both Food and Grocery & Retail (G&R) verticals. The Company continued to accelerate customer acquisition and engagement, with monthly active users (MAUs) up 23% YOY to 7.5 Mn, and average order frequency improving to 6.8x per month in 3Q25. Engagement was driven by growing multi-vertical adoption, now exceeding 70% of GMV in September 2025, and rising Talabat Pro penetration, accounting for nearly half of total GMV. AdTech revenues also expanded, with margins reaching 3.5% of GMV in 3Q25 from 3.3% in 3Q24, reflecting stronger merchant demand for targeted campaigns. Additionally, Talabat's partner base grew 22% YOY to c. 80K and its rider fleet expanded 36% YOY to c. 162K, as of September 2025, ensuring best-in-class delivery experience. Additionally, partner-funded savings exceeded USD 560 Mn (6.3% of GMV) in the past twelve months, supporting customer retention and value perception. The UAE and Kuwait remained key contributors, maintaining double-digit growth, while non-GCC markets (Egypt, Jordan, Iraq) delivered 57% YOY GMV growth in 3Q25, narrowing the regional concentration gap and diversifying the operational geographies. The Food vertical expanded nearly 20% YOY, and G&R surged 40% YOY in 3Q25, underscoring the success of Talabat's ecosystem integration. Management reaffirmed fullyear 2025 guidance, expecting GMV growth of 27–29% YOY in 2025 on constant currency basis, revenue growth of 29–32% YOY, Adjusted EBITDA margin of 6.5%, net income margin of 5.0%, and Adjusted FCF margin of 6.0%, alongside a minimum USD 400 Mn dividend payout (with potential payout ratio up to 90% of net income, or USD 425 Mn) in 2025. Talabat's scale, multi-vertical ecosystem, and localized operating model continue to strengthen its market leadership and long-term growth visibility. Therefore, based on these factors, we maintain our BUY rating on the stock.

Talabat - Valuation

(at CMP)	**2024**	**2025F**
P/E (x)	17.17	12.46
P/B (x)	11.04	8.43
EV/EBITDA (x)	12.63	9.35
BVPS	0.085	0.111
EPS	0.055	0.075
DPS (AED)	0.017	0.063
Dividend Yield (%)	1.8%	6.6%

FABS estimate & Co Data

[1]The company was listed in Dec 2024, hence dividend yield for 2024 is considering the interim dividend (4Q24).

Talabat - P&L

USD Mn	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
GMV	**2,044**	**2,422**	**2,563**	**25.4%**	**5.8%**	**7,428**	**9,508**	28.0%
IFRS Revenue	801	1,004	979	22.2%	-2.5%	2,872	3,798	32.2%
Operating cost	-546	-712	-664	21.5%	-6.8%	-1,956	-2,620	33.9%
Gross profit	**255**	**292**	**315**	**23.5%**	**7.9%**	**915**	**1,177**	**28.6%**
Adj. EBITDA	**139**	**154**	**156**	**12.6%**	**1.4%**	**497**	**616**	**24.0%**
Profit to shareholders	**138**	**121**	**131**	**-4.8%**	**8.6%**	**346**	**477**	**37.7%**

FABS estimate & Co Data, [1]Details for the FY2024 and 3Q24 are not provided by the Company, since the Company was listed in Dec 2024. So, the audited financials for the rest of the line items are not available for the historical period.

Talabat – Margins (As a % of GMV)

	4Q24	3Q25	4Q25F	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	12.5%	12.1%	12.3%	-18	24	12.3%	12.4%	6
EBITDA	6.8%	6.4%	6.1%	-69	-27	6.7%	6.5%	-21
Net Profit	6.7%	5.0%	5.1%	-163	13	4.7%	5.0%	35

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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