

UAE Consumers Sector

Value-Led Consumption Amid Rising Cost Pressures

Sector Weighting:
MARKET WEIGHT

The UAE's real GDP growth is projected to reach 1.6% in 2026 before accelerating to 10.4% in 2027, alongside non-hydrocarbon GDP growth projected at 1.3% and 4.9% in 2026 and 2027, respectively. The sharp improvement in headline GDP next year is largely attributable to the expected recovery in hydrocarbon output, whereas the continued expansion of non-oil activities remains more relevant to the consumer sector. Recent indicators point to improving momentum, with the UAE non-oil PMI reaching a 20-month high of 55.3 in September, supported by stronger output and new orders. The demand backdrop is further supported by recovering tourism, with Dubai attracting 6.97 Mn international visitors during 8M26 and hotel occupancy reaching 66% in August. Meanwhile, inflation remains a key consideration for consumer spending and operating margins. The CBUAE expects UAE inflation at 2.4% in 2026, with supply-side pressures from energy, freight and food costs continuing to influence the near-term outlook. At the emirate level, Dubai's inflation accelerated to 5.5% YOY in August 2026, driven by higher transport, food and housing-related costs, which could weigh on consumer purchasing power. Meanwhile, the September PMI indicated that selling prices rose at their fastest pace in more than 15 years, reflecting continued pressure from elevated input costs and posing a risk to operating margins. Government measures to monitor essential commodity prices are expected to help contain pressure on staple goods, with the Ministry of Economy and Tourism tracking prices across 33 basic commodities and 13 retail outlets.

The consumer sector is anticipated to benefit from the continued recovery in tourism, supported by stronger visitor flows, broader destination offerings and improving connectivity across the UAE. The expansion of tourism initiatives, including the "Visit UAE" identity and "UAE Grand Tour", should encourage visitors to explore multiple emirates and support longer stays, while improving transport links should enhance accessibility between key destinations. Together with population growth and a broadening events calendar, these factors should support activity across F&B, retail, hospitality and mobility-related services. We expect the recovery in tourism and non-oil activity to provide a supportive backdrop for consumer businesses, particularly as visitor activity continues to normalise ahead of the peak tourism season.

Against this backdrop, we expect the UAE consumer sector to remain resilient, although elevated living costs and persistent input pressures are likely to keep consumers selective and increase the importance of value, convenience and pricing. Businesses with resilient customer engagement, differentiated offerings and exposure to recurring consumption should be better positioned to capture demand, while pricing discipline and effective cost management will remain key to protecting margins. The continued shift towards digital channels should also support companies with strong omnichannel capabilities, scalable operating models and exposure to structural changes in consumer behaviour. Within our coverage, we favour companies with resilient operating models, differentiated offerings and strong execution, while remaining mindful of near-term cost and margin pressures across the sector.

Accordingly, **Americana Restaurants** and **Emirates Mobility** are our preferred picks, supported by their respective growth prospects, differentiated positioning and execution capabilities.

Americana Restaurants is supported by broad-based revenue growth, continued LFL momentum, margin expansion and a strong store pipeline. The company delivered revenue growth in 2Q26, with all Power Brands contributing to the increase, while strategic procurement initiatives, premium menu offerings and positive operating leverage supported profitability. Americana Restaurants diversified brand and geographic portfolio provides further resilience, with Power Brands accounting for the majority of revenue and a significant share of revenue generated in currencies pegged to the US dollar. Management expects LFL growth to continue through 2026, alongside further improvement in gross profit, EBITDA and net income margins. Growth remains supported by an expanding store pipeline, including preferential access to 200 Tier-1 ADNOC Distribution locations over five years, continued development of the MAT pipeline across the UAE and KSA, and a planned Kuwait launch in 2H26. With most major commodity contracts secured for 2026 and management expecting cost conditions to remain broadly stable versus 2Q26, we see scope for Americana to sustain LFL growth, expand margins and execute disciplined store growth. Similarly, EMOBILITY also remains one of our preferred picks, supported by its resilient core business, growing exposure to the broader mobility ecosystem and multiple avenues for long-term expansion. While near-term earnings are likely to remain under pressure from softer student volumes, higher operating costs and investment-related expenses, we view these pressures as largely transitional. The core Emirates Driving business remains resilient, while Mwasalat is adding scale and diversification, with 1H26 revenue and EBITDA increasing 18% and 28% YOY, respectively. The Company is also progressing its transformation into an integrated mobility platform through AI, automation, EV charging and capacity expansion, creating multiple avenues for future growth. The Company also held AED 761 Mn in cash and bank balances as of 1H26, providing significant financial flexibility to navigate near-term pressures while continuing to invest in its next phase of growth.

Market Weight:

- We maintain a Market Weight stance on the UAE Consumer sector, with 5 BUY and 1 ACCUMULATE recommendations across our 6 covered consumers stocks.
- We have downgraded our rating on Americana Restaurants from BUY to ACCUMULATE with a revised target price.
- We continue to maintain BUY ratings on ADNHC, Agthia, EMobility, Lulu and Talabat with same Target Price.

Companies Name	Target Price	CMP	Potential Change (%)	Rating	P/E ¹	EV/EBITDA ¹	Dividend Yield ¹
ADNH Catering PLC	1.05	0.61	+72.1%	BUY	11.64	6.57	8.7%
Agthia Group PJSC	5.10	3.18	+60.4%	BUY	15.18	6.86	7.7%
Americana Restaurants (USD)	2.70	2.44	+10.7%	ACCUMULATE	19.31	7.55	4.2%
Emirates Mobility Company	4.50	3.43	+31.2%	BUY	13.25	9.08	5.5%
Lulu Retail Holdings PLC (USD)	1.50	0.95	+57.7%	BUY	16.53	4.44	6.0%
Talabat Holding PLC (USD)	1.45	1.06	+37.4%	BUY	18.63	12.35	5.0%

Source: FABS Estimate, ¹Data refers to FY2026

Key Management Takeaways Ahead of 3Q26 Earnings:

Agthia

2Q26 Snapshot

- Transformation initiatives continued to support profitability, with stronger operational execution and margin expansion across the Company.
- Water & Food remained a key contributor, supported by food security-related sales, continued market-share gains in Al Ain Water and healthy growth in Home & Office Services.
- Protein & Frozen delivered strong revenue growth, supported by Nabil, Atyab and the KSA facility ramp-up, while profitability remained under pressure.
- Cash generation and the balance sheet strengthened materially, supported by improved working capital management and a shorter cash conversion cycle.

Key Area to watch in 3Q26

- Monitor freight, fuel, insurance and distribution-related cost pressures.
- Progress in the Protein & Frozen transformation.
- Continued recovery in Snacking segment following the Al Foah reset.
- Sustain market-share gains in Al Ain bottled water and performance of new products such as FUELL.

LuLu Retail Holding

2Q26 Snapshot

- Food sales remained resilient, while softer discretionary demand continued to weigh on non-food categories.
- Store expansion remained on track, with greater focus on smaller-format stores to support a more capital-efficient growth model.
- E-commerce continued to scale strongly, supported by ongoing omnichannel integration and improved customer adoption.
- Private-label penetration and Happiness loyalty membership continued to increase, supporting customer engagement.

Key Area to watch in 3Q26

- Recovery in discretionary demand and non-food sales.
- Progress of smaller-format store expansion.
- Execution of Saudi Arabia initiatives to improve product offerings, inventory management and store-level profitability.
- Continued e-commerce growth and omnichannel integration.

Americana Restaurants

2Q26 Snapshot

- Revenue growth remained broad-based, supported by LFL growth and continued network expansion across the Company.
- Margin expansion continued, supported by strategic procurement, premium menu offerings and operating leverage.
- The Company expanded its growth-brand portfolio, with MAT continuing its rollout across the UAE and KSA.

- Cash generation remained strong, supported by underlying profitability and effective working capital management.

Key Area to watch in 3Q26

- Sustain mid-single-digit LFL growth, consistent with 1H26 performance.
- Progress on the 120–130 net new store openings planned for 2026, with development activity weighted toward 2H26.
- Continued improvement in KSA LFL growth and store expansion.
- Deliver margin expansion through inventory cost savings, menu optimisation, supplier negotiations and G&A efficiencies.

Talabat

2Q26 Snapshot

- GMV growth remained resilient, supported by a growing customer base, higher multi-vertical engagement and stronger talabat Pro adoption.
- Food delivery leadership remained strong, while delivery times improved across markets targeted by the investment programme.
- The Company continued to execute its everyday app investment programme, with dark-store expansion and supply-chain investments progressing.

Key Area to watch in 3Q26

- Sustain the upgraded GMV growth guidance of 13–15% in 2026.
- Execute the USD 120 Mn everyday-app investment programme, with the remaining investment expected to be deployed in 2H26.
- Improve Grocery & Retail margins through higher dark-store density, lower delivery distances and operating leverage.

ADNH Catering PLC

2Q26 Snapshot

- The diversified business model and procurement and supply chain management helped mitigate the impact of market turbulence on service delivery and margins.
- Contract retention remained, while new contract wins continued to support growth despite slower tender flows and delayed mobilisations.
- Cash generation remained solid, supported by effective working capital and cash flow management.

Key Area to watch in 3Q26

- Sustain contract renewal rates above 95% and progress towards the short-term new contract win target of 6–8% of revenue.
- Monitor 2H26 revenue growth amid slower tender activity and roll-on losses from 2H25.
- Manage margins and cash flows amid ongoing market turbulence, with short-term EBITDA margin targeted at 10–12%.

Emirates Mobility Co

2Q26 Snapshot

- The Driving segment maintained resilient operations, supported by capacity expansion and new customer touchpoints.
- Mwasalat continued to strengthen the Company's mobility ecosystem and earnings diversification, with higher activity across its transport operations.
- Excellence Group remained under pressure from softer student and limousine demand, higher fuel costs and expansion-related costs.
- The Company continued to advance its strategy of building an integrated AI-driven mobility platform through acquisitions, technology adoption and business diversification.

Key Area to watch in 3Q26

- Progress of the ChargePoint rollout, which remains on track to commence operations in 3Q26.
- Completion of the 51% Performise Labs acquisition, expected in 3Q26, and progress on AI-driven mobility initiatives.
- Potential increase in the Company's stake in Mwasalat, with the option expected to be exercised in 2H26.
- Monitor performance against the revised FY26 guidance, reflecting more conservative assumptions.

Key Developments in the Consumer Sector

Mixed Inflation Trends Across the UAE, Saudi Arabia, and Egypt

Regional inflation trends remained varied, with the UAE maintaining moderate price pressures, stable housing-driven price pressures in Saudi Arabia, and elevated inflationary pressures in Egypt. The CBUAE projects UAE inflation at 2.4% in 2026, with near-term price pressures expected to stem mainly from regional uncertainty and its effects on energy, shipping and food costs. Despite these pressures, inflation is expected to remain below global averages, supported by contained housing costs, regulation of selected staple food prices and monitoring of key consumer-price components. In 2027, inflation is forecasted to ease to 1.9% as global cost pressures are expected to moderate and measures supporting price stability remain effective. In Saudi Arabia, inflation grew 1.8% YOY in August 2026, primarily driven by higher housing, water, electricity, gas and other fuel prices, which rose 3.9% YOY, followed by transport prices at 2.0% YOY and food and beverages at 1.4% YOY. Housing remained the largest contributor to headline inflation, adding 0.8 percentage points, supported by a 3.9% YOY increase in actual rents for housing. On a MOM basis, CPI increased 0.1% in August 2026, mainly due to higher transport, housing, personal care, and insurance and financial services prices, partly offset by lower food and beverage and restaurant and accommodation prices. Egypt's inflationary pressures remained elevated in August 2026, although annual urban headline inflation eased to 14.5% YOY in August 2026 from 14.9% YOY in July 2026, primarily due to a moderation in annual food inflation to 6.3% YOY in August 2026 from 8.0% YOY in July 2026. In contrast, annual non-food inflation increased to 19.5% YOY from 19.1% YOY during the same period. Meanwhile, annual core inflation rose to 14.9% YOY in August 2026 from 14.7% YOY in July 2026, indicating modest price increases across core food and non-food items.

Tourism Recovery expected to Support Consumer Demand

Dubai's tourism activity continued to strengthen in August 2026, providing a supportive backdrop for consumer-facing businesses. International overnight visitors reached c. 869,000 during the month, the highest monthly level since February 2026, taking total arrivals to 6.97 Mn during 8M26. Improving visitor activity was also reflected in hotel performance, with occupancy rising to 66% in August from 36% in March, while hotels recorded 21.61 Mn occupied room nights during the first eight months of the year. Air connectivity also showed signs of improvement, with Dubai International Airport (DXB) passenger traffic increasing from 3.5 Mn in April to 5.0 Mn in June, despite 2Q26 volumes remaining c. 42% below the prior-year period. In Abu Dhabi, Zayed International Airport handled more than 93,000 passengers per day on average between 26 and 30 June 2026, exceeding volumes during the comparable period in 2025 and connecting travellers to more than 100 destinations globally. We expect continued improvement in visitor arrivals, hotel occupancy and air connectivity to support traffic and spending across retail, F&B, hospitality and leisure, particularly as the UAE enters the peak tourism season.

PMI Trends Point to Mixed Regional Business Conditions

Regional business conditions were mixed in September 2026, with non-oil private sector activity remaining strong in the UAE and gaining momentum in Saudi Arabia, while conditions weakened in Egypt. The S&P Global UAE Purchasing Managers Index (PMI) remained unchanged at 55.3 in September 2026, maintaining August's 20-month high and indicating a marked improvement in non-oil private sector conditions. Output growth accelerated to a seven-month high, supported by improving demand and strong pipelines of new work, while new orders continued to rise markedly.

New export orders increased at the fastest pace since November 2024. Purchasing activity also rose rapidly, while input inventories increased at the quickest pace since November 2023. Employment returned to growth, although the increase remained modest. Meanwhile, selling prices rose at the fastest pace since May 2011 as firms passed on higher input costs, while business confidence remained subdued. In Dubai, the PMI increased to 54.5 in September 2026 from 54.1 in August 2026, marking the strongest improvement in business conditions in seven months. Output growth reached its fastest pace in 2026 so far, while new orders increased strongly, supported by the strongest growth in new business from abroad in two years. Employment returned to growth, while output price inflation reached its highest level since January 2014. Saudi Arabia's non-oil private sector gained momentum in September 2026, with the Riyadh Bank Saudi Arabia Purchasing Managers' Index (PMI) rising to 55.3 in September 2026 from 53.8 in August 2026, marking the strongest improvement since February. New orders grew at the fastest pace since February, supported by improving market conditions, higher client numbers and increased spending, while output growth eased to a five-month low. New export orders declined for the seventh consecutive month amid supply-chain disruptions. Employment increased solidly, while purchasing activity rose at a seven-month high. Meanwhile, input costs remained elevated due to higher material and transport costs, while selling prices increased at the second-fastest pace in more than six years. Business confidence weakened amid regional tensions and supply-chain concerns. Meanwhile, Egypt's non-oil private sector conditions weakened in September 2026, with the S&P Global Egypt Purchasing Managers Index (PMI) falling to 47.2 from 49.6 in August 2026, signalling a sharper contraction in business activity. Output and new orders declined at accelerated rates amid weaker demand, geopolitical disruptions and elevated inflationary pressures. Employment increased for the second consecutive month, although job creation slowed from August. Meanwhile, selling prices continued to rise sharply as firms passed on higher costs related to oil, metals, electricity and transportation. Business confidence remained positive but eased from August's more than four-year high.

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3Q26 preview: **ADNH Catering PLC (ADNHC)**

Higher costs to keep margin and net profit under pressure

Current Price AED 0.61	Target Price AED 1.05	Upside/Downside (%) +72.1%	Rating BUY
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3Q26 estimate

ADNH Catering (ADNHC/the Company) is projected to report a decline in net profit from AED 50 Mn in 3Q25 to AED 24 Mn in 3Q26. The decrease in net profit is primarily attributed to an expected increase in cost of sales, G&A expenses, impairment losses of trade receivables, along with a projected decline in other income, partially offset by a forecasted increase in revenue and an anticipated decrease in net finance income. The Company's revenue is projected to rise 6.0% YOY to AED 453 Mn in 3Q26, driven by a projected increase in the food services segment, partially offset by a forecasted decline in the support services segment. The food services segment is expected to rise 14.1% YOY to AED 310 Mn in 3Q26, while revenue from the support services segment is anticipated to decline 8.0% YOY to AED 143 Mn in 3Q26. On the other hand, cost of sales is expected to grow 8.6% YOY to AED 396 Mn in 3Q26. Consequently, gross profit is expected to fall 9.2% YOY to AED 56 Mn in 3Q26. Gross profit margin is likely to decline 208 bps YOY to 12.4% in 3Q26. G&A expenses are projected to increase 2.5% YOY to AED 24 Mn in 3Q26. The Company is expected to record a net finance income of AED 1 Mn in 3Q26 compared to AED 2 Mn in 3Q25. Impairment losses on trade receivables are expected to increase to AED 4 Mn in 3Q26, compared to nil in 3Q25. Moreover, ADNHC's EBITDA is expected to fall 36.2% YOY to AED 47 Mn in 3Q26, while the EBITDA margin is expected to decline from 17.4% in 3Q25 to 10.4% in 3Q26. Income tax expense is anticipated to fall from AED 3 Mn in 3Q25 to AED 2 Mn in 3Q26. Profit attributable to non-controlling interests (NCI) is projected to rise 6.1% YOY to AED 0.2 Mn in 3Q26.

2026 forecast

We project ADNHC's net profit to decline 33.8% YOY to AED 116 Mn in 2026, driven by a forecasted rise in cost of sales, lower other income and higher profit attributable to non-controlling interests, partially offset by an expected increase in revenue, expected fall in impairment losses of trade receivables and income tax expense. Revenue is anticipated to grow 5.9% YOY to AED 1,847 Mn in 2026, supported by an expected increase in revenue from the food services segment, partially offset by a forecasted decrease in the support services segment. Revenue from the food services segment is anticipated to grow 10.3% YOY to AED 1,239 Mn in 2026 and revenue from the support services segment is projected to fall 2.0% YOY to AED 607 Mn in 2026. Cost of sales is forecasted to increase 11.0% YOY to AED 1,609 Mn in 2026. As a result, gross profit is likely to decrease 19.1% YOY to AED 238 Mn in 2026. Gross profit margin is expected to contract from 16.9% in 2025 to 12.9% in 2026. Moreover, G&A expenses are anticipated to decrease marginally by 0.6% YOY to AED 95 Mn in 2026. Net finance income is projected to grow 6.1% YOY to AED 4 Mn in 2026. The Company is expected to generate other income of AED 2 Mn in 2026, compared to AED 4 Mn in 2025. Impairment losses of trade receivables are projected to decline from AED 21 Mn in 2025 to AED 11 Mn in 2026. The Company's EBITDA is forecasted to decrease 21.1% YOY to AED 209 Mn in 2026. EBITDA margin is likely to decline 389 bps YOY to 11.3% in 2026. Income tax expense is expected to decrease 28.4% YOY to AED 12 Mn in 2026. Profit attributable to NCI is forecasted to rise from AED 1 Mn in 2025 to AED 2 Mn in 2026.

2Q26 outturn

ADNHC reported a 6.9% YOY increase in revenue to AED 457 Mn in 2Q26, primarily driven by an increase in revenue from the food services segment, partially offset by a decline in the support services segment. Food services revenue rose 16.8% YOY to AED 313 Mn in 2Q26, driven by new contracts, accounting for 68.4% of total revenue. In contrast, support services revenue declined 9.8% YOY to AED 144 Mn, contributing 31.6% of total revenue during 2Q26. Cost of sales increased

at a faster pace, rising 17.1% YOY to AED 400 Mn in 2Q26, which led to a 33.7% YOY decline in gross profit to AED 57 Mn in 2Q26. As a result, gross profit margin decreased from 20.2% in 2Q25 to 12.5% in 2Q26. G&A expenses declined 2.4% YOY to AED 24 Mn in 2Q26. ADNHC's EBITDA declined 5.1% YOY to AED 53 Mn in 2Q26, with EBITDA margin narrowing by 145 bps YOY to 11.6% in 2Q26. The EBITDA decline was largely due to the temporary impact of geopolitical tensions in the region. Net finance income increased from AED 0.4 Mn in 2Q25 to AED 1.7 Mn in 2Q26, due to higher finance costs and lower finance income. The Company recorded a reversal of impairment on trade receivables of AED 0.2 Mn in 2Q26, compared to an impairment provision of AED 22.6 Mn in 2Q25. Meanwhile, the share of profit from a joint venture declined from AED 0.3 Mn in 2Q25 to nil in 2Q26. Income tax expense decreased 36.3% YOY to AED 3 Mn in 2Q26, while profit attributable to non-controlling interests increased from nil in 2Q25 to AED 1 Mn in 2Q26.

Target price and recommendation

We maintain a BUY rating on ADNHC Catering PLC with a target price of AED 1.05. ADNHC delivered resilient operating performance in 2Q26 despite a challenging operating environment marked by geopolitical tensions, supply chain disruptions, inflationary pressures, and service suspensions across certain client segments. The Company's diversified business model, operational resilience, and effective procurement and supply chain management enabled it to mitigate the impact of market turbulence while maintaining service quality and profitability. Contract retention remained industry-leading at 98.9% as of 1H26, reflecting the Company's strong client relationships and service quality, despite difficult operating conditions. ADNHC secured 39 new contracts during 1H26, representing annualised new business wins of AED 77 Mn and YTD growth of 6.8%, taking the total contract count to 519 as of 1H26. However, the Company highlighted that geopolitical tensions have resulted in slower tender flow, delayed contract awards, and slower mobilisations, particularly affecting the hospitality and education sectors. Cash generation remained robust, with cash and cash equivalents of AED 174 Mn as of 2Q26, while the cash liquidity ratio stood at 0.34 as of 2Q26, with cash conversion sustained at 73%. Looking ahead, the Company remains confident in its long-term growth prospects and expects business performance to recover once the impact of the regional geopolitical crisis subsides. The Company continues to target contract renewal rates above 95%, while maintaining near-term revenue growth of 5-7%, EBITDA margins of c.13.5%, capex at c.1.5% of revenue, and annualised new contract wins equivalent to 8-10% of total revenue. Over the mid-term, management continues to target revenue growth of 5-7%, EBITDA margins of c.14%, capex of c.1.0% of revenue, and contract renewal rates above 95%. The Company also introduced short-term guidance targeting 6-8% annualised new contract wins, 95%+ renewal rates, 4-6% revenue growth, 10-12% EBITDA margins, and capex of c.1.5% of revenue, while expecting revenue growth to moderate during 2H26 due to slower tender activity and roll-on losses from 2H25. Furthermore, the Company approved an interim dividend of AED 60 Mn for 1H26 resulting into 2.66 fils per share, to be distributed semi-annually, subject to shareholders approval. Thus, based on our analysis, we maintain our BUY rating on the stock.

ADNH Catering PLC – Valuation¹

(at CMP)	2024	2,025	2026F
P/E (x)	9.05	7.87	11.64
P/B (x)	2.54	2.25	2.36
EV/EBITDA (x)	5.96	5.22	6.57
BVPS	0.243	0.274	0.262
EPS	0.068	0.079	0.053
DPS	0.027 ²	0.080	0.053
Dividend Yield	4.4%	13.1%	8.7%

FABS estimate & Co Data

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

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

ADNH Catering PLC - P&L

AED Mn	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	YOY Ch
Revenue	427	457	453	6.0%	-1.0%	1,743	1,847	5.9%
Cost of sales	-365	-400	-396	8.6%	-0.9%	-1,449	-1,609	11.0%
Gross Profit	62	57	56	-9.2%	-1.8%	294	238	-19.1%
G&A exp	-24	-24	-24	2.5%	2.7%	-95	-95	-0.6%
Net Finance income	-2	-2	-1	-40.8%	-31.1%	-4	-4	6.1%
Other Income	17	0	0	NM	NM	4	2	NM
Impairment loss of trade receivables	0	0	-4	NM	NM	-21	-11	-48.4%
EBITDA	74	53	47	-36.2%	-10.5%	265	209	-21.1%
Profit before tax	53	32	27	-49.0%	-15.0%	191	130	-32.2%
Share of profit from joint venture	0	0	0	NM	NA	1	0	NM
Income tax expense	-3	-3	-2	-28.2%	-17.6%	-16	-12	-28.4%
Profit after tax and before NCI	50	29	25	-50.7%	-14.7%	176	118	-32.9%
NCI	0	1	0	6.1%	NM	1	2	NM
Profit after tax for the year	50	28	24	-51.0%	-12.4%	175	116	-33.8%

FABS estimate & Co Data
ADNH Catering PLC - Margins

	3Q25	2Q26	3Q26F	YOY ch	QOQ Ch	2025	2026F	YOY Ch
Gross Profit	14.5%	12.5%	12.4%	-208	-10	16.9%	12.9%	-399
EBITDA	17.4%	11.6%	10.4%	-691	-110	15.2%	11.3%	-389
Net Profit	11.7%	6.1%	5.4%	-630	-71	10.0%	6.3%	-376

FABS estimate & Co Data

3Q26 Preview: **Agthia Group PJSC**

Revenue growth and lower operating expenses to support earnings recovery

Current Price AED 3.18	Target Price AED 5.10	Upside/Downside (%) +60.4%	Rating BUY
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3Q26 estimate

Agthia Group (AGTHIA/the Company) is expected to report a net profit of AED 15 Mn in 3Q26, compared with AED 1 Mn in 3Q25. The increase in net profit is due to an anticipated increase in revenue, finance income and share of profit from investment in a joint venture, coupled with a projected decline in operating expenses and profit attributable to non-controlling interests, partially offset by a forecasted rise in cost of sales, finance expense and income tax expense. The Company's revenue is expected to increase 7.4% YOY to AED 1,220 Mn in 3Q26, supported by anticipated growth across all segments. Consumer-Business is forecasted to expand by 7.2% YOY to AED 909 Mn in 3Q26, due to an expected increase in revenue from Protein & Frozen, Water & Food and Snacking (Al Foah, Bakery, BMB and Abu Auf). Agri-Business is forecasted to grow 8.0% YOY to AED 312 Mn in 3Q26. Cost of sales is projected to rise 9.4% YOY to AED 852 Mn in 3Q26. Hence, gross profit is expected to increase 3.1% YOY to AED 369 Mn in 3Q26. S&D expenses are expected to increase 12.2% YOY to AED 200 Mn in 3Q26, while G&A expenses are anticipated to fall 16.1% YOY to AED 131 Mn in 3Q26. R&D costs are projected to increase 13.5% YOY to AED 2 Mn in 3Q26. Other income is expected to decrease from AED 6 Mn in 3Q25 to AED 5 Mn in 3Q26. As a result, operating expenses are likely to decline marginally by 0.4% YOY to AED 328 Mn in 3Q26. The Company's EBITDA is anticipated to increase from AED 89 Mn in 3Q25 to AED 126 Mn in 3Q26, while EBITDA margin is likely to increase 256 bps YOY to 10.4% in 3Q26. Operating profit is expected to rise from AED 28 Mn in 3Q25 to AED 41 Mn in 3Q26. Finance income is projected to increase from AED 3 Mn in 3Q25 to AED 5 Mn in 3Q26, while finance expense is expected to increase 8.9% YOY to AED 28 Mn in 3Q26. The share of loss from investment in a joint venture is expected to reverse to a profit of AED 1 Mn in 3Q26, compared to a loss of AED 0.1 Mn in 3Q25. The Company is expected to record income tax expense of AED 3 Mn in 3Q26, compared to AED 1 Mn in 3Q25. Additionally, profit attributable to non-controlling interests (NCI) is forecasted to decrease from AED 3 Mn in 3Q25 to AED 1 Mn in 3Q26.

2026 forecast

Agthia's net profit is expected to increase significantly from AED 86 Mn in 2025 to AED 185 Mn in 2026. This growth is primarily driven by an anticipated increase in revenue, other income and finance income, along with a projected decrease in profit attributable to non-controlling interests, partially offset by a forecasted rise in cost of sales, operating expenses, finance expenses and income tax and zakat expenses, along with an expected decrease in share of profit from investment in a joint venture. The Company's revenue is projected to increase 6.2% YOY to AED 5,148 Mn in 2026, supported by expected revenue growth across the Agri-Business and Consumer Business segments. Agri-Business is forecasted to expand 10.0% YOY to AED 1,345 Mn in 2026. Total Consumer Business is expected to grow 5.0% YOY to AED 3,802 Mn in 2026, supported by anticipated growth in revenue across Protein & Frozen and Water & Food and partially offset by a forecasted decline in Snacking (Al Foah, Bakery, BMB and Abu Auf). The cost of sales is anticipated to grow 3.4% YOY to AED 3,554 Mn in 2026. Hence, gross profit is also expected to increase 13.2% YOY to AED 1,594 Mn in 2026. S&D expenses are projected to rise 16.8% YOY to AED 782 Mn in 2026. While G&A expenses are expected to decrease 3.7% YOY to AED 499 Mn in 2026. R&D costs are projected to increase 17.2% YOY to AED 9 Mn in 2026. Other income is forecasted to increase 19.6% YOY to AED 18 Mn in 2026. Thus, operating expenses are expected to increase 7.8% YOY to AED 1,273 Mn in 2026. EBITDA is projected to grow 25.1% YOY to AED 580 Mn in 2026, with the EBITDA margin expected to improve by 170 bps YOY to 11.3% in 2026. Operating profit is forecasted to increase 41.2% YOY to AED 321 Mn in

2026. Finance income is expected to increase significantly from AED 12 Mn in 2025 to AED 21 Mn in 2026, while finance expense is forecasted to rise 2.0% YOY to AED 109 Mn in 2026. The share of profit from investment in a joint venture is expected to decrease 29.5% YOY to AED 2 Mn in 2026. Income tax and zakat expenses are projected to increase 3.9% YOY to AED 35 Mn in 2026. Additionally, profit attributable to non-controlling interests is anticipated to decrease marginally by 0.7% YOY to AED 15 Mn in 2026.

2Q26 outturn

AGTHIA's revenue increased 11.9% YOY to AED 1,275 Mn in 2Q26, primarily driven by strong performance in the Water & Food, Protein & Frozen, and Agri-Business segments, partially offset by weaker performance in the Snacking segment. Revenue from the Protein & Frozen segment increased 22.0% YOY to AED 294 Mn in 2Q26, driven by strong performance at Nabil, improvement in Atyab, and the rampup of the KSA protein facility. Revenue from the Water & Food segment increased 38.9% YOY to AED 440 Mn in 2Q26, supported by AED 142.3 Mn of one-off sales under the UAE food security program. Excluding these one-off sales, the segment's revenue declined 6.0% YOY in 2Q26. Snacking segment revenue declined 25.9% YOY to AED 211 Mn in 2Q26, as the ongoing transformation of Al Foah and BMB continued to weigh on performance, although Abu Auf recorded strong revenue growth of 23.7% YOY in 2Q26, supported by robust consumer demand and its strong market position in Egypt. Agri-Business revenue increased 11.0% YOY to AED 330 Mn in 2Q26, supported by strong feed sales, partially offset by lower flour demand from HoReCa customers. The Company's cost of sales increased 6.7% YOY to AED 897 Mn in 2Q26. Thus, gross profit increased 26.4% YOY to AED 378 Mn in 2Q26, with the gross profit margin expanded by 341 bps YOY to 29.7% in 2Q26. Total EBITDA increased from AED 43 Mn in 2Q25 to AED 117 Mn in 2Q26, with the EBITDA margin improving by 542 bps YOY to 9.2% in 2Q26. Snacking segment EBITDA improved significantly to a loss of AED 17 Mn in 2Q26 from a loss of AED 46 Mn in 2Q25, reflecting improved profitability at Al Foah following the business reset, partially offset by margin pressure at BMB and Abu Auf. Protein & Frozen EBITDA declined 25.0% YOY to AED 17 Mn in 2Q26, primarily due to lower profitability at Atyab and the Frozen Vegetables & Tomato Paste business partially offset by a growth in Nabil and the KSA facility. Water & Food segment EBITDA increased from AED 18 Mn in 2Q25 to AED 68 Mn in 2Q26, primarily due to higher sales, including one-off food security sales, and the absence of the one-off provision for legacy receivables recorded in 2Q25. Additionally, Agri-Business EBITDA increased 2.4% YOY to AED 54 Mn in 2Q26. Selling and distribution expenses increased 23.8% YOY to AED 196 Mn in 2Q26, while G&A expenses decreased 22.3% YOY to AED 121 Mn in 2Q26. R&D costs increased 1.2% YOY to AED 2 Mn in 2Q26. The Company recorded other expenses of AED 1 Mn in 2Q26, compared with other income of AED 4 Mn in 2Q25. Consequently, operating profit improved from a loss of AED 13 Mn in 2Q25 to a profit of AED 58 Mn in 2Q26, with the operating profit margin improving by 573 bps YOY to 4.5% in 2Q26. Furthermore, finance income increased from AED 2 Mn in 2Q25 to AED 6 Mn in 2Q26, while finance expenses increased 3.2% YOY to AED 28 Mn in 2Q26. Additionally, Agthia recorded income tax and zakat charges of AED 12 Mn in 2Q26, compared with an income tax credit of AED 1 Mn in 2Q25. The Company's share of profit attributable to non-controlling interest holders increased 27.0% YOY to AED 5 Mn in 2Q26.

Target price and recommendation

We maintain our BUY rating on Agthia with a target price of AED 5.10. Agthia delivered a solid operational performance in 2Q26, with reported revenue increasing 11.9% YOY to AED 1.3 Bn, primarily supported by AED 142.3 Mn of one-off sales under the UAE food security program. Excluding these one-off sales, underlying revenue remained broadly stable, demonstrating the resilience of the Company's core business despite a challenging operating environment. The Water & Food segment was the largest contributor to growth, with revenue increasing 38.9% YOY in 2Q26. Although the segment recorded a decline excluding food security-related sales, Al Ain Water continued to strengthen its leadership position in the UAE bottled water market, gaining 2.0 percentage points of value market share YTD May 2026 compared with YTD May 2025, while the Home & Office Services business, including Riviere, continued to deliver healthy double-digit growth. The Protein & Frozen

segment recorded robust revenue growth of 22.0% YOY, driven by strong momentum at Nabil, continued improvement at Atiyab, and the ramp-up of the KSA protein facility, which supported a 55.7% increase in Saudi protein sales. Management highlighted that the KSA facility is now operating at nearly full capacity, with recent customer wins driven by regional supply chain disruptions expected to provide a positive long-term benefit, although near-term profitability continues to be impacted by higher beef costs, transformation-related expenses, and KSA ramp-up costs. The Company also significantly strengthened its financial position, generating AED 521 Mn in free cash flow during 1H26, improving its cash conversion cycle from 56 days in 1H25 to 29 days in 1H26, and increasing cash and cash equivalents to AED 870 Mn in 2Q26. Management also noted that the recently launched supply chain financing programme across more than 100 suppliers is expected to further support structural improvements in cash flow generation. Innovation remained a key growth pillar, contributing AED 109.8 Mn to growth during 1H26 through new product launches across functional beverages, protein products, snacking, and specialty flour. The Company also entered the functional beverages category with the launch of FUELL, positioned as the UAE's first date-sweetened energy drink. The Company also continued to accelerate its digital transformation, with e-commerce revenue increasing 15.6% YOY in 1H26 to account for 7.3% of underlying revenue. Despite operational challenges arising from regional geopolitical developments, particularly across logistics and supply chains, Agthia maintained uninterrupted operations with no material disruption to customer supply or commercial relationships. Management highlighted that proactive procurement, inventory management, and routing decisions, together with healthy inventory levels, supported business continuity. The Company further mitigated logistics disruptions by utilizing alternative shipping routes through the Fujairah and Khor Fakkan ports. However, elevated fuel prices, higher freight and insurance costs, and broader distribution-related pressures are expected to continue weighing on the cost base, although the impact is likely to vary across segments. Given the continued uncertainty, management refrained from providing formal guidance and will continue to monitor developments closely. Additionally, the Company's shareholders approved to pay an interim cash dividend of 11.792 fils per share for 1H26, representing a 14.4% YoY increase, supported by stronger cash generation and a healthier balance sheet, while underscoring its continued commitment to enhancing shareholder returns. Thus, based on these factors, we continued to maintain a BUY rating on this stock.

Agthia - Valuation

	2021	2022	2023	2024	2025	2026F
(at CMP)						
P/E (x)	11.70	10.84	10.25	9.05	31.30	15.18
P/B (x)	0.97	0.95	0.92	0.95	1.02	1.06
EV/EBITDA (x)	8.45	7.39	5.63	5.69	9.00	6.86
BVPS	3.321	3.385	3.501	3.377	3.163	3.026
EPS	0.275	0.297	0.314	0.356	0.103	0.212
DPS	0.165	0.165	0.176	0.210	0.221	0.244
Dividend Yield	5.2%	5.2%	5.5%	6.6%	6.9%	7.7%

FABS estimate & Co Data

Agthia - P&L

AED Mn	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Revenue	1,136	1,275	1,220	7.4%	-4.3%	4,846	5,148	6.2%
Cost of sale	-778	-897	-852	9.4%	-5.1%	-3,437	-3,554	3.4%
Gross profit	358	378	369	3.1%	-2.6%	1,408	1,594	13.2%
S&D expense	-178	-196	-200	12.2%	2.2%	-670	-782	16.8%
G&A expense	-156	-121	-131	-16.1%	7.6%	-518	-499	-3.7%
R&D costs	-2	-2	-2	13.5%	7.7%	-8	-9	17.2%
Other (exp) / inc	6	-1	5	-24.6%	NM	15	18	19.6%
Operating expenses	-329	-320	-328	-0.4%	2.4%	-1,181	-1,273	7.8%
EBITDA	89	117	126	42.7%	7.9%	463	580	25.1%
Operating profit	28	58	41	43.9%	-30.1%	227	321	41.2%
Finance income	3	6	5	91.3%	-17.7%	12	21	79.8%
Finance expense	-26	-28	-28	8.9%	-0.9%	-107	-109	2.0%
Share of loss from invest in JV	0	0	1	NM	NM	2	2	-29.5%
Profit before tax and zakat	5	37	19	NM	-48.7%	135	235	NM
Income tax & zakat	-1	-12	-3	NM	NM	-34	-35	3.9%
Profit of the year	4	25	16	NM	-34.6%	101	200	NM
Non-controlling interest	-3	-5	-1	-55.5%	-71.4%	-15	-15	-0.7%
Net Profit	1	19	15	NM	NM	86	185	NM

FABS estimate & Co Data

Agthia - Margins

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	31.5%	29.7%	30.2%	-128	54	29.1%	31.0%	190
Operating Profit	2.5%	4.5%	3.3%	84	-122	4.7%	6.2%	155
EBITDA	7.8%	9.2%	10.4%	256	117	9.6%	11.3%	170
Net Profit	0.1%	1.5%	1.2%	112	-33	1.8%	3.6%	182

FABS estimate & Co Data

3Q26 preview: **Americana Restaurants International PLC (AMR)**

Growth momentum and margin expansion expected to support earnings

Current Price AED 2.44	Target Price AED 2.70	Upside/Downside (%) +10.7%	Rating ACCUMULATE
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3Q26 estimate

Americana Restaurants (Americana/the Company) is expected to report an increase in net profit attributable to equity shareholders from USD 43 Mn in 3Q25 to USD 67 Mn in 3Q26. This increase is primarily driven by an expected increase in revenue, other income and finance income, partially offset by higher COGS, S&M and G&A expenses, coupled with an expected increase in zakat charges. The company's revenue is projected to increase 11.8% YOY to USD 696 Mn in 3Q26, owing to an expected increase in revenue from brands such as KFC, Hardees, Pizza Hut, Krispy Kreme and Others. COGS is anticipated to increase by 6.8% YOY to USD 304 Mn in 3Q26. Consequently, gross profit is expected to grow 16.1% YOY to USD 392 Mn in 3Q26, while the gross margin is expected to improve 206 bps YOY to 56.3% in 3Q26. S&M expenses are expected to increase 13.0% YOY to USD 254 Mn in 3Q26, while G&A expenses are forecasted to increase by 8.1% YOY to USD 56 Mn in 3Q26. Furthermore, other income is anticipated to increase 25.0% YOY to USD 3 Mn in 3Q26. As a result, total operating expenses are expected to increase 10.7% YOY to USD 308 Mn in 3Q26. The Company's EBITDA is expected to rise 19.0% YOY to USD 166 Mn in 3Q26, while the EBITDA margin is anticipated to rise by 142 bps YOY to 23.8% in 3Q26. As a result, operating profit is likely to grow 40.9% YOY to USD 84 Mn in 3Q26, while the operating profit margin is anticipated to increase by 250 bps YOY to 12.1% in 3Q26. Finance income is projected to increase 31.3% YOY to USD 5 Mn in 3Q26. Finance cost is projected to increase marginally 0.6% YOY to USD 11 Mn in 3Q26. Additionally, the zakat charges is forecast to increase 17.9% YOY to USD 11 Mn. The Company's non-controlling interest is anticipated to decline from positive USD 0.4 Mn in 3Q25 to negative USD 0.1 Mn in 3Q26.

2026 forecast

We estimate Americana's net profit attributable to equity shareholders to rise 32.0% YOY to USD 289 Mn in 2026. This increase is primarily attributed to projected growth in revenue, other income and finance income, partially offset by an expected rise in COGS, S&M and G&A expenses, finance costs, and higher zakat charges. Americana's revenue is expected to grow 11.0% YOY to USD 2,784 Mn in 2026, driven by expected LFL growth in revenue across all the brands. Meanwhile, COGS is anticipated to rise 7.4% YOY to USD 1,229 Mn in 2026. As a result, gross profit is likely to increase 14.0% YOY to USD 1,555 Mn in 2026. Gross margins are expected to increase 145 bps YOY to 55.9% in 2026. S&M expenses are projected to grow 10.2% YOY to USD 977 Mn in 2026, while G&A expenses are expected to increase 10.4% YOY to USD 224 Mn in 2026. Additionally, other income is anticipated to grow from USD 13 Mn in 2025 to USD 14 Mn in 2026. As a result, total operating expenses are expected to increase 9.8% YOY to USD 1,189 Mn in 2026. We project the Company's EBITDA to grow 16.2% YOY to USD 692 Mn, along with EBITDA margin to rise 112 bps YOY to 24.9% in 2026. As a result, operating profit is likely to surge 29.7% YOY to USD 367 Mn in 2026, with the operating profit margin anticipated to rise from 11.3% in 2025 to 13.2% in 2026. Finance income is expected to increase 25.6% YOY to USD 19 Mn in 2026, while finance costs is expected to rise 1.4% YOY to USD 45 Mn in 2026. Additionally, zakat charges are projected to increase from USD 36 Mn in 2025 to USD 48 Mn in 2026. Furthermore, non-controlling interest is anticipated to increase from negative USD 1 Mn in 2025 to positive USD 4 Mn in 2026.

2Q26 outturn

Americana's revenue grew 11.1% YOY to USD 715 Mn in 2Q26, driven by revenue growth across all brands and continued network expansion. The revenue growth is driven by the addition of new stores and LFL growth, partially mitigated by store closures. In addition, all power brands recorded double-digit growth except Pizza Hut revenue, which posted 1% YOY growth. The Company's cost of goods

sold increased 4.7% YOY to USD 311 Mn in 2Q26, while the cost of inventory as a percentage of revenue improved from 29.2% in 2Q25 to 27.5% in 2Q26. As a result, gross profit increased 16.5% YOY to USD 404 Mn in 2Q26, with the gross margin expanding by 266 bps YOY to 56.6% in 2Q26, as strategic procurement initiatives, successful premium menu offerings, and positive operating leverage from strong sales growth more than offset higher input costs arising from the prevailing geopolitical environment. Selling & marketing expenses rose 10.9% YOY to USD 249 Mn in 2Q26, whereas G&A expenses increased 14.7% YOY to USD 54 Mn in 2Q26. Other income increased from USD 2 Mn in 2Q25 to USD 5 Mn in 2Q26. Thus, total operating expenses rose 10.2% YOY to USD 300 Mn in 2Q26. Moreover, Americana's EBITDA increased 22.5% YOY to USD 188 Mn in 2Q26, with the EBITDA margin expanding by 245 bps YOY to 26.3% in 2Q26. Operating profit rose 39.3% YOY to USD 105 Mn in 2Q26, with the operating margin increasing by 297 bps YOY to 14.6% in 2Q26. The Company's finance income increased 23.7% YOY to USD 5 Mn in 2Q26, while finance costs rose 8.5% YOY to USD 11 Mn in 2Q26. Income tax and zakat expenses increased from USD 9 Mn in 2Q25 to USD 14 Mn in 2Q26.

Target price and recommendation

We revise our rating from BUY to ACCUMULATE on Americana Restaurants with a revised target price of AED 2.70. The Company's stock price increased 12.4% since our last rating (August 2026). Americana delivered a strong 2Q26 performance, with revenue growing 11.1% YOY to USD 715 Mn and net profit attributable rising 40.5% YOY to USD 84 Mn. Growth was broad-based across brands, with 1H26 revenue from KFC rising 12.6% YOY to USD 818 Mn, Hardee's 13.9% YOY to USD 241 Mn, Krispy Kreme 10.2% YOY to USD 49 Mn, and Pizza Hut 4.4% YOY to USD 167 Mn, on LFL growth of 7.0%, 7.6%, 5.8% and 1.6% respectively, against 6.3% for the Company. By geography, 1H26 revenue rose 10% YOY in the UAE to USD 449 Mn, 7% YOY in KSA to USD 336 Mn, 16% YOY in Kuwait to USD 200 Mn, and 23% YOY in Egypt to USD 95 Mn. Power Brands continued to contribute 94% of revenue, with 83% of revenue generated in stable pegged currencies. Home delivery mix rose to 52% in 1H26 from 47% in 1H25 and kiosks to 17% in 1H26 from 14% in 1H25. Management guided for mid-single-digit LFL growth for 2026, consistent with the performance achieved in 1H26, and expects to open 120–130 net new stores during 2026, including new brands focused on high-performing brand market units. Americana Restaurants also signed an exclusive agreement to launch Taco Bell in the UAE, with plans for phased expansion across other GCC markets. The partnership marks Americana's entry into the Mexican-inspired QSR segment and strengthens its relationship with Yum! Brands. Americana also expects gross profit, EBITDA and net income margins to expand versus 2025, with net income margin projected to improve by 100–150 bps over the 2025 base of 8.9%. It stated that the expected margin improvement is driven by fundamental business performance rather than transitory benefits and believes current margin levels are sustainable. The Company added 167 gross and 108 net new stores over the last twelve months, taking its total footprint to 2,746 restaurants. Gross additions comprised 134 power brands stores, 26 growth brands stores and 7 Malak Al Tawouk (MAT) stores, against 59 closures. Planned closures were frontloaded in 1H26, whereas development activity is weighted toward 2H26. MAT store pipelines are being built in the UAE and KSA, with a Kuwait launch planned in 2H26 and sites already signed. Americana also announced a long-term strategic partnership with ADNOC Distribution, providing preferential access to 200 Tier-1 locations over five years on a profit and capex sharing model. Of the 356 stores opened between 1 April 2024 and 31 March 2026 and currently in operation, average capex per restaurant amounted to USD 402k with a three-year payback period. KFC delivered a payback period of 2.4 years across 142 openings and Hardee's 2.5 years across 57 openings, while Pizza Hut and Krispy Kreme recorded payback periods exceeding five years, reflecting weaker dine-in footfall in certain locations. Most major commodity contracts are locked in for the current year, with elevated costs limited to higher logistics, insurance and alternate sourcing expenses. Management does not expect cost conditions during the remainder of the year to differ materially from those experienced in 2Q26. Management noted that KSA's LFL growth was driven by multiple initiatives rather than any single factor and expects further improvement during the remainder of the year. Pizza Hut's weak performance was mainly attributable to the UAE, while KSA continued to perform well. Geopolitical

tensions in the UAE reduced family and group dining occasions, disproportionately affecting Pizza Hut relative to other brands. However, Pizza Hut recorded positive performance in July 2026, with management expecting performance to align with the Company's other brands from September onwards. Delivery profitability improved due to the presence of new delivery platforms offering lower delivery costs, reduced participation in subscription programmes, and optimised last-mile delivery operations. The Company also paid an interim cash dividend of USD 100.8 Mn (USD 0.012/ AED 4.4 fils per share) for the 1H26, reflecting disciplined capital allocation framework and continued commitment to delivering shareholder value. Thus, based on our analysis, we revise our rating to on the stock.

Americana - Relative Valuation¹

(at CMP)	2022	2023	2024	2025	2026F
PE (x)	21.60	21.58	35.25	25.48	19.31
PB (x)	19.68	12.75	14.19	11.42	9.26
EV/EBITDA (x)	9.95	9.50	10.95	8.68	7.55
BVPS (AED)	0.124	0.191	0.172	0.214	0.263
EPS (AED)	0.113	0.113	0.069	0.096	0.126
DPS (AED)	0.093	0.078	0.055	0.088	0.103
Dividend Yield	3.8%	3.2%	2.3%	3.6%	4.2%

FABS Estimate & Co Data

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

Americana - P&L

USD Mn	3Q25	2Q26	3Q26F	YOY Ch.	QOQ Ch.	2025	2026F	Change
Revenue	623	715	696	11.8%	-2.6%	2,509	2,784	11.0%
COGS	-285	-311	-304	6.8%	-2.0%	-1,144	-1,229	7.4%
Gross Profit	338	404	392	16.1%	-3.0%	1,365	1,555	14.0%
S&M Expenses	-225	-249	-254	13.0%	2.2%	-886	-977	10.2%
G&A Expenses	-52	-54	-56	8.1%	4.1%	-203	-224	10.4%
Other Income	2	5	3	25.0%	-46.5%	13	14	6.0%
Total Operating Exp.	-278	-300	-308	10.7%	2.7%	-1,082	-1,189	9.8%
EBITDA	139	188	166	19.0%	-11.7%	596	692	16.2%
EBIT	60	105	84	40.9%	-19.5%	283	367	29.7%
Finance income	4	5	5	31.3%	4.8%	16	19	25.6%
Finance cost	-11	-11	-11	0.6%	-2.4%	-44	-45	1.4%
Profit Before ZAKAT	53	98	78	48.6%	-20.3%	254	341	34.3%
Zakat	-9	-14	-11	17.9%	-22.4%	36	48	34.0%
Net Profit	43	84	67	NM	-19.9%	218	294	34.4%
Non-controlling interest	0	0	0	NM	25.7%	-1	4	NM
Net profit	43	84	67	NM	-19.8%	219	289	32.0%

FABS Estimate & Co Data

Americana - Margins

	3Q25	2Q26	3Q26F	YOY Ch.	QOQ Ch.	2025	2026F	Change
Gross Profit	54.2%	56.6%	56.3%	206	-26	54.4%	55.9%	145
EBITDA	22.4%	26.3%	23.8%	142	-247	23.7%	24.9%	112
Operating Profit	9.6%	14.6%	12.1%	250	-254	11.3%	13.2%	190
Net Profit	6.9%	11.8%	9.7%	278	-208	8.7%	10.4%	165

FABS estimate and Co data

3Q26 preview: **Emirates Mobility Company (EMOBILITY)**

Lower student enrolments and higher costs expected to weigh on earnings

Current Price AED 3.43	Target Price AED 4.50	Upside/Downside (%) +31.2%	Rating BUY
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3Q26 estimate

Emirates Mobility Company (EMOBILITY/ The Company) is projected to report a 37.2% YOY decline in net profit attributable to equity shareholders to AED 69 Mn in 3Q26, primarily due to an anticipated decline in revenue, rise in direct expenses coupled with decline in other income, and higher finance costs, partially offset by lower income tax expense and a lower share to the non-controlling interest holders. Revenue is expected to fall 8.8% YOY to AED 191 Mn in 3Q26, primarily due to projected decline in revenue from EDC, partially offset by anticipated growth in revenue from Excellence. Revenue from EDC is forecasted to decline 22.4% YOY to AED 111 Mn in 3Q26, due to near term decline expected in number of enrolled students. However, revenue from Excellence is forecasted to increase 13.3% YOY to AED 76 Mn in 3Q26, primarily due to expected increase in weighted average fees, partially offset by forecasted lower enrolled students. Direct expenses are projected to rise 4.0% YOY to AED 74 Mn in 3Q26. Thus, gross profit is likely to decrease 15.4% YOY to AED 117 Mn in 3Q26. G&A expenses are forecasted to increase marginally by 0.6% YOY to AED 44 Mn in 3Q26. As a result, operating profit is expected to decrease 22.7% YOY to AED 73 Mn in 3Q26. Operating profit margin is likely to decrease 691 bps YOY to 38.4% in 3Q26. EMOBILITY's EBITDA is expected to decrease 34.9% YOY to AED 90 Mn in 3Q26. Furthermore, we expect the EBITDA margin to decline from 66.0% in 3Q25 to 47.1% in 3Q26. Finance income is forecasted to decline 10.0% YOY to AED 8 Mn in 3Q26. Finance cost is projected to increase from AED 3 Mn in 3Q25 to AED 4 Mn in 3Q26. Income tax expenses are anticipated to decrease 38.0% YOY to AED 12 Mn in 3Q26. Likewise, share to non-controlling interest holders is expected to decline from AED 4 Mn in 3Q25 to AED 2 Mn in 3Q26.

2026 forecast

We project EMOBILITY's net profit attributable to equity shareholders to decline 19.0% YOY to AED 270 Mn in 2026, fuelled by a forecasted decline in revenue, increase in direct costs and general & administrative expenses, coupled with lower other income, and higher finance costs, partially offset by anticipated growth in rental income, share of results from associates, and a decline in income tax expenses. Revenue is anticipated to fall 1.6% YOY to AED 758 Mn in 2026, mainly due to an expected decrease in students enrollments across the EDC and Excellence. Training and testing services revenue comprising of EDC and Excellence together is forecasted to grow 1.8% YOY to AED 749 Mn in 2026. Additionally, the Company is expected to record a revenue of AED 9 Mn from Chargepoint segment in 2026. The Company's direct expenses are forecasted to increase 9.5% YOY to AED 295 Mn in 2026. Resultantly, gross profit is likely to decline 7.6% YOY to AED 463 Mn in 2026. G&A expenses are expected to increase 3.1% YOY to AED 187 Mn in 2026. Thus, EBIT is forecasted to decline 13.7% YOY to AED 276 Mn in 2026. We expect EBIT margin to decrease from 41.5% in 2025 to 36.4% in 2026. EMOBILITY's EBITDA is expected to fall 17.4% YOY to AED 351 Mn in 2026, while EBITDA margin is expected to decline from 55.1% in 2025 to 46.3% in 2026. Net gain from financial assets at fair value through profit or loss is expected to fall from AED 7 Mn in 2025 to AED 3 Mn in 2026. The Company's rental income is anticipated to increase from AED 4 Mn in 2025 to AED 6 Mn in 2026. Gain on sale of assets held for sale is forecasted to decrease substantially from AED 41 Mn in 2025 to AED 1 Mn in 2026, while share of results from associates is anticipated to grow substantially from AED 4 Mn in 2025 to AED 11 Mn in 2026. Other income is projected to decrease 37.9% YOY to AED 8 Mn in 2026. Finance income is projected to increase marginally by 0.2% YOY to AED 34 Mn in 2026. Whereas, finance costs are anticipated to increase from AED 10 Mn in 2025 to AED 17 Mn in 2026. Income tax expenses are forecasted to decline 21.4% YOY to AED 45 Mn in 2026. The profit share to NCI holders is projected to decrease 35.3% YOY to AED 8 Mn in 2026.

2Q26 outturn

EMOBILITY's revenue fell 7.8% YOY to AED 172 Mn in 2Q26, primarily due to lower student volumes at Excellence. The Company's direct expenses rose 2.4% YOY to AED 66 Mn in 2Q26 due to higher operating costs amid business expansion. As a result, gross profit decreased 13.3% YOY to AED 105 Mn in 2Q26. Similarly, gross margin contracted from 65.3% in 2Q25 to 61.4% in 2Q26. General and administrative expenses increased 5.9% YOY to AED 41 Mn in 2Q26, due to one off accrual of AED 5 Mn. Consequently, operating profit declined 22.1% YOY to AED 65 Mn in 2Q26, with the operating profit margin reducing from 44.7% in 2Q25 to 37.7% in 2Q26, largely due to increase in G&A expenses. EMOBILITY's EBITDA decreased 16.9% YOY to AED 91 Mn in 2Q26. EBITDA Margin fell 580 bps YOY to 53.2% in 2Q26. Net gain from financial assets at FVTPL decreased 6.5% YOY to AED 6 Mn in 2Q26. Rental income increased from AED 3 Mn in 2Q25 to AED 6 Mn in 2Q26. The Company reported share of profit from associates of AED 1 Mn in 2Q26, while other losses stood at AED 0.3 Mn in 2Q26 compared to other income of AED 0.5 Mn in 2Q25. Finance income decreased marginally 0.2% YOY to AED 7 Mn in 2Q26, while the finance cost increased from AED 1 Mn in 2Q25 to AED 4 Mn in 2Q26. The tax charges decreased 22.9% YOY to AED 11 Mn in 2Q26. The profit attributable to non-controlling interest holders declined from AED 3 Mn in 2Q25 to AED 1 Mn in 2Q26.

Target price and recommendation

We maintain our BUY rating on EMOBILITY with a target price of AED 4.50. EMOBILITY's net profit attributable to equity shareholders declined 21.0% YOY in 2Q26. The earnings decline was primarily driven lower students volumes at Excellence and no one-offs income recorded in 2Q26 and higher operating costs rather than any material deterioration in the Company's core operations. EMOBILITY's Emirates Driving subsidiary's revenue declined 6.3% YOY to AED 108 Mn in 2Q26. The Company's Excellence Group's reported a revenue decline of 9.9% YOY to AED 64 Mn in 2Q26, while EBITDA and net profit stood at AED 10.1 Mn and AED 3 Mn in 2Q26, largely due to rising cost pressure driven by fuel and softness in demand from hospitality and business travel segments. During the quarter, the Company successfully secured two key plots in Jebel Ali and Al Quasis, expanding the heavy vehicle and bus training operations. The new sites are expected to strengthen the Company's presence in commercial driving markets and support earnings growth. Mwasalat, EMOBILITY's integrated transportation associate, reported revenue of AED 226 Mn, EBITDA of AED 61 Mn and net profit of AED 11 Mn in 2Q26. The business continued to benefit from higher activity across its transport operations and improved operating efficiency, supporting healthy revenue growth and earnings generation. During the quarter, the Company entered into an agreement to acquire a 51% stake in Performise Labs FZ LLC, with an initial payment of AED 15 Mn and a potential additional payment of up to AED 23 Mn, subject to agreed EBITDA performance targets. This acquisition aligns with the Company's strategy of evolving from a traditional driving school into an integrated mobility platform powered by AI and smart technologies and is expected to enhance operational efficiency and expand its technology driven service offerings. ChargePoint, EMOBILITY's EV charging joint venture, is expected to commence its operations in 3Q26 with the Company rolling out more than 1,800 public charging sockets in partnership with Abu Dhabi's Integrated Transport Centre, with the initial phase involving over 150 charging stations across the UAE. The project is expected to strengthen EMOBILITY's presence in the rapidly growing EV ecosystem, diversify its mobility platform beyond driver training, and create a new long-term growth avenue. Also, during the quarter, ChargePoint signed an MoU with ROX UAE to integrate locally manufactured electric vehicles with its charging infrastructure, further supporting EV adoption and enhancing its integrated mobility offering. The company provided conservative guidance considering ongoing scenario with Revenue ranging between AED 738-777 Mn, Gross profit margin between (53-59%) and EBITDA margin between (39-44%) for FY2026. The Company continued to maintain a strong financial position during 2Q26, with cash and bank balances of AED 761 Mn. The healthy liquidity profile will provide adequate funding flexibility for ongoing investments in business diversification, technology and strategic acquisitions while supporting future growth initiatives. While near-term earnings may remain affected due to rising cost pressure and expansion initiatives, the strategic investments are expected to

strengthen EMOBILITY's position and support revenue and earnings over 2026. Thus, we maintain BUY rating on stock.

EMOBILITY - Valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
P/E (x)	1.83	1.21	13.79	13.29	11.07	13.25
P/B (x)	0.38	0.32	3.21	2.98	2.66	2.56
EV/EBITDA (x)	0.18	-0.63	12.60	11.72	8.59	9.08
EPS	1.871	2.822	0.248	0.257	0.309	0.258
BVPS	8.972	10.823	1.067	1.147	1.286	1.336
DPS	0.042	0.121	0.170	0.170	0.200	0.188
Dividend Yield	1.2%	3.5%	5.0%	5.0%	5.8%	5.5%

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

EMOBILITY - P&L

AED Mn	3Q25	2Q26	3Q26F	YOY Ch.	QOQ Ch.	2025	2026F	Change
Revenue	209	172	191	-8.8%	11.2%	770	758	-1.6%
Direct expenses	-71	-66	-74	4.0%	11.3%	-269	-295	9.5%
Gross profit	138	105	117	-15.4%	11.1%	501	463	-7.6%
G&A Expenses	-44	-41	-44	0.6%	7.8%	-182	-187	3.1%
EBIT	95	65	73	-22.7%	NM	320	276	-13.7%
EBITDA¹	138	91	90	-34.9%	-1.4%	425	351	-17.4%
Net gain from financial assets at FVTPL	1	6	1	2.0%	NM	7	3	NM
Change in FV of investment property	0	0	0	NM	NM	0	0	NM
Rental income	1	6	0	NM	NM	4	6	47.5%
Gain on sale of assets held for sale	25	0	0	NM	NM	41	1	NM
Loss on remeasurement of contingent consideration	0	0	0	NM	NM	-10	0	NM
Share of results from associates	0	1	3	NM	NM	4	11	NM
Dividend income	0	0	0	NM	NM	0	0	NM
Other Income	5	0	2	NM	NM	13	8	-37.9%
Finance income	9	7	8	-10.0%	16.9%	33	34	0.2%
Finance costs	-3	-4	-4	32.6%	5.2%	-10	-17	NM
Profit / (loss) before tax from continuing operations	133	81	83	-37.5%	2.2%	403	323	-19.8%
Income tax expense	-20	-11	-12	-38.0%	10.7%	-58	-45	-21.4%
Profit / (loss) after tax from continuing operations	113	70	71	-37.4%	0.8%	346	278	-19.6%
Non-controlling interest	-4	-1	-2	-42.7%	NM	-13	-8	-35.3%
Profit attributable to the owner	109	69	69	-37.2%	-0.4%	333	270	-19.0%

FABS estimate & Co Data, ¹Calculated EBITDA

EMOBILITY - Margins

	3Q25	2Q26	3Q26F	YOY Ch.	QOQ Ch.	2025	2026F	Change
Gross Profit	66.2%	61.4%	61.4%	-476	-3	65.1%	61.1%	-395
Operating Profit	45.3%	37.7%	38.4%	-691	68	41.5%	36.4%	-507
EBITDA	66.0%	53.2%	47.1%	NM	-602	55.1%	46.3%	NM
Net Profit	52.2%	40.1%	35.9%	NM	-418	43.2%	35.6%	-762

FABS estimate & Co Data, ¹Based on calculated EBITDA

3Q26 preview: Lulu Retail Holdings PLC

Revenue growth expected to remain modest amid cost pressures

Current Price AED 0.95	Target Price AED 1.50	Upside/Downside (%) +57.7%	Rating BUY
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3Q26 estimate

Lulu Retail Holdings PLC (Lulu / the Company) is projected to report a 2.4% YOY increase in net profit to USD 37 Mn in 3Q26, primarily due to an anticipated increase in revenue, other operating income and a decrease in net finance cost, partially offset by increases in cost of revenue, operating expenses and income tax expense. Revenue is anticipated to increase marginally 0.9% YOY to USD 1,913 Mn in 3Q26. Cost of revenue is projected to increase by 1.4% YOY to USD 1,468 Mn in 3Q26. Consequently, gross profit is expected to decline marginally 0.7% YOY to USD 446 Mn in 3Q26, with margins falling 37 bps YOY to 23.3% in 3Q26. Other operating income is expected to increase 5.5% YOY to USD 77 Mn in 3Q26, while operating expenses are expected to increase marginally 0.4% YOY to USD 442 Mn in 3Q26. As a result, EBITDA is expected to decline marginally by 0.6% YOY to USD 179 Mn in 3Q26. Thus, EBITDA margins are expected to decline by 14 bps YOY to 9.4% in 3Q26. Net finance cost is expected to decrease 6.2% YOY to USD 39 Mn in 3Q26. As a result, profit before tax is projected to rise 4.7% YOY to USD 42 Mn in 3Q26, while income tax expense is forecasted to increase 26.2% YOY to USD 5 Mn in 3Q26.

2026 forecast

We expect Lulu's net profit to decrease by 17.9% YOY to USD 168 Mn in 2026. The decline in net profit is primarily driven by a forecasted decrease in revenue and a rise in operating expenses, which more than offset a decrease in cost of revenue, net finance cost, and income tax expense, along with a marginal increase in other operating income. Revenue is anticipated to fall marginally 0.7% YOY to USD 7,882 Mn in 2026, primarily due to a decline in revenue from KSA and other countries. At the cost level, cost of revenue is projected to decrease marginally by 0.4% YOY to USD 6,085 Mn in 2026, resulting in gross profit decreasing 1.4% YOY to USD 1,797 Mn in 2026. As a result, gross profit margins are expected to decline by 18 bps YOY to 22.8% in 2026. Other operating income is expected to increase marginally 0.7% YOY to USD 305 Mn in 2026, while operating expenses are forecasted to rise 1.3% YOY to USD 1,753 Mn in 2026. Similarly, net finance cost is anticipated to decrease 2.6% YOY to USD 158 Mn in 2026. Consequently, EBITDA is expected to decline 5.3% YOY to USD 740 Mn in 2026, with margins decreasing by 46 bps YOY to 9.4% in 2026. Profit before tax is anticipated to decrease 17.7% YOY to USD 191 Mn in 2026. Income tax expenses are projected to decline 16.7% YOY to USD 23 Mn in 2026.

2Q26 outturn

Lulu Retail's revenue declined 2.3% YOY to USD 1,971 Mn in 2Q26, as growth in food sales was offset by lower non-food sales, particularly in discretionary categories, amid weaker consumer sentiment. Consumer Packaged Goods and Fresh Food delivered YOY growth, while Lifestyle and Electrical recorded a contraction during the quarter. Private label sales continued to gain share, with penetration reaching 30.7% of retail sales in 2Q26 from 29.7% in 2Q25, supported by customer substitution, with broad coverage across price tiers from value to premium and differentiated ranges across partnerships, wellness, community and sustainability. E-commerce business continued to scale strongly, now contributing 8.9% of retail sales, up 332 bps, with 53.0% YOY growth to USD 165 Mn in 2Q26, driven by ongoing omnichannel integration and improved customer adoption. Lulu's like-for-like (LFL) sales declined 5.9% YOY in 2Q26, reflecting weakness in discretionary demand and lower sales in non-food categories. Revenue from the UAE declined marginally by 0.7% YOY to USD 756 Mn in 2Q26, due to weakness in non-food categories, however supported by Food category performance. KSA revenue declined 11.3% YOY to USD 338 Mn in 2Q26, primarily reflecting weakness in non-food, particularly electricals, where pricing and price-mix changes impacted

performance. In contrast, Kuwait revenue rose 2.4% YOY to USD 186 Mn in 2Q26, supported by solid Consumer Packaged Goods (CPG) and Fresh Food demand. Meanwhile, Qatar's revenue decreased 2.6% YOY to USD 270 Mn in 2Q26, with food growth offset by non-food performance. Revenue from Oman declined 1.5% YOY to USD 290 Mn in 2Q26, impacted by weaker non-food. Revenue from other countries increased by 8.2% YOY to USD 131 Mn in 2Q26, supported by external sales from the Company's sourcing centres. The Company's cost of revenue declined 2.0% YOY to USD 1,518 Mn in 2Q26. Thus, gross profit declined 3.3% YOY to USD 453 Mn in 2Q26, with gross margin contracting 24 bps YOY to 23.0% in 2Q26. Other operating income declined marginally by 0.7% YOY to USD 79 Mn in 2Q26. Operating expenses grew 1.2% YOY to USD 447 Mn in 2Q26, due to increase in depreciation, rent expenses and other expenses partially offset by decline in employee salaries and benefit and utilities expenses. Net finance cost declined 10.6% YOY to USD 37 Mn in 2Q26, primarily due to decline in interest on borrowings, bank charges and interest on employees defined benefit obligations, partially offset by increase in interest on lease liabilities. EBITDA declined 10.8% YOY to USD 182 Mn in 2Q26, with EBITDA margin declining 88 bps YOY to 9.2% in 2Q26, primarily due to lower gross margin along with an increase in S&A expenses, partially offset by disciplined cost management. The Company's income tax expense decreased 22.4% YOY to USD 7 Mn in 2Q26.

Target price and recommendation

We maintain our BUY rating on LuLu Retail with a target price of AED 1.50. LuLu Retail reported a decline in net profit in 2Q26. Despite a challenging operating environment and weaker discretionary demand, the Company maintained profitability through disciplined cost management and continued network expansion. Six new stores were opened in 2Q26, comprising five Mini Markets and one Express store, adding c. 2,997 sqm of selling space and bringing the total network to 283 stores and total selling space to 1.41 Mn sqm as of June 2026. Given the increased mix of smaller-format stores, management now expects full-year store openings to exceed the previously guided range of 18-20, while total retail space added during the year is expected to remain broadly consistent with prior expectations. The Happiness loyalty membership reached 9.4 Mn, including 382k additions during the quarter, while customer count reached c. 695k in 2Q26, with 5k customers added during 2Q26, reflecting continued traction across markets. Loyalty-linked sales accounted for c. 70% of total sales, supporting more targeted and data-driven commercial execution. Private label penetration increased to 30.7% of retail sales in 2Q26 from 29.7% in 2Q25, supported by customer substitution and broader coverage across price tiers from value to premium and differentiated ranges across partnerships, wellness, community and sustainability. E-commerce remained a key growth driver, with sales increasing 53.0% YOY to USD 165 Mn and accounting for 8.9% of retail sales in 2Q26, driven by ongoing omnichannel integration and improved customer adoption. Continued investment in digital capabilities, including customer onboarding, fulfilment and post-order experience, alongside the single Happiness loyalty program, anchors the integrated customer experience. Near-term performance remains affected by weaker non-food demand, particularly across lifestyle and electrical categories, with management noting lower volumes in both categories and negative price-mix in electricals. The weakness was broadly consistent across geographies, while food performance remained resilient. The Company's non-food strategy remains focused on driving growth across channels, enhancing assortment relevance and improving profitability through disciplined commercial execution, with priorities including digital and marketplace expansion, stronger supplier partnerships and product availability, refreshed fashion assortments, improved visual merchandising, and tighter inventory and promotional management to improve full-price sell-through, reduce ageing stock and enhance margins. While discretionary demand remains cautious, the Company expects improving consumer sentiment, seasonal trading events and ongoing commercial initiatives to support a gradual recovery in non-food revenue and profitability during 2H26. In KSA, where revenue declined 11.3% YOY in 2Q26, the Company highlighted that the situation in Saudi Arabia remains complex, with competition from legacy brick-and-mortar operators, discounters and aggressive new e-commerce entrants. Food performance remained broadly aligned with the Company's overall performance, while non-food performance was weaker due to the broader operating environment. Lulu is undertaking several measures in KSA, including refining product offerings based on customer data, space

management, smart promotions, supply partnerships, inventory optimisation and central cost initiatives, which are expected to have a more meaningful impact in the coming months and quarters. Lulu Retail opened a new 95,650 sq. ft. Hypermarket in Madinah, strengthening its presence in Saudi Arabia and supporting its expansion across key GCC markets. Management remains confident in its strategy, with strong e-commerce growth supporting the long-term fundamentals. Local sourcing capabilities built ahead of the disruption provided a strong buffer against international freight constraints and helped maintain product availability across stores. The Company also continued to focus on disciplined cost and cash flow management, with close oversight of freight, commodity and import costs, alongside targeted pricing and assortment actions where appropriate, and ongoing business continuity monitoring across stores, distribution, sourcing and support functions. The Company paid an interim dividend of 3 fils per share for 1H26, equivalent to c. USD 84 Mn and representing 95% of 1H26 net profit, above the Company's stated 75% payout policy. The Company is also progressing the strategic acquisition of the Seychelles business from subsidiaries of Lulu International Holdings Limited (a related party) for USD 750 representing the purchase of shares at par value, with one store proposed in the high-income, import-dependent market. Additionally, the Company partnered with Petromin to develop 10 SWFT stores in Jeddah and Riyadh, supporting its KSA convenience retail expansion. Thus, based on these factors, we maintain our BUY rating on the stock.

LuLu Retail – Relative Valuation

(at CMP)	2024	2025	2026F
P/E (x)	11.14	13.57	16.53
P/B (x)	2.80	2.76	2.80
EV/EBITDA (x)	4.33	4.23	4.44
BVPS (AED)	0.353	0.357	0.352
EPS (AED)	0.089	0.073	0.060
DPS (AED)	0.030	0.070	0.057
Dividend Yield (%)	3.2% ¹	7.4%	6.0%

FABS estimate & Co Data

Note: Lulu Retail was listed in 2024; hence, the previous years' multiples are unavailable.

¹Dividend yield for 2024 is based on the 3 fils per share the Company announced for 2H'24.

LuLu Retail - P&L

USD Mn	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	YOY Ch
Revenue	1,896	1,971	1,913	0.9%	-2.9%	7,934	7,882	-0.7%
Cost of revenue	-1,447	-1,518	-1,468	1.4%	-3.3%	-6,111	-6,085	-0.4%
Gross profit	449	453	446	-0.7%	-1.6%	1,823	1,797	-1.4%
Other operating income	73	79	77	5.5%	-2.0%	303	305	0.7%
Operating expenses	-440	-447	-442	0.4%	-1.0%	-1,731	-1,753	1.3%
Finance cost, net	-42	-37	-39	-6.2%	7.6%	-162	-158	-2.6%
EBITDA	180	182	179	-0.6%	-1.7%	782	740	-5.3%
Profit before tax	40	49	42	4.7%	-14.2%	232	191	-17.7%
Income tax expense	-4	-7	-5	26.2%	-24.5%	-27	-23	-16.7%
Net profit	36	42	37	2.4%	-12.6%	205	168	-17.9%

FABS Estimate & Co Data

LuLu Retail - Margins

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	YOY Ch
Gross Profit	23.7%	23.0%	23.3%	-37	32	23.0%	22.8%	-18
EBITDA	9.5%	9.2%	9.4%	-14	12	9.9%	9.4%	-46
Net Profit	1.9%	2.1%	1.9%	3	-21	2.6%	2.1%	-45

FABS estimate and Co data

3Q26 preview: **Talabat Holdings PLC**

Robust top-line growth is offset by margin compression, weighing on profitability

Current Price AED 1.06	Target Price AED 1.45	Upside/Downside (%) +37.4%	Rating BUY
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3Q26 estimate

Talabat Holdings (Talabat/the Company) is projected to report a decline in net profit of 18.0% YOY to USD 99 Mn in 3Q26, primarily driven by higher cost of revenue, increased operating expenses and higher foreign exchange losses, partially offset by expected growth in revenue, higher other income and lower income tax expense. GMV is projected to increase 21.5% YOY to USD 2,943 Mn, while IFRS revenue is forecasted to increase by 17.1% YOY to USD 1,176 Mn in 3Q26. Cost of revenue is expected to increase 24.2% YOY to USD 884 Mn in 3Q26. As a result, gross profit is projected to decrease marginally by 0.1 % YOY to USD 292 Mn, with gross margin expected to decline from 12.1% in 3Q25 to 9.9% of GMV in 3Q26. Marketing expenses are expected to decrease 7.3% YOY to USD 53 Mn in 3Q26, while IT expenses are projected to rise 11.5% YOY to USD 19 Mn in 3Q26. General & administrative expenses are expected to increase 37.2% YOY to USD 65 Mn, while other income is forecasted to increase by 28.7% YOY to USD 5 Mn in 3Q26. The other expenses & impairment are anticipated to increase 12.3% YOY to USD 47 Mn in 3Q26. Thus, operating profit is expected to decrease 15.0% YOY to USD 113 Mn in 3Q26, with margins declining from 5.5% in 3Q25 to 3.8% in 3Q26. Talabat's adjusted EBITDA is expected to decline 4.5% YOY to USD 148 Mn in 3Q26, with EBITDA margin likely to decline 137 bps to 5.0% in 3Q26. Net finance costs is expected at USD 4 Mn in 3Q26, down 10.5% YOY, while net foreign exchange loss is expected to be USD 3 Mn in 3Q26, compared to a gain of USD 1 Mn in 3Q25. Income tax expenses are projected to decline 12.2% YOY to USD 15 Mn in 3Q26.

2026 forecast

Talabat's net profit is expected to decline 19.3% YOY to USD 377 Mn in 2026, primarily due to higher cost of revenue, increased operating expenses and foreign exchange losses, partially offset by higher GMV, IFRS revenue growth, higher other income, higher net finance costs and lower income tax expenses. GMV is projected to increase 22.3% YOY to USD 11,526 Mn in 2026, while IFRS revenue is expected to grow 17.2% YOY to USD 4,513 Mn in 2026. Cost of revenue is expected to increase 25.6% YOY to USD 3,376 Mn in 2026. Thus, gross profit is expected to decrease 2.2% YOY to USD 1,137 Mn in 2026, with the gross margin declining from 12.3% in 2025 to 9.9% in 2026. Marketing expenses are expected to decrease 4.2% YOY to USD 202 Mn, while IT expenses are projected to increase 7.6% YOY to USD 71 Mn in 2026. General & Administrative expenses are anticipated to rise 31.7% YOY to USD 248 Mn, while other income is expected to increase 16.7% YOY to USD 14 Mn in 2026. Other expenses & impairments are projected to increase 10.9% YOY to USD 187 Mn in 2026. Operating profit is anticipated to decline 18.1% YOY to USD 443 Mn in 2026, with margins declining from 5.7% in 2025 to 3.8% in 2026. Adjusted EBITDA is anticipated to decrease 13.3% YOY to USD 540 Mn in 2026, with EBITDA margins likely to decline from 6.6% in 2025 to 4.7% in 2026. Net finance costs is projected at USD 15 Mn, compared to USD 12 Mn in 2025, while foreign exchange losses are expected at USD 6 Mn in 2026, compared to a gain of USD 2 Mn in 2025. Income tax expenses are expected to decline 15.0% YOY to USD 75 Mn in 2026.

2Q26 outturn

GMV (including Instashop) grew 11.4% YOY to USD 2,916 Mn in 2Q26, driven by an increase in user base and sustained ordering activity. The growth was further supported by higher multi-vertical engagement alongside stronger Talabat Pro adoption. GMV for non-GCC region rose from USD 456 Mn in 2Q25 to USD 642 Mn in 2Q26. Additionally, GMV of Talabat from GCC region grew from USD 2,160 Mn in 2Q25 to USD 2,273 Mn in 2Q26. IFRS revenue (including Instashop) grew 16.3% YOY to USD 1,141 Mn in 2Q26, driven by higher grocery revenue and AdTech monetisation, partially offset

by lower commission rates and higher customer incentives. Cost of revenue rose 24.5% YOY to USD 855 Mn in 2Q26. However, gross profit decreased 2.7% YOY to USD 286 Mn in 2Q26. Gross profit margin (as % of GMV) contracted 142 bps YOY to 9.8% in 2Q26. Marketing expenses increased 8.9% YOY to USD 42 Mn in 2Q26. The Company's IT expenses increased 2.3% YOY to USD 13 Mn in 2Q26. G&A expenses increased from USD 56 Mn in 2Q25 to USD 72 Mn in 2Q26. Other income decreased 20.5% YOY to USD 4 Mn in 2Q26. Other expenses and impairments increased 4.6% YOY to USD 49 Mn in 2Q26. As a result, Talabat operating profit fell 21.5% YOY to USD 114 Mn in 2Q26, with an operating margin (as % GMV) contracting by 165 bps YOY to 3.9% in 2Q26. Adjusted EBITDA declined 12.5% YOY to USD 147 Mn in 2Q26. The Adjusted EBITDA margin (as a % of GMV) decreased 138 bps YOY to 5.0% in 2Q26. The net finance costs increased 17.6% YOY to USD 3 Mn in 2Q26. The Company reported net foreign exchange gain of USD 0.91 Mn in 2Q26 as compared to net foreign exchange loss of 0.32 Mn in 2Q25. Income tax expenses declined 30.0% YOY to USD 19 Mn in 2Q26.

Target price and recommendation

We maintain our BUY rating on TALABAT with a target price of AED 1.45. TALABAT delivered resilient operating performance in 2Q26, with GMV increasing 11.4% YOY to USD 2.9 Bn, while underlying growth reached c.15% YOY after adjusting for the Eid calendar shift, supported by resilient customer activity, higher multi-vertical engagement and strong growth in non-GCC markets. Active partners increased 14% YOY to c. 97k in 2Q26, while the active rider network expanded 25% YOY to c. 189k. Multi-vertical customers increased 4 pp YOY accounting for 75% of GMV in 2Q26, highlighting deeper engagement across categories. Talabat Pro continued to gain traction in 2Q26, with more than one in four active customers subscribed to the platform with Pro generated GMV reaching 51% of TALABAT's platform, up from 37% in 2Q25. The Company's revenue conversion increased to 39% of GMV in 2Q26 from 38% in 2Q25, while subscription fees rose to 1.0% of GMV in 2Q26 from 0.6% in 2Q25, reflecting continued Pro adoption. Advertising revenue margin improved to 3.4% of GMV in 2Q26 from 3.1% in 2Q25. The Company's Grocery margins are expected to improve with scale, supported by operating leverage, higher dark-store density and lower delivery distances, while improving AdTech margins are expected to provide an additional benefit. The Company continued to invest in strengthening its food leadership and building the "everyday app". The 2026 investment commitment of USD 175 Mn, including c. USD 55 Mn for Food leadership and USD 120 Mn for strategic investments, of which USD 75 Mn is allocated to opex and USD 45 Mn to capex and lease expenses. The capex programme remains on track with 1H26 strategic investment spending reached c. USD 58 Mn, with dark-store expansion and supply-chain investment progressing following 1Q26 delays related to Ramadan and the regional conflict. The dark-store network is already showing operational benefits, with average delivery times improving by more than 18% in 1H26 in investment-focused markets, with every minute reduction in delivery time supporting 100-200 bps to GMV growth. The Company expects 2026, to be peak of investment phase, with the current programme accounting for around 0.7% of GMV and being non-recurring. TALABAT raised its 2026 guidance across all key metrics, reflecting stronger-than-expected order volumes, customer acquisition, multi-vertical penetration and Pro adoption. GMV growth guidance was increased to 13-15% YOY at constant currency, while revenue growth guidance was raised to 16-18% YOY. Adjusted EBITDA guidance increased to USD 535-565 Mn, net income to USD 325-355 Mn and free cash flow to USD 400-430 Mn. Looking ahead, the operating outlook remains supported by continued Grocery & Retail expansion, higher Pro penetration and deeper multi-vertical engagement. G&A expenses are expected to follow the usual QOQ pattern, while continued operating leverage should support margins, with 2Q26 EBITDA margin of 5.0% already exceeding the prior guidance of 4.8%; FX exposure remains limited, primarily to Egypt, and is already incorporated into the 2026 guidance. The Company paid an interim cash dividend of 2.66 fils per share for 1H26, also Talabat continues the share buyback programme with 150 Mn shares which had been repurchased as of 30 Sep 2026 and remaining shares to be purchased is 1.014 Bn shares. Thus, based on our analysis, we maintain a BUY rating to the stock.

Talabat - Valuation

	2024	2025	2026F
(at CMP)			
P/E (x)	19.95	14.76	18.63
P/B (x)	12.82	9.86	12.38
EV/EBITDA (x)	12.46	10.67	12.35
BVPS (AED)	0.085	0.111	0.088
EPS (AED)	0.055	0.074	0.058
DPS (AED)	0.017	0.066	0.053
Dividend Yield (%) ¹	1.6%	6.3%	5.0%

FABS estimate & Co Data

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

Talabat - P&L

USD Mn	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
GMV	2,422	2,916	2,943	21.5%	0.9%	9,421	11,526	22.3%
IFRS Revenue	1,004	1,141	1,176	17.1%	3.1%	3,851	4,513	17.2%
Cost of revenue	-712	-855	-884	24.2%	3.4%	-2,688	-3,376	25.6%
Gross profit	292	286	292	-0.1%	2.0%	1,163	1,137	-2.2%
Marketing expense	-57	-42	-53	-7.3%	27.0%	-210	-202	-4.2%
IT expense	-17	-13	-19	11.5%	NM	-66	-71	7.6%
General administrative expense	-47	-72	-65	37.2%	-10.5%	-188	-248	31.7%
Other income	4	4	5	28.7%	20.7%	12	14	16.7%
Other expenses and impairment	-42	-49	-47	12.3%	-3.8%	-169	-187	10.9%
Operating profit	132	114	113	-15.0%	-1.6%	541	443	-18.1%
Adj. EBITDA	155	147	148	-4.5%	0.7%	623	540	-13.3%
Net finance costs	4	3	4	-10.5%	38.1%	12	15	NM
Foreign exchange loss, net	1	1	-3	NM	NM	2	-6	NM
Earning Before Tax and Staff Bonus	138	118	114	-17.3%	-3.6%	555	452	-18.6%
Income Tax	-17	-19	-15	-12.2%	-20.3%	-88	-75	-15.0%
Profit to shareholders	121	100	99	-18.0%	-0.5%	468	377	-19.3%

FABS estimate & Co Data

Talabat – Margins (As a % of GMV)

	3Q25	2Q26	3Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	12.1%	9.8%	9.9%	-215	10	12.3%	9.9%	-247
EBITDA	6.4%	5.0%	5.0%	-137	-1	6.6%	4.7%	-193
Operating Profit Margin	5.5%	3.9%	3.8%	-164	-10	5.7%	3.8%	-190
Net Profit	5.0%	3.4%	3.4%	-162	-5	5.0%	3.3%	-169

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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