

A more disciplined expansion strategy, recovery in LFL sales, and improving operational efficiencies demand upgrade to “Overweight”.

Americana posted net income of USD 83.7mn in Q4-25 up 102.4% Y/Y (up 95.1% Q/Q). The result was sizably above our and consensus estimate of USD 54.6mn and USD 49.8mn, respectively. The deviation is owed to better than expected gross margins of 56.4% vs AJBC estimate of 54.4%. Americana delivered revenue growth of 14.2% Y/Y in 2025 driven by marketing initiatives, new innovative menus and local focus. Strong sales growth, operating efficiency initiatives, and dynamic product pricing led to a robust recovery in earnings in 2025 (up 38% Y/Y). The company is following a more calculated expansion strategy scaling back openings, focusing on acquisition of power brands and developing Arabic QSRs. Looking ahead, we expect mid single digit LFL growth, slightly better gross margins (the magnitude of recovery seen in Q4-25 would not repeat in 2026) and double digit net income growth in 2026. Incorporating latest developments, we revise our 2026/27 earnings by +0.1/-4.0% to USD 243/275mn respectively. Trading at 2026/27E PE of 18.2/16.1x, we upgrade our rating to “Overweight” with unchanged price target of SAR 2.45/share.

Americana posted sizably above expected results in Q4-25, variation is mainly owed to much stronger than anticipated gross margins: Americana posted net income of USD 83.7mn in Q4-25 up 102.4% Y/Y (up 95.1% Q/Q). The result was sizably above our and consensus estimate of USD 54.6mn and USD 49.8mn, respectively. The deviation is mainly owed to better than expected gross margins of 56.4% vs AJBC estimate of 54.4%. Revenues grew by 13.6% Y/Y (7.4% sequentially) in Q4-25 (+3.4% deviation), driven by 159 branch additions and 7.8% Y/Y improvement in LFL sales. Gross profit improved by 19.6% Y/Y (+11.7% sequentially) to USD 377mn, while gross margins expanded by 280bps Y/Y to 56.4% due to inventory cost reduction, supply chain efficiencies and pricing initiatives. Operating income for Q4-25 expanded by 68.7% Y/Y (+71.3% Q/Q) to USD 98.9mn, thanks to 682bps Y/Y expansion in operating margins to 15.3%. Overall, the company expanded its net store count by 92 Q/Q in Q4-25. On a full year basis, revenues grew by 14.2% Y/Y to USD 2,509mn, Gross profit was up 16.9% Y/Y to USD 1,365mn, and net income expanded by 38.0% Y/Y to USD 219mn. Gross capex stood at USD 125mn or 5% of sales.

Ensuing a more disciplined store and brand portfolio expansion strategy with focus on development of Arabic QSR: Americana is following a more calculated expansion strategy after the boycott movement, which started subsequent to the middle east war. The company has scaled back openings, is focusing on acquisitions of power brands and developing Arabic QSRs. In 2025 the company opened net 159 stores (as compared to 252 in 2023), out of these ~40 are from Pizza hut Oman acquisition and 119 openings are organic. Arabic QSR focus can be seen in the recent acquisition of, 10 Malak al Tawouk (MAT) branches in GCC, and 75 year rights to develop and operate MAT across 13 MENA and CIS markets (excluding Lebanon). The USD 20.8mn acquisition was made through internal cash flows at a PE of ~12x (MAT revenues are USD 21.1mn while net income is USD 1.7mn). Americana has become exclusive franchisee of Carpo, its first luxury retail store is expected to open in mid 2026. Going forward the company plans on opening 120-130 new stores in 2026 (including new brands), a more detailed outlook would be shared in investor day in April-2026.

Double digit revenue growth led by solid recovery in LFL sales, big increase in share of kiosks and home delivery channels: Americana delivered revenue growth of 14.2% Y/Y in 2025 (USD 312mn in absolute terms), driven by marketing initiatives, new innovative menus and local focus. Brand wise pizza hut led revenue growth at 19.9% Y/Y (due to PH Oman acquisition), followed by Hardees and KFC at 17.9% Y/Y and 12.7% Y/Y, respectively. LFL sales grew by 9.7% Y/Y or USD 205mn in 2025, while growth from new store openings stood at USD 152mn (closures and FX, had a -ve USD55mn impact on revenues in 2025). Brand wise Hardees led the LFL growth at 12.6% Y/Y, followed by pizza hut and KFC at 11.2% and 9.3%, respectively. Share of sales made through Kiosks and home delivery saw a 7% and 4% increase to 15% and 48%, while takeaway and dine-in saw a 5% and 4% decline in their share in sales mix to 16% and 13%, respectively. Going forward management expects mid-single digit growth in LFL sales in 2026.

Recommendation	Overweight
Target Price (SAR)	2.45
Upside / (Downside)*	24.4%

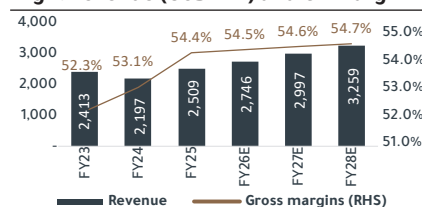
Source: Tadawul *prices as of 1st March 2026

Key Financials

USDmn (unless specified)	FY24	FY25	FY26E	FY27E
Revenue	2,197	2,509	2,746	2,997
Growth %	-9.0%	14.2%	9.4%	9.2%
Gross Profit	1,167	1,365	1,497	1,637
EBIT	192	283	316	353
Net Profit	159	219	243	275
Growth %	-38.8%	38.0%	11.0%	12.9%
EPS (cents)	1.88	2.60	2.89	3.26
DPS (cents)	1.50	2.40	2.40	2.80

Source: Company reports, Aljazira Capital Research

Fig 1: Revenue (USD mn) and GP Margin



Source: Tadawul, Aljazira Capital Research

Key Ratios

	FY24	FY25	FY26E	FY27E
Gross Margin	53.1%	54.4%	54.5%	54.6%
EBIT margin	8.7%	11.3%	11.5%	11.8%
Net Margin	7.2%	8.7%	8.9%	9.2%
P/E (x)	32.3	16.7	18.2	16.1
P/B (x)	13.0	7.5	8.3	7.7
EV/EBITDA (x)	11.5	6.8	7.3	6.6
Dividend Yield	2.6%	5.5%	4.6%	5.3%

Source: Company reports, Aljazira Capita Research

Key Market Data

Market Cap(bn)	16.5
YTD%	22.02%
52 week (High)/(Low)	2.51/1.62
Share Outstanding (mn)	8,423

Source: Company reports, Aljazira Capital Research

Price Performance



Source: Tadawul, Aljazira Capital Research

Senior Equity Analyst

Fahad Qureshi, CFA

+966 11 2256315

f.irfan@aljaziracapital.com.sa

Margin recovery led by product pricing, cost discipline & tech initiatives; ~3ppts GPM expansion in Q4-25, due to inventory cost reductions, isn't expected to repeat in 2026: Strong sales growth, operating efficiency initiatives, dynamic product pricing and tech initiatives like kiosks (+2700 kiosks set to remove in-store friction) led to a robust recovery in margins in 2025. At gross level margins improved by 126bps Y/Y to 54.4%, while operating margins improved by 254bps Y/Y to 11.3% in 2025 due to operating leverage. Total staff (at and above restaurant level) declined by 2.7% to 37,207, while average number of staff per restaurant declined by 8.8% Y/Y to 12.1. Moving into 2026 management has guided gross margins to be slightly better than 2025, while EBITDA and net income are expected to record double digit growth (margins largely same Y/Y or slightly better). These improvements would be driven by inventory cost savings, menu re-engineering, supplier negotiations and off shoring low value added roles. We highlight that the ~3ppts gross margin improvement seen in Q4-25 was due to inventory cost reductions, and margin improvement of similar magnitude is not expected in 2026. We forecast revenue and net income to expand at 2025-2030 CAGR of 8.3% and 10.6%, respectively.

We have tweaked our estimates incorporating the latest developments: Incorporating the latest developments and updating our margin assumptions we cut our 2026/27 revenue estimate by 0.7/1.0% to USD 2,746/2,997mn, respectively. We are scaling back our store openings to 129 per annum (previously 155 per annum). Our 2026/27e gross margins are higher by 82/83bps from previous estimates to 54.5/54.6%. We tweak our 2026/27 net income forecasts by +0.1/-4.0% to USD 243/275mn. We also increase our dividend payout assumptions to 83/85% for 2026/27, after considering the 92.3% pay out made in 2025, this translates into DPS of USC 2.4/2.8 (USC 1.8/2.1 per share previously) and dividend yield of 4.6/5.3%. We also lower our capex spend to 4.2/3.9% of revenues for 2026/27 (5.1/4.3% previously), respectively, due to more disciplined branch expansions. Note that a debt free balance sheet and strong free cash flow generation enable the company to fully self finance expansion and simultaneously make payouts.

AJBC view and valuation: Americana posted a strong set of results in Q4-25 led by notable improvement in gross margins, on the back of inventory cost reductions, better product pricing, cost discipline and tech initiatives. Earnings saw a major improvement on a full-year basis due to double digit sales growth and operating leverage. Looking ahead the net income is likely to grow by double digits in 2026, gross margins are expected to see some improvement, however, the magnitude is not likely to be similar to Q4-25. The company is now ensuing a more calculated store and brand portfolio expansion strategy with focus on development of Arabic QSR. We expect 129 store openings in 2026 against our earlier expectation of 155 stores. Overall, we tweak our 2026/27 net income forecasts by +0.1/-4.0% to USD 243/275mn. We forecast revenue and net income to expand at 2025-2030 CAGR of 8.3% and 10.6%, respectively.

Valuation: We have assigned 50% weight to DCF (WACC 9.1% and 2.5% terminal growth) and 50% weight to 2026 PE (23x) to value the stock. Trading at 2026E Fwd. PE of 18.2x, we upgrade our rating to **"Overweight"** with an unchanged target price of **SAR 2.45/share**, implying an upside of 24.4% from last close.

Downside risk: Further deterioration or expansion in the conflict in the middle east, increase in competition in Saudi market, slowdown in store roll outs and aggregator led pressure on margins.

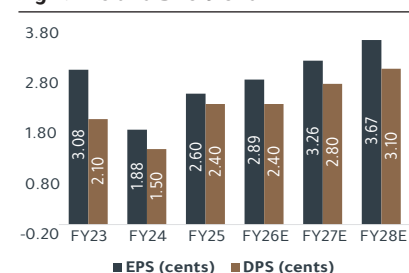
Upside risk: Improvement in geopolitical situation, faster ramp up of new stores, change in channel mix back towards dine-in and take away.

Blended Valuation

Valuation type	Fair Value	Weight	Weighted Fair Value
DCF	2.41	50%	1.20
PE 2026 (23x)	2.49	50%	1.25
Target Price (SAR/share)			2.45
Expected Capital Gain			24.4%

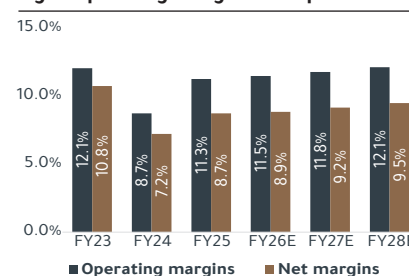
Source: Aljazeera Capital Research, Prices as of 1st March 2026

Fig 2: EPS and DPS trend



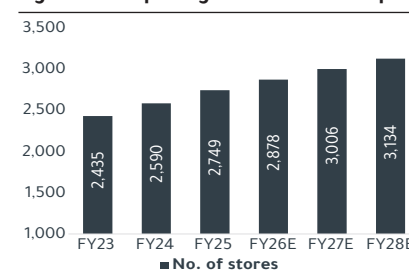
Source: Company accounts, Aljazeera capital Research

Fig 3: Operating margins to improve further



Source: Company accounts, Aljazeera capital Research

Fig 4: Store openings to be more disciplined



Source: Company accounts, Aljazeera capital Research

Investment Update

Key Financial Data

Amount in USDmn, unless otherwise specified	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
Income statement								
Revenue	2,413	2,197	2,509	2,746	2,997	3,259	3,493	3,739
Y/Y	1.5%	-9.0%	14.2%	9.4%	9.2%	8.7%	7.2%	7.0%
Cost of Revenue	(1,152)	(1,029)	(1,144)	(1,249)	(1,360)	(1,475)	(1,578)	(1,688)
Gross Profit	1,262	1,167	1,365	1,497	1,637	1,784	1,915	2,051
Y/Y	2.6%	-7.5%	16.9%	9.7%	9.4%	9.0%	7.4%	7.1%
GPM	52.3%	53.1%	54.4%	54.5%	54.6%	54.7%	54.8%	54.9%
Sales and marketing expenses	(777)	(785)	(886)	(974)	(1,060)	(1,147)	(1,230)	(1,321)
General & Administrative Expense	(192)	(185)	(203)	(222)	(239)	(257)	(272)	(287)
Operating profit	291	192	283	316	353	395	430	460
Y/Y	-7.6%	-34.1%	47.4%	11.7%	11.9%	11.9%	8.6%	7.2%
OPM	12.1%	8.7%	11.3%	11.5%	11.8%	12.1%	12.3%	12.3%
EBITDA	544	469	590	663	727	792	848	907
Finance income	15	16	16	14	18	20	23	25
Finance costs	(31)	(36)	(44)	(45)	(49)	(53)	(56)	(60)
Profit before zakat	275	172	254	285	322	363	396	426
Zakat	(13)	(21)	(36)	(43)	(48)	(54)	(59)	(64)
Net profit for the year	262	151	218	242	274	308	337	362
Non - controlling interests	(3)	7	1	1	1	1	1	1
Net income	259	159	219	243	275	309	338	363
Y/Y	0.1%	-38.8%	38.0%	11.0%	12.9%	12.7%	9.2%	7.4%
NM	10.8%	7.2%	8.7%	8.9%	9.2%	9.5%	9.7%	9.7%
EPS (Cents)	3.08	1.88	2.60	2.89	3.26	3.67	4.01	4.31
DPS (Cents)	2.10	1.50	2.40	2.40	2.80	3.10	3.40	3.70
Balance sheet								
Assets								
Cash and cash equivalents and Short term Investment	384	295	300	307	362	419	473	529
Trade receivables	117	118	128	148	160	173	185	197
Inventories	156	134	155	160	172	185	196	206
Total current assets	656	548	583	615	694	777	854	932
Property Plant and equipment	327	329	341	373	398	424	451	480
Right of use assets	499	566	611	663	712	749	790	856
Intangibles	67	59	63	65	66	68	70	72
Non-current assets	901	960	1,151	1,236	1,311	1,376	1,446	1,543
Total assets	1,557	1,507	1,734	1,851	2,005	2,153	2,299	2,475
Liabilities								
Accounts payable - trade	434	392	463	486	530	576	615	656
Short term lease liabilities	166	190	208	206	226	242	257	280
Total current liabilities	658	630	739	763	828	892	949	1,015
Long term lease liabilities	341	389	429	481	528	564	601	653
Total liabilities	1,105	1,109	1,244	1,320	1,434	1,535	1,631	1,753
Shareholders' Equity								
Share capital	168	168	168	168	168	168	168	168
Retained earnings	293	272	360	401	442	488	538	592
Total shareholders' equity	439	394	489	530	571	617	667	721
Total liabilities and shareholders' equity	1,557	1,507	1,734	1,851	2,005	2,153	2,299	2,475
Cashflow statement								
Operating activities	540	433	589	621	701	762	811	867
Investing activities	(436)	(21)	(152)	(116)	(113)	(119)	(124)	(132)
Financing activities	(308)	(409)	(365)	(497)	(532)	(586)	(632)	(680)
Key fundamental ratios								
Liquidity ratios								
Current ratio (x)	1.0	0.9	0.8	0.8	0.8	0.9	0.9	0.9
Liabilities to Assets	71.0%	73.6%	71.7%	71.3%	71.5%	71.3%	71.0%	70.8%
Profitability ratios								
GP Margin	52.3%	53.1%	54.4%	54.5%	54.6%	54.7%	54.8%	54.9%
Operating Margin	12.1%	8.7%	11.3%	11.5%	11.8%	12.1%	12.3%	12.3%
EBITDA Margin	22.5%	21.3%	23.5%	24.1%	24.3%	24.3%	24.3%	24.3%
Net Margins	10.8%	7.2%	8.7%	8.9%	9.2%	9.5%	9.7%	9.7%
ROE	58.1%	38.0%	44.6%	45.6%	47.9%	49.9%	50.4%	50.1%
ROA	16.9%	10.0%	12.6%	13.1%	13.6%	14.3%	14.7%	14.6%
Leverage ratios								
Debt / equity (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation ratios								
P/E (x)	27.8	32.3	16.7	18.2	16.1	14.3	13.1	12.2
P/B (x)	16.4	13.0	7.5	8.3	7.7	7.2	6.6	6.1
EV/EBITDA (x)	13.5	11.5	6.8	7.3	6.6	6.1	5.7	5.3
DY	2.5%	2.6%	5.5%	4.6%	5.3%	6.0%	6.5%	7.0%

Source: Company financials, AlJazeera Capital research

Head of Sell-Side Research - Director

Jassim Al-Jubran

+966 11 2256248

j.aljabran@aljazaracapital.com.sa

Aljazira Capital, the investment arm of Bank Aljazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. Aljazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. Aljazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, Aljazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

1. **Overweight:** This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. **Underweight:** This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. **Neutral:** The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. **Suspension of rating or rating on hold (SR/RH):** This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

Disclaimer

The purpose of producing this report is to present a general view on the company/economic sector/economic subject under research, and not to recommend a buy/sell/hold for any security or any other assets. Based on that, this report does not take into consideration the specific financial position of every investor and/or his/her risk appetite in relation to investing in the security or any other assets, and hence, may not be suitable for all clients depending on their financial position and their ability and willingness to undertake risks. It is advised that every potential investor seek professional advice from several sources concerning investment decision and should study the impact of such decisions on his/her financial/legal/tax position and other concerns before getting into such investments or liquidate them partially or fully. The market of securities, macroeconomic or microeconomic variables are of a volatile nature and could witness sudden changes without any prior warning, therefore, the investor in securities or other assets might face some unexpected risks and fluctuations. All the information, views and expectations and fair values or target prices contained in this report have been compiled or arrived at by Al-Jazira Capital from sources believed to be reliable, but Al-Jazira Capital has not independently verified the contents obtained from these sources and such information may be condensed or incomplete. Accordingly, no representation or warranty, express or implied, is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this report. Al-Jazira Capital shall not be liable for any loss as that may arise from the use of this report or its contents or otherwise arising in connection therewith. The past performance of any investment is not an indicator of future performance. Any financial projections, fair value estimates or price targets and statements regarding future prospects contained in this document may not be realized. The value of the security or any other assets or the return from them might increase or decrease. Any change in currency rates may have a positive or negative impact on the value/return on the stock or securities mentioned in the report. Some securities maybe, by nature, of low volume/trades, or may become so, unexpectedly in special circumstances, and this might increase the risk on the investor. Some fees might be levied on some investments in securities. Aljazira Capital, its employees, one or more of its board members, its affiliates, or its clients may have investments in the securities or assets referred to in this report. This report has been produced independently and separately by the Research Division at Al-Jazira Capital and no party (in-house or outside) who might have interest whether direct or indirect have seen the contents of this report before its publishing, except for those whom corporate positions allow them to do so, and/or third-party persons/institutions who signed a non-disclosure agreement with Al-Jazira Capital. No part of this report may be reproduced whether inside or outside the Kingdom of Saudi Arabia without the written permission of Al-Jazira Capital. Persons who receive this report should make themselves aware, of and adhere to, any such restrictions. By accepting this report, the recipient agrees to be bound by the foregoing limitations.