



Americana posted below expected net income due to higher operating expenses, we remain “Neutral”

Americana posted net income of SAR 160.9mn up 14.7% Y/Y (-28.3% Q/Q), 17.7% and 18.8% below AJC Research and consensus expectation, respectively. Deviation to AJC estimate is mainly attributable to higher operating expenses of SAR 1,042mn (+3.6% deviation to AJC estimate of SAR 1,006mn). Revenues were recorded at SAR 2,335mn up 12.2% Y/Y, -1.3% deviation to AJC forecast of SAR 2,367mn. The Y/Y improvement in sales is attributable to improvement in LFL sales, higher online engagement and portfolio expansion. Company posted a gross profit of SAR 1,267mn up 13.8% Y/Y and down 2.6% Q/Q (deviation of +0.1% to AJC estimate). Operating profit grew by 24.9% Y/Y to SAR 224mn (down 20.3% Q/Q), deviation of -13.5% to AJC forecast of SAR 260mn. OPEX-to-sales stood at 44.6% in Q3-25, as compared to AJC expectation of 42.5%. Americana posted underwhelming set of results; however, we highlight that the company continues to see strong improvement in revenues, LFL sales and net income (despite higher effective tax rate). We believe that the recent improvement in geo-political situation in the middle east can improve the sentiment around key brands. However, trading at 2025E PE of 26.8x, we maintain our “Neutral” rating with price target of SAR 2.45/share.

- Americana posted net income of SAR 160.9mn up 14.7% Y/Y (-28.3% Q/Q), 17.7% and 18.8% below AJC Research and consensus expectation, respectively. Deviation to AJC estimate is mainly attributable to higher operating expenses of SAR 1,042mn (+3.6% deviation to AJC estimate of SAR 1,006mn). Net income declined on a sequential basis owing to positive Eid seasonality in Q2-25, and increase in maintenance and utilities cost due to summer seasonality.
- Revenues were recorded at SAR 2,335mn up 12.2% Y/Y (down 3.2% sequentially) -1.3% deviation to AJC forecast of SAR 2,367mn. The Y/Y improvement in sales is attributable to improvement in LFL sales, higher online engagement and portfolio expansion. The sequential decline in sales is due to positive Eid seasonality in Q2-25.
- Company posted a gross profit of SAR 1,267mn up 13.8% Y/Y and down 2.6% Q/Q (deviation of +0.1% to AJC estimate). Gross margin improved by 78bps Y/Y to 54.2% (+78bps deviation to AJC estimate).
- Operating profit grew by 24.9% Y/Y to SAR 224mn (down 20.3% Q/Q), deviation of -13.5% to AJC forecast of SAR 260mn. OPEX-to-sales stood at 44.6% in Q3-25, as compared to AJC expectation of 42.5%. EBITDA grew by 18.6% Y/Y to SAR 522.4mn, while free cash flow grew by 44.8% Y/Y to SAR 65.6mn.
- During the first 9 months of the year the company opened 68 new stores, amalgamated 46 additional stores from Pizza hut Oman, taking the total store count to 2,657. Company maintained selective approach to new restaurant additions.

AJC view and valuation: Americana posted underwhelming set of results due to higher-than-expected operating expenses; however, we highlight that the company continues to see strong improvement in revenues, LFL sales and net income (despite higher effective tax rate). We expect restaurant additions to continue at a much slower pace than past guidance with focus on markets less affected by boycotts. That said, we believe that the recent improvement in geo-political situation in the middle east can improve the sentiment around key brands (which might result in a positive change in strategy around store openings). However, trading at 2025E PE of 26.8x, we maintain our “Neutral” rating with price target of SAR 2.45/share.

Results Summary

SAR mn	Q3-24	Q2-25	Q3-25	Change Y/Y	Change Q/Q	Deviation from AJC Estimates
Revenue	2,081	2,413	2,335	12.2%	-3.2%	-1.3%
Gross Profit	1,113	1,301	1,267	13.8%	-2.6%	0.1%
Gross Margin	53.5%	53.9%	54.2%	-	-	-
EBIT	180	282	224	24.9%	-20.3%	-13.5%
Net Profit	140	224	161	14.7%	-28.3%	-17.7%
EPS	0.02	0.03	0.02	-	-	-

Source: Company Reports, Aljazira Capital Research

Recommendation	Neutral
Target Price (SAR)	2.45
Upside / (Downside)*	10.4%

Source: Tadawul *prices as of 30th of October 2025

Key Financials

(in SAR mn, unless specified)	FY22	FY23	FY24	FY25E
Revenues	8,920	9,049	8,238	9,320
Growth %	15.9%	1.5%	-9.0%	13.1%
Gross Profit	4,613	4,731	4,378	4,986
EBIT	1,182	1,092	719	940
Net Income	972	973	595	690
Growth %	27.1%	0.1%	-38.8%	15.8%
EPS (halala)	11.5	11.6	7.1	8.2
DPS (halala)	4.9	7.9	5.6	6.4

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY22	FY23	FY24	FY25E
Gross Margin	51.7%	52.3%	53.1%	53.5%
EBIT Margin	13.3%	12.1%	8.7%	10.1%
Net Margin	10.9%	10.8%	7.2%	7.4%
P/E (x)	26.4	27.8	32.3	26.8
P/B (x)	24.0	16.4	13.0	11.2
EV/EBITDA (x)	13.1	13.5	11.5	9.5
DY	0.0%	2.5%	2.6%	2.8%

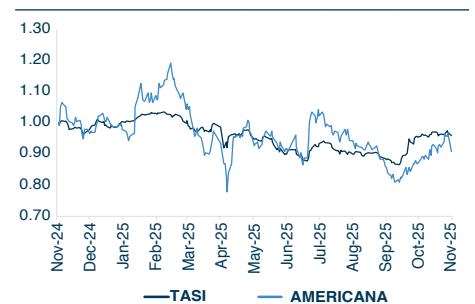
Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap (bn)	17.4
YTD%	-2.63%
52 week (High)/(Low)	2.76/1.78
Share Outstanding (mn)	8,423.6

Source: Company reports, Aljazira Capital Research

Price Performance



Source: Bloomberg, Aljazira Capital Research

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RESEARCH DIVISION

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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.

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