

Gross margin expansion and operating leverage drives strong earnings beat

Americana (Americana) reported net income of SAR 237mn up 93.5% Y/Y, the result was materially above AJBC & consensus estimate of SAR 157mn and SAR 143mn, respectively. The deviation to AJBC estimate is mainly due to above expected gross margins and lower OPEX. Revenues increased by 13.3% Y/Y to SAR 2,437mn in Q1-26 (+1.7% deviation to AJBC estimate). This improvement underpins a 6.7% Y/Y improvement in LFL sales (driven by menu localization and innovation) and 4.2% Y/Y increase in store count. Gross profit increased by 19.4% Y/Y, while gross margins improved by 284bps Y/Y due to smart pricing strategies and efficient procurement. OPEX to sales declined by 144bps Y/Y to 43.4% (AJBC estimate 45.0%), on account of company's strong operating leverage and fixed cost efficiencies. Decline in below EBIT cost intensity further supported the bottom-line.

- **Americana reported net income of SAR 237mn** up 93.5% Y/Y and down 24.4% Q/Q, the result was materially above AJBC and consensus estimate of SAR 157mn and SAR 143mn, respectively. The deviation to AJBC estimate is mainly due to above expected gross margins and lower operating expenses. The Y/Y improvement in earnings is mainly due to strong sales growth, 284bps expansion in gross margins (smart pricing strategy), 144bps decline in OPEX to sales (reflecting company's strong operating leverage and fixed cost efficiencies) and lower below EBIT costs intensity.
- **Revenues** increased by 13.3% Y/Y (-2.9% on a sequential basis) to SAR 2,437mn (+1.7% deviation to AJBC estimate of SAR 2,396mn) in Q1-26. This improvement underpins a 6.7% Y/Y improvement in like-for-like sales (driven by menu localization and innovation) and 4.2% Y/Y increase in store count to 2,741. During the quarter company opened 10 new stores and added 7 Malak Al tawouk locations.
- **Gross profit** increased by 19.4% Y/Y (-4.1% Q/Q) to SAR 1,357mn (+4.1% deviation to AJBC estimate of SAR 1,303mn). Gross margins improved by 284bps Y/Y (-71bps Q/Q) to 55.7%, 129bps over AJBC estimate of 54.4%. The improvement in gross margin is owed to smart pricing strategies and efficient procurement.
- **Operating profit** increased by 74.4% Y/Y (-22.3% Q/Q) to SAR 298mn, +32.8% deviation to AJBC estimate of SAR 224mn. Operating margins improved by 428bps Y/Y (-305bps Q/Q) to 12.2%, +287bps deviation to AJBC estimate of 9.4%. OPEX to sales declined by 144bps Y/Y to 43.4% (AJBC estimate 45.0%), on account of company's strong operating leverage and fixed cost efficiencies. Decline in below EBIT costs intensity further supported the bottom-line expansion.

AJBC view and valuation: Americana posted a strong set of results in Q1-26 led by notable improvement in gross margins, on the back of procurement efficiencies, better product pricing, and high operating leverage. Looking ahead, the net income is likely to grow by double digits in 2026, and gross margins are expected to see improvement. The company is now ensuing a more calculated store and brand portfolio expansion strategy with focus on development of Arabic QSR. Trading at 2026e PE of 17.4x we maintain our **"Overweight"** recommendation on the stock and the TP of **SAR 2.45/share**.

Results Summary

SAR mn	Q1-25	Q4-25	Q1-26	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
Revenue	2,150	2,509	2,437	13.3%	-2.9%	1.7%
Gross profit	1,136	1,415	1,357	19.4%	-4.1%	4.1%
Gross margin	52.8%	56.4%	55.7%	-	-	-
EBIT	171	383	298	74.4%	-22.3%	32.8%
Net profit	122	313	237	93.5%	-24.4%	51.3%
EPS	0.01	0.04	0.03	-	-	-

Source: Company Reports, Aljazira Capital Research

Recommendation	Overweight
Target Price (SAR)	2.45
Upside / (Downside)*	30.3%

Source: Tadawul *prices as of 28th of April 2026

Key Financials

Financials (in USD mn, unless specified)	FY23	FY24	FY25
Revenue	2,413	2,197	2,509
Y/Y	1.5%	-9.0%	14.2%
Gross Profit	1,262	1,167	1,365
Operating profit	291	192	283
Net income	259	159	219
Y/Y	0.1%	-38.8%	38.0%
EPS (Cents)	3.08	1.88	2.60
DPS (Cents)	2.10	1.50	2.40

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY23	FY24	FY25
GP Margin	52.3%	53.1%	54.4%
Operating Margin	12.1%	8.7%	11.3%
Net Margins	10.8%	7.2%	8.7%
P/E (x)	27.8	32.3	16.7
P/B (x)	16.4	13.0	7.5
EV/EBITDA (x)	13.5	11.5	6.8
DY	2.5%	2.6%	5.5%

Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	15.7
YTD%	11.3%
52 week (High)/(Low)	2.43/1.62
Share Outstanding (mn)	8,423.6

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

RESEARCH DIVISION

Director - Head of Sell-Side Research
Jassim Al-Jubran
+966 11 2256248
j.aljabran@aljazaracapital.com.sa

RESEARCH
DIVISION

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RATING
TERMINOLOGY

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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