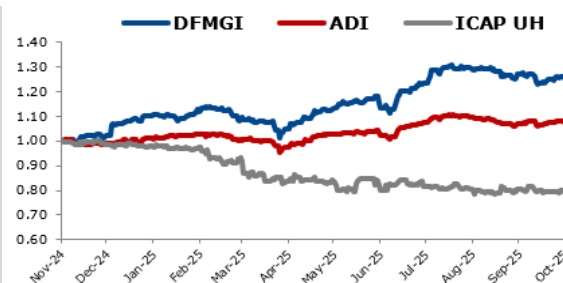


Investcorp Capital PLC (ICAP)

Higher core income weighed by higher funding cost

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.54	AED 2.35	+53%	BUY

- Effective annualized yield of CFS and CD Segment stood at 11% and 7%, respectively in 1Q26.
- Investment across both CFS and CD segments stood at USD 88 Mn in 1Q26 compared to USD 104 Mn in 1Q25 as several transactions remain under process and expected to be completed in 2Q26.
- Placement activity across both segments amounted to USD 175 Mn in 1Q26 compared to USD 183 Mn in 1Q25, maintaining robust business across both segments.
- Outstanding balance of revolving credit facility rose marginally from USD 481 Mn in 4Q25 to USD 488 Mn in 1Q26.



Stock Information

Market Cap (AED, Mn)	3,331.08
Paid Up Capital (Mn)	1,097.90
52 Week High	2.01
52 Week Low	1.46
3M Avg. daily value (AED)	1,730,682

1Q26 Net Profit lower than our estimate

Investcorp Capital Plc's (Investcorp/the company) net profit remained flat at USD 12 Mn in 1Q26 compared to 1Q25, lower than our estimate of USD 14 Mn. The stable net income reflected steady revenues, resilient performance across Capital Financing Services (CFS) and Capital Deployment (CD) and effective cost management, partially mitigated by an increase in finance costs.

P&L Highlights

Investcorp's gross income increased 27.8% YOY to USD 23 Mn in 1Q26. Revenue from CFS remained flat at USD 11 Mn in 1Q26 compared to 1Q25, recording an effective annualized yield of 11%. During the quarter, the segment recorded a syndication of USD 133 Mn compared to USD 151 Mn in 1Q25. CFS segment also recorded an investment of USD 34 Mn in 1Q26 compared to USD 90 Mn in 1Q25 as the several transactions remain under process. Additionally, revenue from the Capital Deployment segment rose from USD 7 Mn in 1Q25 to USD 12 Mn in 1Q26 mainly attributed to higher income from structured products, global credit and real assets, recording 7% annualized yield on cash generating assets. Investcorp recorded gain of USD 3 Mn in 1Q26 compared to nil gain in 1Q25. Yield on corporate debt also rose from USD 4 Mn in 1Q25 to USD 5 Mn in 1Q26. Additionally, income from real estate increased 33.3% YOY to USD 4 Mn in 1Q26. CD segment recorded investment of USD 14 Mn in 1Q25 compared to USD 54 Mn in 1Q26 and realization of USD 32 Mn in 1Q25 compared to USD 42 Mn in 1Q26. The Company's operating expenses remained flat at USD 2 Mn in 1Q26 compared to 1Q25. Thus, operating profit increased 31.3% YOY to USD 21 Mn in 1Q26. Interest expenses rose from USD 6 Mn in 1Q25 to USD 10 Mn in 1Q26 owing to the drawdowns from the revolving facilities, while interest income halved to USD 1 Mn in 1Q26.

1Q26 Result Review (USD, Mn)

Total Assets	1,925
Total Liabilities	489
Total Equity	1,436
Operating Profit	21
Net Profit	12

Financial Ratios

Dividend Yield (12m)	11.60
Dividend Pay-out (%)	138.60
Price-Earnings Ratio(x)	11.33
Price-to-Book Ratio (x)	0.64
Book Value (USD)	0.66
Return-on Equity (%)	5.68

Stock Performance

5 Days	4.05%
1 Months	-3.75%
3 Months	-3.14%
6 Months	-3.75%
1 Year	-22.61%
Month to Date (MTD%)	-0.65%
Quarter to Date (QTD%)	-3.75%
Year to Date (YTD%)	-22.22%

Balance Sheet Highlights

Investcorp's total assets increased 13.8% YOY to USD 1.9 Bn in 1Q26 due to increase in asset exposure under CD segment, partially offset by a decline in exposure to CFS segment. Asset exposure of CD segment declined to USD 558 Mn in 1Q26 compared to USD 701 Mn in 1Q25. CFS segment asset exposure rose to USD 990 Mn in 1Q25 to USD 1,367 Mn in 1Q26. CD segment asset comprises of investment in corporate investment of USD 634 Mn, structure products USD 261 Mn, global credit USD 221 Mn, real assets USD 189 Mn and strategic capital USD 41 Mn. On QOQ basis, asset exposure of CD segment across asset class has largely consistent in 1Q26. Furthermore, the Company's total liabilities expanded from USD 273 Mn in 1Q25 to USD 489 Mn in 1Q26, primarily driven rise in financing balance following a drawdown on the RCF. Financing grew from USD 228 Mn in 1Q25 to USD 488 Mn in 1Q26. The increase was partly offset by decline in payables to USD 1 Mn in 1Q26 from USD 45 Mn in 1Q25.

Target Price and Rating

We maintain our BUY rating on Investcorp Capital with a target price of AED 2.35. The Company's profitability was stable in 1Q26 reflecting strong revenue despite higher finance costs, followed by effective cost management. The operation is also expected to benefit from normalizing interest rates, which should lower borrowing cost and boost equity valuation. Recently, Investcorp committed to invest in the USD 750 Mn Investcorp Golden Horizon Platform anchored by China Investment Corporation. The platform would invest in high growth GCC and Chinese companies planning to go public. This will benefit the Company since GCC market is already witnessing busy IPO season, particularly in KSA. Additionally, Investcorp made several investments exist on a YTD basis in 2025 above the investment value. In 1Q26, it announced the sale of its stake in a US industrial real estate portfolio valued at USD 365 Mn, generating returns above it carrying value. On QOQ basis, CFS exposure declined from USD 371 Mn in 4Q25 to USD 271 Mn in 1Q26 offset by an increase in due from related party. This is mainly due to lower investment activity in 1Q26 which will be offset in the upcoming quarter. As of 1Q26, the carrying value of Investcorp's CD exposure in Corporate Investments (CI) stood at USD 634 Mn, representing 46.4% of the total exposure of CD segment. The corporate investments portfolio is geographically diversified across North America, Europe, Asia, and the MENA region, including Turkey. The portfolio is broken down as follows: North America USD 186 Mn, Europe USD 87 Mn, Asia (including India and China) USD 157 Mn, and the MENA & Turkey USD 204 Mn as of 1Q26. Investment activity totaled USD 88 Mn in 1Q26, down from USD 104 Mn in 1Q25, across both CFS and CD segments, primarily due to timing delays, with deals expected to close in 2Q26. Placement activity in the CFS segment declined to USD 133 Mn in 1Q26 from USD 151 Mn in 1Q25. Investcorp deployed USD 34 Mn fully under CFS across various CLOs under Global Credit. The Company also syndicated USD 133 Mn comprising USD 31 Mn under corporate investments, USD 76 Mn across various CLOs, and USD 26 Mn in real asset portfolios. The Company offers an attractive dividend yield of 12.1% for FY2026, among the highest in the UAE market. Thus, based on the above-mentioned factors, we maintain our BUY rating on the stock.

Investcorp - Relative valuation

(at CMP)	2023	2024	2025	2026F
PE	7.821	8.417	10.911	8.964
PB	0.716	0.604	0.620	0.625
BVPS	2.068	2.448	2.388	2.367
EPS	0.189	0.176	0.136	0.165
DPS	0.000	0.193	0.188	0.184
Dividend yield	0.0%	12.7%	12.4%	12.1%

FABS Estimates & Co Data

Note – Investcorp listed on ADX in November 2023. Thus, the financial multiple for the prior period is unavailable

Investcorp – P&L

USD Mn	1Q25	4Q25	1Q26	1Q26F	Var	YOY Ch	QOQ Ch	2025	2026F	Change
Revenue from capital services	11	16	11	12	-4.5%	0.0%	-31.3%	54	55	1.5%
Gain on financial assets	0	33	3	2	27.3%	NM	NM	39	49	26.9%
Yield on corporate debt	4	3	5	4	23.7%	25.0%	66.7%	16	17	7.0%
Dividend inc.- Real Estate	3	1	4	3	59.2%	33.3%	300.0%	9	10	11.1%
Gross income	18	53	23	20	12.6%	27.8%	-56.6%	118	132	11.7%
Operating expenses	-2	-3	-2	-3	-22.2%	0.0%	-33.3%	-10	-11	9.9%
Operating Profit	16	50	21	18	17.6%	31.3%	-58.0%	108	121	11.9%
Interest Income	2	2	1	2	-33.3%	-50.0%	-50.0%	6	6	0.0%
Interest Expenses	-6	-12	-10	-6	72.4%	66.7%	-16.7%	-33	-28	-14.4%
Net Profit	12	40	12	14	-11.5%	0.0%	-70.0%	81	99	21.7%

FABS estimate & Co Data

Investcorp - Margins

	1Q25	4Q25	1Q26	YOY Ch	QOQ Ch	2025	2026F	Change
Operating margin	88.9%	94.3%	91.3%	242	-304	91.5%	91.7%	14
Net profit margin	66.7%	75.5%	52.2%	-1,449	-2,330	68.6%	74.8%	613

FABS estimate & Co Data

Key Developments:

- **13 October 2025:** Investcorp Capital announced its commitment to the USD 750 Mn Investcorp Golden Horizon Platform, managed by Investcorp and anchored by China Investment Corporation (CIC), with participation from leading GCC and Asian institutions. The platform will invest in high-growth companies across the GCC and China in sectors such as consumer, healthcare, transportation & logistics, and business services, focusing on firms positioned for IPO or strategic exits. This aligns with ICAP's strategy to provide public investors access to attractive private market opportunities.
- **29 September 2025:** Investcorp Capital PLC announced the sale of its stake in a US industrial real estate portfolio valued at USD 365 Mn, generating returns above it carrying value. The portfolio comprised 3.5 Mn sq. ft. of industrial assets located in Chicago and Ohio. This divestment follows earlier 2025 exits, including RESA Power and Citykart.
- **28 July 2025:** Investcorp Capital announced the appointment of Sana Khater as Chief Executive Officer, effective September 1, 2025. She succeeds Mohamed Aamer, who has served as Interim CEO since March 2025 and will remain in the role until the transition is finalized. Sana brings over 35 years of financial and strategic leadership experience, having previously held senior positions at Aldar and NBK Capital.
- **28 May 2025:** Investcorp Capital announced the successful exit from its investment in Citykart, selling its stake to TPG NewQuest and A91 Partners. The exit marks the fifth from Investcorp's India Consumer Growth Portfolio and the sixth liquidity event in 32 months. Citykart expanded from 37 to 137 stores, reaching USD102 Mn in FY2025 revenue with strong profitability. This follows other recent exits, reflecting Investcorp Capital's focus on delivering risk-adjusted global returns.
- **29 May 2025:** Investcorp Capital announced the divestment of 12 multifamily real estate assets in the US., valued at approximately USD 550 Mn, including a 432-unit property in Atlanta sold in February 2025. The portfolio, with an average occupancy of 94%, spans key markets such as Atlanta, Philadelphia, Raleigh, St. Louis, Tampa, and Orlando. The exit is in line with Investcorp Capital's strategy of leveraging operational expertise to enhance value and underscores its position as a leading cross-border investor in US real estate.
- **8 April 2025:** Investcorp Capital announced the sale of its US National I Portfolio for USD 360 Mn, representing a 40% gain over its USD 262 Mn acquisition price in March 2021. The portfolio comprises six industrial investments across six states, totaling 2.3 Mn sq. ft. The transaction generated a 12% IRR and a 1.4x MOIC, reflecting the firm's ability to capitalize on robust industrial market conditions and strong operating performance.
- **14 March 2025:** Investcorp Capital announced the acquisition of a diversified private market portfolio from Investcorp Group, comprising corporate investments, real assets, and credit investments across North America and Europe. The USD200 Mn transaction is expected to close by December 31, 2025, with KPMG and Morgan Lewis & Bockius LLP acting as advisors on the deal.
- **10 February 2024:** Investcorp Capital announced the appointment of Mohamed Aamer as Interim CEO, effective 1 March 2025, succeeding Tim Mattar, who will retire after nearly 30 years with the Investcorp group.

- **9 December 2024:** Investcorp Capital funded over USD 280 Mn across real estate, infrastructure, and corporate investments in the past six months, supporting its goal of delivering double-digit long-term returns and maintaining an 8% semi-annual dividend payout. Key investments include student housing assets (USD 70 Mn funding), US. industrial properties (USD 98 Mn), Stowe Family Law (EUR 58 Mn), and PKF O'Connor Davies (USD 42 Mn). The company continues to focus on sectors with strong growth potential and resilient returns.
- **28 October 2024:** Investcorp Capital announced a series of new industrial real estate acquisitions, expanding its portfolio to 625 buildings globally. Recent additions include assets in Tampa, Dallas, Atlanta, Denver, Las Vegas, San Diego, and the San Francisco Bay Area, along with six data centers totaling four Mn sq. ft. These acquisitions strengthen its US-focused industrial and data center exposure, aligning with growth trends in e-commerce, supply chain re-shoring, and logistics demand. The company expects robust rent growth and strong risk-adjusted returns, leveraging Investcorp's 40+ years of real estate expertise.

Valuation:

We use Discount Dividend Method (DDM), Discounted Free Cash Flow (DCF), Relative Valuation (RV), and Net Asset Value (NAV) method to value Investcorp. We have assigned equal weights to each valuation metric.

Valuation Method	Target	Weight	Weighted Value
DDM Method	2.03	33.3%	0.68
DCF + Relative Valuation Method	2.41	33.3%	0.80
NAV	2.60	33.3%	0.87
Weighted Average Valuation (AED)			2.35
Current market price (AED)			1.54
Upside/Downside (%)			+55%

1) DDM Method:

Investcorp distributed a healthy dividend of USD 56 Mn in 2H25 and further aims to pay regular dividends in the forecasted period. The Company commits to achieve a minimum dividend yield of 8% per year. The dividend is discounted at the cost of equity of 10.8%.

Sum of PV (USD, Mn)	423
Terminal value (USD, Mn)	790
FV to Common shareholders (USD, Mn)	1,213
No. of share (Mn)	2,192
Current Market Price (AED)	1.54
Fair Value per share (AED)	2.03

DCF Method

(All Figures in USD Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY2030E
Dividend	110	110	110	110	110
Total Dividend	110	110	110	110	110
Discounting Factor	0.94	0.85	0.76	0.69	0.62
Discounted FCFF	103	93	84	76	68

Source: FAB Securities

2) DCF + RV Method:

1) DCF Method

Capital Financial Services segment in Investcorp Capital is valued using free cash flow to equity. We have discounted the cash flow using the cost of equity of 10.8%. Cost of equity is calculated by using 10-year government bond yield of 6.5%, beta of 1.00 and equity risk premium of 4.3%. Government bond yield is calculated after adding Bahrain 10-year spread over 10-year US risk free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (USD, Mn)	180
Terminal value (USD, Mn)	203
FV to Common shareholders (USD, Mn)	383
No. of share (Mn)	2,192
Current Market Price (AED)	1.54
Fair Value per share (AED)	2.41

(All Figures in USD Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY2030E
Net Income	29	31	34	35	37
(+/-) Working Capital	147	-11	-11	-9	-8
Net Change in debt	-39	-2	-27	6	-1
Free Cash Flow to Equity	137	18	-4	32	28
Discounting Factor	0.94	0.85	0.76	0.69	0.62
Discounted FCFE	128¹	15	-3	22	17

Source: FAB Securities, ¹Adjusted for partial year

2) RV Method:

We have used local as well as international peers to value Capital Deployment segment in Investcorp Capital and it is valued using the average valuation obtained from PE and PB multiple. It is valued at PE and PB multiples of 11.4x and 1.3x respectively.

Company	Market (USD Mn)	P/E (x)		P/B (x)	
		2026F	2027F	2026F	2027F
KINGDOM HOLDING CO	7,875	27.5x	26.6x	NA	NA
WENDEL	3,914	7.7x	6.6x	0.8x	0.8x
COMPASS DIVERSIFIED HOLDINGS	419	2.1x	NA	0.5x	NA
BROOKFIELD CORP	1,05,921	NA	NA	2.3x	2.1x
TIKEHAU CAPITAL	3,014	9.5x	7.8x	0.7x	0.7x
INTERMEDIATE CAPITAL GROUP	7,484	10.6x	9.9x	2.0x	1.8x
SCHRODERS PLC	8,104	11.2x	10.1x	1.4x	1.3x
Average		11.4x	12.2x	1.3x	1.3x
Median		10.0x	9.9x	1.1x	1.3x
Max		11.0x	10.1x	1.8x	1.8x
Min		8.1x	7.8x	0.7x	0.8x

Source: FAB Securities

3) Net Asset Value:

We applied peer median price-to-book multiple of 1.1x to the computed NAV to arrive at the equity of Investcorp Capital. NAV here corresponds to the book value/invested capital of the firm. The NAV reported at the end of FY2025 is used for valuing the firm.

Company	Market (USD Mn)	P/E (x)		P/B (x)	
		2026F	2027F	2026F	2027F
KINGDOM HOLDING CO	7,875	27.5x	26.6x	NA	NA
WENDEL	3,914	7.7x	6.6x	0.8x	0.8x
COMPASS DIVERSIFIED HOLDINGS	419	2.1x	NA	0.5x	NA
BROOKFIELD CORP	1,05,921	NA	NA	2.3x	2.1x
TIKEHAU CAPITAL	3,014	9.5x	7.8x	0.7x	0.7x
INTERMEDIATE CAPITAL GROUP	7,484	10.6x	9.9x	2.0x	1.8x
SCHRODERS PLC	8,104	11.2x	10.1x	1.4x	1.3x
Average		11.4x	12.2x	1.3x	1.3x
Median		10.0x	9.9x	1.1x	1.3x
Max		11.0x	10.1x	1.8x	1.8x
Min		8.1x	7.8x	0.7x	0.8x

Source: FAB Securities

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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