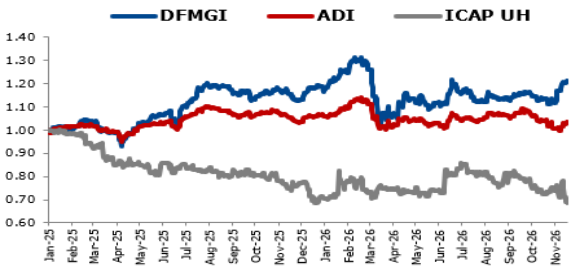
Investcorp Capital PLC (ICAP)

Lower segment income and higher financing costs weigh on earnings

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.37	AED 1.80	+31%	BUY

- Underwriting asset exposure increased to USD 419 Mn in 1Q27 from USD 305 Mn in 4Q26, following underwriting funding of USD 329 Mn during the quarter.
- Total liabilities stood at USD 731 Mn in 1Q27 compared to USD 525 Mn in 4Q26, due to additional RCF drawdowns used to fund new transactions.
- Paid cash dividend of AED 0.092 per share, equivalent to the Company's FY2026 distribution target of 8% of opening NAV.
- Introduced a new dividend policy targeting distributions of 65%-75% of net earnings, with annual dividends expected to range between USD 70 Mn and USD 120 Mn over the forecast period.



Stock Information	
Market Cap (AED, Mn)	3,002.36
Paid Up Capital (Mn)	1,097.82
52 Week High	1.73
52 Week Low	1.34
3M Avg. daily value(AED)	864,450

1Q27 Result Review (USD, Mn)	
Total Assets	2,025
Total Liabilities	731
Total Equity	1,294
Operating Profit	12
Net Profit	2

Financial Ratios	
Dividend Yield (12m)	13.43
Dividend Pay-out (%)	247.71
Price-Earnings Ratio(x)	23.84
Price-to-Book Ratio (x)	0.63
Book Value (AED)	0.59
Return-on Equity (%)	2.49

Stock Performance	
5 Days	-2.84%
1 Months	-5.52%
3 Months	-8.67%
6 Months	-6.16%
1 Year	-11.04%
Month to Date (MTD%)	-6.16%
Quarter to Date (QTD%)	-9.27%
Year to Date (YTD%)	-2.14%

1Q27 Net Profit lower than our estimate

Investcorp Capital PLC's (Investcorp/the Company) net profit declined significantly from USD 12 Mn in 1Q26 to USD 2 Mn in 1Q27, lower than our estimates of USD 14 Mn. The decline in net profit was driven by lower Underwriting revenue, loss on gain on financial assets, lower yield on global credit coupled with higher interest expenses. However, interest income, dividend income, and operating expenses remained stable.

P&L Highlights

Investcorp's gross income fell from USD 23 Mn in 1Q26 to USD 14 Mn in 1Q27. Revenue from Underwriting segment declined 18.2% YOY from to USD 9 Mn in 1Q27, despite higher underwriting activity, with USD 329 Mn of new transactions funded during the quarter. Additionally, revenue from the Co-investment segment declined significantly from USD 12 Mn in 1Q26 to USD 5 Mn in 1Q27. The decline in Co-investment revenue is mainly due to loss on financial assets and lower yield on global credit. Despite this, the underlying portfolio remained resilient, with cash yield on co-investments remaining stable at 7% and yield-generating assets increasing to 61% of total assets. Investcorp recorded loss on financial assets of USD 3 Mn in 1Q27, compared to gain of USD 3 Mn in 1Q26. Yield on global credit decreased 20.0% YOY to USD 4 Mn in 1Q27. Additionally, dividend income from real estate remained stable at USD 4 Mn in 1Q27 compared to 1Q26. The Company's operating expenses also remained broadly stable at USD 2 Mn in 1Q27, as compared to 1Q26 reflecting continued cost discipline and its scalable operating model supported by the Company's existing platform. Thus, operating profit decreased 42.9% YOY to USD 12 Mn in 1Q27. The Company's interest income remained stable at USD 1 Mn in 1Q27. Interest expenses increased 10.0% YOY to USD 11 Mn in 1Q27, primarily reflecting higher utilization of the USD 800

Mn revolving credit facility, with USD 683 Mn drawn as of September 2026 compared with USD 521 Mn in June 2026.

Balance Sheet Highlights

Investcorp's total assets increased 5.2% YOY and 8.1% QOQ to USD 2.0 Bn in 1Q27, primarily driven by higher underwriting assets and funding of new transactions. Underwriting asset exposure increased to USD 419 Mn in 1Q27 from USD 305 Mn in 4Q26, following underwriting funding of USD 329 Mn, partially offset by syndications of USD 213 Mn, while receivables and other assets rose to USD 214 Mn in 1Q27 from USD 124 Mn in 4Q26, primarily reflecting higher underwriting-related receivables. Co-investment exposure remained stable at USD 1,271 Mn during the quarter. Total liabilities increased to USD 731 Mn in 1Q27 from USD 525 Mn in 4Q26, due to additional RCF drawdowns used to fund new transactions and support future income generation. Total equity declined marginally to USD 1.29 Bn in 1Q27 from USD 1.35 Bn in 4Q26, primarily reflecting the payment of USD 55 Mn in FY2026 dividends during the quarter, partially offset by total comprehensive income of USD 1 Mn.

Target Price and Rating

We maintain our BUY rating on Investcorp Capital with a revised target price of AED 1.80. The Company reported a softer 1Q27 performance, with net profit declining to USD 2 Mn from USD 12 Mn in 1Q26, primarily reflecting lower underwriting income and a reversal from a USD 3 Mn gain on financial assets in 1Q26 to a USD 3 Mn loss in 1Q27. The underlying portfolio continued to demonstrate resilience, with cash yield on cash-generating co-investment assets remaining stable at 7% and recurring income of USD 8 Mn generated from global credit yield and real estate dividends in 1Q27. The Company maintained a diversified co-investment portfolio of USD 1.27 Bn in 1Q27, while underwriting assets increased to USD 419 Mn in 1Q27 from USD 305 Mn in 4Q26. Total aggregate activity reached USD 565 Mn during the quarter, comprising USD 329 Mn of underwriting, USD 9 Mn of co-investment deployment, USD 213 Mn of syndications and USD 13 Mn of co-investment realizations. Underwriting returns are expected to normalise towards c. 10%, with the current 6% annualised return primarily reflecting delayed syndications rather than weaker underlying portfolio performance. Distributions from syndications, exits and realizations totalled USD 226 Mn in 1Q27, compared with USD 175 Mn in the prior-year period, reflecting continued execution across the portfolio and supporting capital recycling. Private equity accounted for c. 42% of the co-investment portfolio, while its exposure declined to USD 536 Mn as of September 2026 compared to USD 634 Mn in September 2025, primarily due to the liquidation of certain investments in Asia and MENA. Meanwhile, real assets increased to 17% from 14% during the same period, supported by higher cash-generating real estate exposure in North America and the addition of MENA infrastructure investments. The Company expects private equity exit activity to improve during 2027, supported by better market liquidity, while real estate valuations are expected to recover gradually over 2027-2029. Higher interest rates are also expected to support credit investment returns, with recurring income from the real assets and credit portfolios currently generating c. 7%. The balance sheet expanded, with total assets increasing to USD 2.03 Bn in 1Q27 from USD 1.87 Bn in 4Q26, although gross leverage increased to 0.52x from 0.38x during the same period. Cash-generating assets improved to 61% of total assets in 1Q27 from 58% in 4Q26, supporting recurring income generation. Accessible liquidity stood at USD 238 Mn as of 1Q27, compared with USD 455 Mn in 4Q26, reflecting the utilisation of RCF capacity and cash balances to fund new underwriting transactions. Due from related parties declined 31.3% QOQ to USD 121 Mn in 1Q27, while total liabilities increased 39.2% QOQ to USD 731 Mn in 1Q27, mainly due to additional revolving credit facility (RCF) drawdowns of USD 163 Mn and a USD 43 Mn increase in payables in 1Q27, primarily relating to the dividend payable at quarter-end. Investcorp also paid a cash dividend of AED 0.092 per share for 2H26, equivalent to the Company's FY2026 distribution target of 8% of opening NAV, taking cumulative dividends distributed since IPO to AED 1.2 Bn. Furthermore, it introduced a dividend policy targeting distributions of 65%-75% of net earnings, with annual dividends expected to range between USD 70 Mn and USD 120 Mn over the forecast period, compared with USD 110 Mn in FY2026. Distributions will depend on earnings, cash generation and investment exits, while reiterating its commitment to shareholder returns. The Company's four-year pro forma outlook indicates annual deployment of USD 120-405 Mn and realisations of USD 65-495 Mn, both relating exclusively to co-investments, while financing is expected to range between USD 420-640 Mn at a margin of 250 bps over SOFR. Underwriting investments of USD 335-480 Mn, with an expected yield of 9-10%. Co-

investment investments are projected at USD 1,255-1,495 Mn, with yields expected to improve to 8-11%. Accordingly, we maintain our BUY rating on the stock.

Investcorp - Relative valuation

(at CMP)	2023	2024	2025	2026	2027F
PE	7.24	7.79	10.07	18.50	14.56
PB	0.66	0.56	0.57	0.60	0.63
BVPS	2.068	2.448	2.396	2.270	2.179
EPS	0.189	0.176	0.136	0.074	0.094
DPS	0.000	0.193	0.189	0.185	0.125
Dividend yield	0.0%	14.1%	13.8%	13.5%	9.2%

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

Investcorp – P&L

USD Mn	1Q26	4Q26	1Q27	1Q27F	Var	YOY Ch	QOQ Ch	2026	2027F	Change
Underwriting	11	11	9	12	-23.5%	-18.2%	-18.2%	45	49	8.5%
Gain on financial assets	3	1	-3	6	NM	NM	NM	14	15	4.2%
Yield on global credit	5	5	4	5	-16.2%	-20.0%	-20.0%	17	19	13.6%
Dividend inc.- Real Estate	4	2	4	3	47.6%	0.0%	NM	12	13	7.8%
Gross income	**23**	**19**	**14**	**25**	**-44.0%**	**-39.1%**	**-26.3%**	**88**	**96**	**8.7%**
Operating expenses	-2	-3	-2	-3	-40.0%	0.0%	-33.3%	-9	-9	-5.5%
Operating Profit	**21**	**16**	**12**	**22**	**-44.6%**	**-42.9%**	**-25.0%**	**79**	**87**	**10.3%**
Interest Income	1	3	1	2	-33.3%	0.0%	NM	6	6	0.0%
Interest Expenses	-10	-10	-11	-9	22.5%	10.0%	10.0%	-41	-37	-9.1%
Net Profit	**12**	**9**	**2**	**14**	**NM**	**NM**	**NM**	**44**	**56**	**27.0%**

FABS estimate & Co Data

Investcorp - Margins

	1Q26	4Q26	1Q27	YOY Ch	QOQ Ch	2026	2027F	Change
Operating Profit	91.3%	84.2%	85.7%	-559	150	89.8%	91.1%	134
Net Profit	52.2%	47.4%	14.3%	NM	NM	50.0%	58.4%	841

FABS estimate & Co Data

Key Developments:

- **21 April 2026 -** Investcorp Capital expanded its US real estate portfolio by investing USD 200 Mn in two senior living properties and one multifamily asset across California, New York and New Jersey. The investment increases the Company's exposure to residential sectors benefiting from favourable demographic trends and constrained supply. The assets had an average occupancy of around 94% and this transaction marks the Company's first direct multifamily acquisition with opportunity to generate sustainable long-term returns through alternative investments.

- **18 May 2026 -** Investcorp Capital acquired US industrial real estate portfolio for more than USD 200 Mn comprising 19 properties with c. 1.4 Mn SQFT across Dallas-Fort Worth, Chicago, Indianapolis and Cincinnati. The portfolio is 97% occupied with diversified tenants across logistics, manufacturing, wholesale distribution and industrial services. The acquisition strengthens the Company's exposure to US industrial real estate and has potential to generate resilient cash flows and create long term value.

Valuation:

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

Valuation Method	Target	Weight	Weighted Value
DDM Method	1.26	33.3%	0.42
DCF + Relative Valuation Method	1.92	33.3%	0.64
NAV	2.24	33.3%	0.75
Weighted Average Valuation (AED)			**1.80**
Current market price (AED)			1.37
Upside/Downside (%)			+31%

1) DDM Method:

Investcorp declared a healthy dividend of USD 55 Mn in 2026 and further aims to pay regular dividends in the forecasted period. The Company targets to achieve a minimum dividend yield of 8% of opening NAV per year. The dividend is discounted at the cost of equity of 10.6%.

Sum of PV (USD, Mn)	251
Terminal value (USD, Mn)	496
FV to Common shareholders (USD, Mn)	**747**
No. of share (Mn)	2,180
Current Market Price (AED)	1.37
Fair Value per share (AED)	**1.25**

DDM Method

(All Figures in USD Mn)	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
Dividend	74	57	60	64	66
Total Dividend	**74**	**57**	**60**	**64**	**66**
Discounting Factor	*0.94*	*0.85*	*0.77*	*0.69*	*0.63*
Discounted Dividend	**70**	**48**	**46**	**44**	**42**

Source: FAB Securities

2) DCF + RV Method:

1) DCF Method

Underwriting (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 10.6%. The cost of equity is calculated using the 10-year government bond yield of 6.6%, the beta of 1.00, and the equity risk premium of 4.0%. Government bond yield is calculated after adding the Bahrain 10-year spread over the 10-year US risk-free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (USD, Mn)	48
Terminal value (USD, Mn)	214
FV to Common shareholders (USD, Mn)	**262**
No. of share (Mn)	2,180
Current Market Price (AED)	1.37
Fair Value per share (AED)	**0.44**

(All Figures in USD Mn)	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
Net Income	16	25	27	29	32
(+/-) Working Capital	-82	-4	2	2	-29
Net Change in debt	49	-66	8	44	25
Free Cash Flow to Equity	**-16**	**-45**	**37**	**75**	**29**
Discounting Factor	*0.94*	*0.85*	*0.77*	*0.70*	*0.63*
Discounted FCFE	**-12[1]**	**-39**	**28**	**52**	**18**

Source: FAB Securities, [1]Adjusted for partial year

2) RV Method:

We have used local as well as international peers to value the Co-Investment (Capital Deployment) segment in Investcorp Capital, and it is valued using the average valuation obtained from PE and PB multiples. It is valued at 2027 PE and PB median multiples of 11.8x and 1.0x, respectively.

Company	Market	P/E (x)		P/B (x)	
	(USD Mn)	2027F	2028F	2027F	2028F
INDUSTRIVARDEN AB-A SHS	23,719	11.0x	11.5x	1.2x	1.0x
PEUGEOT INVEST	1,513	6.3x	6.1x	0.4x	0.4x
INVESTOR AB-B SHS	132,841	26.0x	24.1x	1.3x	1.3x
TIKEHAU CAPITAL	3,310	10.6x	8.9x	0.9x	0.8x
WENDEL	4,251	26.8x	22.8x	0.9x	0.9x
BROOKFIELD CORP	103,140	12.6x	11.4x	2.0x	1.9x
Average		**15.6x**	**14.1x**	**1.1x**	**1.1x**
Median		**11.8x**	**11.4x**	**1.0x**	**0.9x**
Max		**22.6x**	**20.0x**	**1.3x**	**1.3x**
Min		**10.7x**	**9.5x**	**0.9x**	**0.9x**

Source: FAB Securities

3) Net Asset Value:

We applied a peer median price-to-book multiple of 1.0x 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 1Q27 is used for valuing the firm.

Company	Market (USD Mn)	P/E (x)		P/B (x)	
		2026F	2027F	2026F	2027F
INDUSTRIVARDEN AB-A SHS	23,719	11.0x	11.5x	1.2x	1.0x
PEUGEOT INVEST	1,513	6.3x	6.1x	0.4x	0.4x
INVESTOR AB-B SHS	132,841	26.0x	24.1x	1.3x	1.3x
TIKEHAU CAPITAL	3,310	10.6x	8.9x	0.9x	0.8x
WENDEL	4,251	26.8x	22.8x	0.9x	0.9x
BROOKFIELD CORP	103,140	12.6x	11.4x	2.0x	1.9x
Average		**15.6x**	**14.1x**	**1.1x**	**1.1x**
Median		**11.8x**	**11.4x**	**1.0x**	**0.9x**
Max		**22.6x**	**20.0x**	**1.3x**	**1.3x**
Min		**10.7x**	**9.5x**	**0.9x**	**0.9x**

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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