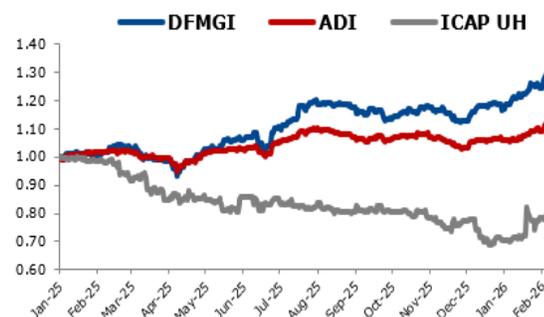


Investcorp Capital PLC (ICAP)

Higher interest expense offsets gains from stronger investment income

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.46	AED 2.20	+51%	BUY

- Effective annualized yield of CFS and CD segments stood at 10% and 7%, respectively in 1H26.
- Investment activity across both underwriting (CFS) and co-investment (CD) segments reached USD 614 Mn in 1H26 compared to USD 480 Mn in 1H25, reflecting continued deployment across private equity, global credit and real assets.
- Financing balances increased, with total liabilities rising to USD 564 Mn as of 2Q26 from USD 482 Mn as of 4Q25, mainly driven by higher drawdowns on the revolving credit facility.
- Interim dividend declared at 9.2 fils per share (USD 55 Mn) in 1H26, maintaining 2026 dividend target of 8% on opening NAV.



Stock Information

Market Cap (AED, Mn)	3,199.59
Paid Up Capital (Mn)	1,097.84
52 Week High	1.95
52 Week Low	1.36
3M Avg. daily value (AED)	1,982,846

2Q26 Result Review (USD, Mn)

Total Assets	1,958
Total Liabilities	564
Total Equity	1,394
Operating Profit	24
Net Profit	15

Financial Ratios

Dividend Yield (12m)	12.48
Dividend Pay-out (%)	138.60
Price-Earnings Ratio(x)	11.15
Price-to-Book Ratio (x)	0.64
Book Value (AED)	0.64
Return-on Equity (%)	5.67

Stock Performance

5 Days	-5.81%
1 Months	-7.59%
3 Months	-5.19%
6 Months	-8.75%
1 Year	-21.93%
Month to Date (MTD%)	-5.81%
Quarter to Date (QTD%)	4.29%
Year to Date (YTD%)	4.29%

2Q26 Net Profit in line with our estimate

Investcorp Capital Plc's (Investcorp/the Company) net profit declined 6.3% YOY from USD 16 Mn in 2Q25 to USD 15 Mn in 2Q26, in line with our estimate. The decline in net profit is mainly attributable to higher interest expenses, partially offset by higher gross income. The increase in gross income is supported by higher gains on financial assets, partially offset by lower revenue from capital services, lower yield on corporate debt and lower dividend income from real estate.

P&L Highlights

Investcorp's gross income increased 8.3% YOY to USD 26 Mn in 2Q26. Revenue from CFS segment declined 7.1% YOY from to USD 13 Mn in 2Q26, recording an effective annualized yield of 10% (in 1H26). Additionally, revenue from the Capital Deployment segment rose 30.0% YOY from USD 10 Mn in 2Q25 to USD 13 Mn in 2Q26. The Company reported Capital Deployment revenue growth during 1H26 was mainly driven by higher income from structured portfolio, private equity and strategic capital investments, with core assets generating c. 7% annualized return. Investcorp recorded gain on financial assets of USD 8 Mn in 2Q26 compared to gain of USD 1 Mn in 2Q25. However, Yield on corporate debt declined from USD 6 Mn in 2Q25 to USD 3 Mn in 2Q26. Additionally, income from real estate also decreased 33.3% YOY to USD 2 Mn in 2Q26. The Company's operating expenses decreased 33.3% YOY to USD 2 Mn in 2Q26 from USD 3 Mn in 2Q25. Thus, operating profit increased 14.3% YOY to USD 24 Mn in 2Q26. Interest income increased from USD 1 Mn in 2Q25 to USD 2 Mn in 2Q26, also Interest expenses rose significantly from USD 6 Mn in 2Q25 to USD 11 Mn in 2Q26 owing to the drawdowns from the revolving facilities.

Balance Sheet Highlights

Investcorp's total assets increased 10.1% YOY to USD 2.0 Bn in 2Q26. Asset exposure of the CD segment increased to USD 1,326 Mn as of 2Q26 compared to USD 1,312 Mn as of 4Q25, while CFS segment exposure declined to USD 364 Mn as of 2Q26 compared to USD 371 Mn as of 4Q25, mainly reflecting additional co-investment funding and net placement activity in underwriting. CD segment recorded investment of c. USD 68 Mn in 2Q26 compared to USD 61 Mn in 2Q25 and calculated realizations of c. USD 97 Mn in 2Q26 compared to USD 34 Mn in 2Q25. Furthermore, the Company's total liabilities expanded from USD 348 Mn in 2Q25 to USD 564 Mn in 2Q26, primarily driven rise in financing balance following drawdowns on the revolving credit facility. Financing grew from USD 233 Mn in 2Q25 to USD 523 Mn in 2Q26. The increase was partly offset by decline in payables to USD 41 Mn in 2Q26 from USD 115 Mn in 2Q25.

Target Price and Rating

We maintain our BUY rating on Investcorp Capital with revised target price of AED 2.20. The Company's profitability declined in 2Q26 mainly due to higher interest expenses, partially offset by stronger gross income supported by higher gains on financial assets, while lower capital financing services revenue, lower corporate debt yield and lower real estate dividend income weighed on earnings. However, the Company expects normalization in interest rates, coupled with steady co-investment yields and continued underwriting placement activity. On the balance sheet side, CFS exposure increased to USD 364 Mn in 2Q26 from USD 271 Mn in 1Q26, coupled with higher due from related party balances, mainly reflecting softer investment activity in 1Q26 with transaction execution expected to pick up in subsequent quarters. Additionally, total capital deployment exposure increased to USD 1,326 Mn as of 2Q26 compared to USD 1,312 Mn as of 4Q25, reflecting continued co-investment funding across private equity, credit and real assets. The co-investment portfolio allocation includes Private Equity (48%), Structured Products (19%), Global Credit (15%), Real Assets (14%) and Strategic Capital (4%) in 1H26. The Corporate Investments portfolio remained geographically diversified across North America, Europe, Asia and MENA including Turkey, with Private Equity co-investment exposure at USD 639 Mn as of Dec-25, comprising North America USD 177 Mn, Europe USD 96 Mn, Asia USD 159 Mn and MENA & Turkey USD 207 Mn, while Real Assets exposure stood at USD 182 Mn with North America USD 155 Mn, Europe USD 23 Mn and Asia USD 4 Mn. Investment activity remained strong in 1H26, with total capital invested and funded reaching USD 614 Mn compared to USD 480 Mn in 1H25, while placement and exit distributions stood at USD 652 Mn in 1H26. Underwriting activity totaled USD 492 Mn in 1H26, while placement activity reached USD 513 Mn in 1H26, reflecting continued transaction momentum across private markets. On the co-investment side, deployment totaled USD 122 Mn in 1H26 compared to USD 75 Mn in 1H25, while realizations increased to USD 139 Mn in 1H26 compared to USD 66 Mn in 1H25. Strategically, Investcorp Capital acquired Guardian Fire Services in the US, taking total new investment activity to USD 1.1 Bn over the past six months, while also completing the USD 400 Mn US industrial real estate portfolio acquisition, committing capital to the USD 750 Mn Golden Horizon platform anchored by China Investment Corporation and executing the USD 365 Mn U.S. industrial real estate exit. Additionally, the Company acquired a USD 400 Mn US industrial real estate portfolio comprising 35 buildings across 2.6 Mn sq ft across seven coastal US markets with 97% occupancy. Moreover, the Company declared an interim dividend of 9.2 fils per share (c. USD 55 Mn total) for 1H26, representing half of the 2026 targeted payout, while maintaining 2026 dividend target of 8% on opening NAV, supported by stable cash generating assets and recurring co-investment income. 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	7.93	8.53	11.06	10.14
PB	0.73	0.61	0.63	0.64
BVPS	2.068	2.448	2.388	2.350
EPS	0.189	0.176	0.136	0.148
DPS	0.000	0.193	0.188	0.184
Dividend yield	0.0%	12.9%	12.5%	12.3%

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	2Q25	1Q26	2Q26	2Q26F	Var.	YOY Ch	QOQ Ch	2025	2026F	Change
Revenue from capital services	14	11	13	14	-4.7%	-7.1%	18.2%	54	55	1.5%
Gain on financial assets	1	3	8	3	NM	NM	-30.8%	39	49	26.9%
Yield on corporate debt	6	5	3	5	-34.1%	-50.0%	-40.0%	16	17	7.0%
Dividend inc.- Real Estate	3	4	2	4	-48.5%	-33.3%	-50.0%	9	10	11.1%
Gross income	24	23	26	26	1.8%	8.3%	13.0%	118	132	11.7%
Operating expenses	-3	-2	-2	-3	-31.6%	-33.3%	NM	-10	-11	9.9%
Operating Profit	21	21	24	23	6.2%	14.3%	14.3%	108	121	11.9%
Interest Income	1	1	2	2	33.3%	NM	NM	6	6	0.0%
Interest Expenses	-6	-10	-11	-9	16.3%	83.3%	10.0%	-33	-39	16.7%
Profit before zakat	16	12	15	15	2.5%	-6.3%	25.0%	81	88	9.1%
Net Profit	16	12	15	15	2.5%	-6.3%	25.0%	81	88	9.1%

FABS estimate & Co Data

Investcorp - Margins

	2Q25	1Q26	2Q26	YOY Ch	QOQ Ch	2025	2026F	Change
Operating margin	87.5%	91.3%	92.3%	481	100	91.5%	91.7%	14
Net profit margin	66.7%	52.2%	57.7%	-897	552	68.6%	67.0%	-163

FABS estimate & Co Data

Key Developments:

- **8 December 2025:** Investcorp Capital acquired Guardian Fire Services in the US, taking total new investment activity to USD 1.1 Bn over the past six months, while continuing strategic deployment across private equity, real estate, infrastructure and corporate investments, including the USD 400 Mn U.S. industrial real estate portfolio acquisition, investment in the USD 750 Mn Golden Horizon platform and the USD 365 Mn U.S. industrial real estate exit.
- **4 December 2025:** Investcorp Capital acquired a USD 400 Mn US industrial real estate portfolio comprising 35 buildings across 2.6 Mn sq ft in seven coastal US markets, operating at 97% occupancy, with assets located across California, Atlanta, Florida, Philadelphia, New Jersey and New York, supporting expansion of income-generating real asset exposure.
- **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 its 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	2.11	33.3%	0.70
DCF + Relative Valuation Method	2.17	33.3%	0.72
NAV	2.31	33.3%	0.77
Weighted Average Valuation (AED)			2.20
Current market price (AED)			1.46
Upside/Downside (%)			+51%

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 achieving a minimum dividend yield of 8% per year. The dividend is discounted at the cost of equity of 10.7%.

Sum of PV (USD, Mn)	436
Terminal value (USD, Mn)	825
FV to Common shareholders (USD, Mn)	1,260
No. of share (Mn)	2,192
Current Market Price (AED)	1.46
Fair Value per share (AED)	2.11

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	0.96	0.87	0.78	0.71	0.64
Discounted FCFF	106	95	86	78	70

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 10.7%. The cost of equity is calculated using the 10-year government bond yield of 6.4%, the beta of 1.00, and the equity risk premium of 4.3%. 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)	117
Terminal value (USD, Mn)	196
FV to Common shareholders (USD, Mn)	313
No. of share (Mn)	2,192
Current Market Price (AED)	1.46
Fair Value per share (AED)	2.17

(All Figures in USD Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY2030E
Net Income	19	31	32	35	37
(+/-) Working Capital	147	-11	-11	-9	-8
Net Change in debt	-39	-2	23	-42	-3
Free Cash Flow to Equity	127	18	44	-16	26
Discounting Factor	0.96	0.87	0.79	0.71	0.64
Discounted FCFE	61¹	16	35	-11	17

Source: FAB Securities, ¹Adjusted for partial year

2) RV Method:

We have used local as well as international peers to value the Capital Deployment segment in Investcorp Capital, and it is valued using the average valuation obtained from PE and PB multiples. It is valued at 2026 P/E and P/B median multiples of 9.8x and 1.0x, respectively.

Company	Market (USD Mn)	P/E (x)		P/B (x)	
		2026F	2027F	2026F	2027F
KINGDOM HOLDING CO	8,567	25.5x	23.4x	NA	NA
WENDEL	4,484	8.2x	6.9x	1.0x	1.0x
COMPASS DIVERSIFIED HOLDINGS	467	NA	NA	0.5x	NA
BROOKFIELD CORP	106,713	NA	NA	2.3x	2.2x
TIKEHAU CAPITAL	3,293	10.8x	8.8x	0.8x	0.7x
INTERMEDIATE CAPITAL GROUP	6,643	9.8x	9.2x	1.8x	1.7x
INDUSTRIVARDEN AB-A SHS	23,180	5.9x	25.3x	0.9x	0.9x
Average		12.0x	14.7x	1.2x	1.3x
Median		9.8x	9.2x	1.0x	1.0x
Max		10.8x	23.4x	1.6x	1.7x
Min		8.2x	8.8x	0.8x	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 2Q26 is used for valuing the firm.

Company	Market (USD Mn)	P/E (x)		P/B (x)	
		2026F	2027F	2026F	2027F
KINGDOM HOLDING CO	8,567	25.5x	23.4x	NA	NA
WENDEL	4,484	8.2x	6.9x	1.0x	1.0x
COMPASS DIVERSIFIED HOLDINGS	467	NA	NA	0.5x	NA
BROOKFIELD CORP	106,713	NA	NA	2.3x	2.2x
TIKEHAU CAPITAL	3,293	10.8x	8.8x	0.8x	0.7x
INTERMEDIATE CAPITAL GROUP	6,643	9.8x	9.2x	1.8x	1.7x
INDUSTRIVARDEN AB-A SHS	23,180	5.9x	25.3x	0.9x	0.9x
Average		12.0x	14.7x	1.2x	1.3x
Median		9.8x	9.2x	1.0x	1.0x
Max		10.8x	23.4x	1.6x	1.7x
Min		8.2x	8.8x	0.8x	0.9x

Source: FAB Securities

