Results review

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Boubyan Petrochemical

The education sector improved profitability drove LFL net income (excl. Equate dividends) up 52% y/y in Q3. Maintain Buy.

- **Q3 25/26A NI of KWD 4.7m beat ACe by 27% and rose 50% q/q on stronger revenues, margin expansion, and lower finance costs. Reported NI fell 33% y/y solely due to Equate deferring dividends for the third consecutive quarter; recurring NI (excl. Equate dividends) surged 53% y/y.**
- **Revenues of KWD 28m rose 5% y/y (+22% q/q), driven by education (+7%) and petrochemicals (+4%) segments. Reported EBITDA of KWD 9m missed ACe by 21% and fell 22% y/y, though recurring EBITDA (ex-Equate) rose by 19% y/y.**
- **Education subsidiaries drove core investment income growth, with core investments (ex-Equate) generating KWD 7.0m, up 8% y/y. EYAS led the way with NI up 49% y/y on record student enrolment, while EPG grew 14% y/y. Sama Education held steady, though Nafais's 23% y/y declione in healthcare revenue following suspension of the Afia Health Insurance program drove net income down by 32% y/y. Muna Noor also saw weaker profitability on lower revenues.**
- **Equate resumed dividends post quarter-end (KWD 10.1m, -15% vs. ACe and -47% y/y), ending three consecutive quarters of deferral and removing a key overhang.**
- **We maintain our Buy rating with our SoTP based TP of KWD 0.68. The stock trades at 12x FY 26e P/E and provides a DY of 7% (assuming a flat DPS of KWD 40/fils at 85% DPO).**

LFL net income (excl. Equate dividends) grew by 53% y/y in Q3 25/26A, mainly driven by higher education sector profitability. BPCC reported net income of KWD 4.7m in Q3 25/26A, 27% ahead of ACe and up 50% q/q (-33% y/y). The beat to our estimates is driven by higher-than-expected sales (+4%), higher-than-expected margins, expanding GMP vs. ACe (+70ppts), higher-than-expected other income (+35%), and lower-than-expected net finance costs (-26%). This was partially offset by lower-than-expected share of income from associates (-8%). On y/y basis, net income dipped 33% due to Equate group deferring its interim dividends for the third quarter in a row, while Q3 24/25A included a KWD 3.9m dividends from Equate. On a recurring basis (after excluding the impact of EQUATE dividend income and one-off items), NI is up by 53% y/y, on stronger share of income from associates, weaker net finance costs and weaker SG&A expenses. Revenues came in at KWD 28m, surging 22% q/q, (+4% vs ACe) and up 5% y/y. The y/y hike in revenues is driven by a stronger educational sector (+7% y/y) and a stronger petrochemicals sector revenue (+4% y/y). EBITDA came in at KWD 9m, down 11% q/q, -22% y/y, and missing our EBITDA estimate by 21%. The q/q drop in EBITDA is on the back of lower investment income, lower share of income from associates (-16% q/q), higher SG&A costs, which was partially offset by higher other income. On recurring basis, after deducting EQUATE impact, EBITDA surged 19% y/y despite flat GPm with the hike coming from higher share of income from associates, weaker SG&A expenses, and weaker finance costs.

The education sector profitability drove core investment income growth. As of Q3 25/26A, the investment portfolio reached KWD 507.4m, with core investments (excl. Equate) accounting for c.38% of the total investments. Income from core investments increased 8% y/y to KWD 7.0m, with growth driven primarily by BPC's education subsidiaries. EYAS reported net income of KWD 3.9m (KWD 2.4m BPC's share at 62.8% ownership), growing strongly by 49% y/y, supported by its highest-ever student enrolment for the Fall semester. EPG reported net income growth of c.14% y/y at KWD 1.4m, driven by higher revenue from increased student enrolment and contribution from new assets within the Group. Sama Education Co. maintained its consistent growth trajectory, reporting a net profit of KWD 4.0m compared to KWD 3.9m in the same period last year. On the other hand, Nafais reported a net income of KWD 1.5m compared to KWD 2.2m in the same period last year, with the decline primarily due to a c.23% drop in healthcare revenue following the suspension of the Afia Health Insurance program due to changes in local regulations, partially offset by higher educational revenue and cost management initiatives. Muna Noor posted a net income of OMR 106K in 3Q 25/26 compared to OMR 244K in the Q3 24/25A, with the decline primarily attributable to lower revenue. Notably, Equate Group deferred its interim dividend distribution this period (vs. KWD 3.9m in 3Q24/25), which weighed on reported net income of KWD 4.7m (EPS: 8.80 fils vs. 13.16 fils in 3Q 24/25); on a like-for-like basis excl. Equate dividends, net income grew by approximately 53% q/q.

Equate announced dividends of KWD 10.09m to reflect in Q4 25/26e, signaling an end to three consecutive quarters of deferral. This should provide a meaningful boost to Q4 25/26e reported earnings and removes a key overhang on the stock. We had expected Equate dividend payment to come at KWD 11.9m, 15% above announced dividends and 49% below FY 24/25A dividends.

We maintain our Buy rating at TP of KWD 0.68/share; FY 26e P/E of 12x and c.7% DY. We maintain our Buy recommendation at a target price of KWD 0.68/share. BPC is trading at FY25/26e P/E of 12x and offering a DY of c.7%. We note that the company is yet to formalize a new dividend policy after the previous 3-year dividend policy that came to an end in FY 23/24A. They paid a dividend of KWD 40 fils/share for FY 24/25A, which we assume will remain flat in FY 25/26e.

BUY **KWD 677.7**

Petrochemicals / Kuwait

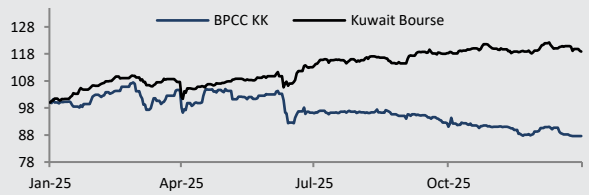
Bloomberg code	BPCC KK
Market index	Kuwait Bourse
Target Price	677.7
Upside (%)	16.5

Market data 1/14/2026

Last closing price	677
52 Week range	578.0-720.0
Market cap (KWD m)	311
Market cap (USD m)	1,008
Average Daily Traded Value (KWD m)	531.0
Average Daily Traded Value (USD m)	1,722.7
Free float (%)	73%

Year-end (local m)	2025	2026e	2027e	2028e
Revenues	102,400	105,509	105,503	107,014
EBITDA	61,611	54,516	51,987	55,651
Net income	30,143	24,605	26,262	30,506
EPS	57.81	47.19	50.36	58.50
EPS growth (%)	70.5	(18.4)	6.7	16.2
P/E (current price)	10.4	12.7	11.9	10.2
DPS	40.00	40.00	42.69	49.59
Div. yield (%)	6.8	6.8	7.3	8.5
FCF/share	230.7	10.5	136.9	94.8
FCF yield (%)	39.4	1.8	23.4	16.2
CAPEX	6,162	7,413	4,220	4,281
CAPEX/sales (%)	6.0	7.0	4.0	4.0
Net Debt/EBITDA (x)	2.0	2.9	2.4	2.0
EV/EBITDA (x)	8.9	10.1	10.6	9.9
RoAE (%)	11.4	9.3	9.7	11.0
RoIC (%)	12.1	10.6	10.7	12.0

Price Performance



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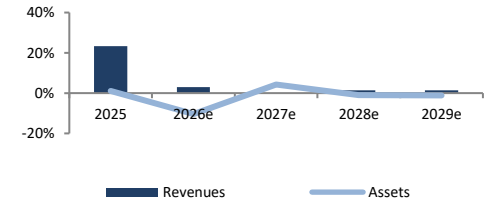
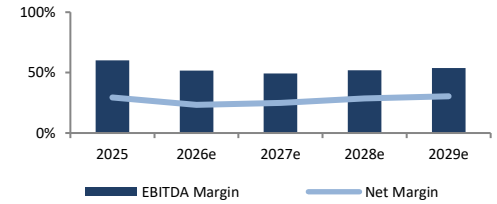
Abacus

Arqaam Capital Fundamental Data

Profitability



Growth



Boubyan Petrochemical

Year-end	2024	2025	2026e	2027e	2028e	2029e
Financial summary						
Reported EPS	33.90	57.81	47.19	50.36	58.50	63.32
Diluted EPS	33.10	56.45	46.08	49.18	57.13	61.84
DPS	60.00	40.00	40.00	42.69	49.59	53.68
BVPS	495.16	493.02	500.04	510.16	525.59	539.00
Weighted average shares	534.00	534.00	534.00	534.00	534.00	534.00
Average market cap	-	-	-	-	-	-

Year-end	2024	2025	2026e	2027e	2028e	2029e
Valuation metrics						
P/E (x) (current price)	17.7	10.4	12.7	11.9	10.2	9.5
P/E (x) (target price)	20.0	11.7	14.4	13.5	11.6	10.7
EV/EBITDA (x) (current price)	13.7	8.9	10.1	10.6	9.9	9.5
EV/EBITDA (x) (target price)	15.0	9.7	11.0	11.5	10.8	10.3
EV/FCF (x)	(19.7)	4.5	98.2	7.5	10.9	10.4
Free cash flow yield (%)	(9.0)	39.4	1.8	23.4	16.2	17.0
Dividend yield (%)	10.3	6.8	6.8	7.3	8.5	9.2

Year-end	2024	2025	2026e	2027e	2028e	2029e
Growth (%)						
Revenues	4.9	23.4	3.0	-	1.4	1.4
EBITDA	(23.5)	53.6	(11.5)	(4.6)	7.0	4.7
EBIT	(29.2)	59.7	(16.0)	1.3	8.1	5.3
Net income	(49.6)	70.5	(18.4)	6.7	16.2	8.2

Year-end	2024	2025	2026e	2027e	2028e	2029e
Margins (%)						
EBITDA	48.3	60.2	51.7	49.3	52.0	53.7
EBIT	39.2	50.8	41.4	42.0	44.7	46.4
Net	21.3	29.4	23.3	24.9	28.5	30.4

Year-end	2024	2025	2026e	2027e	2028e	2029e
Returns (%)						
RoAA	2.9	5.0	4.3	4.7	5.4	5.9
RoAE	6.5	11.4	9.3	9.7	11.0	11.6
RoIC	7.5	12.1	10.6	10.7	12.0	12.8
FCF margin	(9.0)	39.4	1.8	23.4	16.2	17.0

Year-end	2024	2025	2026e	2027e	2028e	2029e
Gearing (%)						
Net debt/Capital	36.6	24.1	31.3	24.7	22.5	20.5
Net debt/Equity	74.0	47.5	59.3	45.1	39.3	34.3
Interest cover (x)	2.5	4.5	3.3	3.8	4.9	5.5
Net debt/EBITDA (x)	4.9	2.0	2.9	2.4	2.0	1.7

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Abacus *Arqaam Capital Fundamental Data*

Company profile

Boubyan Petrochemical Company (BPC) was established in 1995 as the first privately held company to enter the government-controlled petrochemical arena in Kuwait. BPC entered a JV with Petrochemical Industrials Company (PIC) and Union Carbide (subsequently acquired by Dow Chemical); and formed Equate Petrochemical Company– the largest petrochemical complex in Kuwait.

BPC has since evolved into an industrial holding company with investments focused on petrochemicals and the industrial/manufacturing sectors and has recently also ventured into the education and healthcare sectors. BPC's 9% stake in Equate continues to be the single largest investment in its portfolio– contributing to 2/3 of its net assets and net income in FY 23A and 55% of our core valuation

Ownership structure

Shareholders	%
Sons Mubarak Al-Dabbous Company	15.4%
Public Institution for Social Security (PIFSS)	6.0%
Ali Alghanim Sons Company	5.5%
Others	73.1

Boubyan Petrochemical

Year-end	2024	2025	2026e	2027e	2028e	2029e
Income statement (KWD'000)						
Sales revenue	82,985	102,400	105,509	105,503	107,014	108,557
Cost of sales	(52,143)	(62,665)	(67,866)	(63,596)	(64,441)	(65,303)
Gross profit	**30,842**	**39,734**	**37,643**	**41,907**	**42,573**	**43,253**
SG&A	(14,278)	(19,907)	(17,138)	(16,060)	(16,305)	(16,556)
EBITDA	**40,104**	**61,611**	**54,516**	**51,987**	**55,651**	**58,261**
Depreciation	(7,548)	(9,603)	(10,804)	(7,688)	(7,765)	(7,843)
EBIT	**32,556**	**52,008**	**43,712**	**44,299**	**47,886**	**50,419**
Interest expense	(13,105)	(11,555)	(13,212)	(11,597)	(9,762)	(9,087)
Share of results of associates & JV	11,797	9,336	11,871	9,878	10,118	10,366
Profit before tax	23,644	38,757	31,562	33,682	39,110	42,326
Taxes	(324)	(644)	(524)	(559)	(650)	(703)
Other post-tax income/(expense)	-	-	-	-	-	-
Net profit (group)	23,229	37,913	30,948	33,032	38,371	41,533
Minorities	5,554	7,770	6,343	6,770	7,864	8,512
Net profit (parent)	**17,675**	**30,143**	**24,605**	**26,262**	**30,506**	**33,020**
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**17,675**	**30,143**	**24,605**	**26,262**	**30,506**	**33,020**

Year-end	2024	2025	2026e	2027e	2028e	2029e
Balance sheet (KWD'000)						
Cash and equivalents	73,902	129,431	81,092	101,566	99,275	95,777
Receivables	84,049	33,580	33,245	32,694	32,913	33,134
Inventories	6,759	11,419	70	6,924	6,976	7,028
Tangible fixed assets	53,418	49,977	46,585	43,117	39,633	36,132
Other assets including goodwill	385,441	385,441	385,441	385,441	385,441	385,441
Total assets	**603,568**	**609,847**	**546,433**	**569,742**	**564,238**	**557,512**
Payables	34,963	57,537	4,884	37,078	37,246	37,420
Interest bearing debt	269,443	254,443	239,443	224,443	209,443	194,443
Other liabilities	-	-	-	-	-	-
Total liabilities	**304,406**	**311,980**	**244,327**	**261,521**	**246,690**	**231,863**
Shareholders equity	264,417	263,273	267,020	272,424	280,668	287,827
Minorities	34,745	34,595	35,087	35,797	36,880	37,821
Total liabilities & shareholders equity	**603,568**	**609,847**	**546,433**	**569,742**	**564,238**	**557,512**

Year-end	2024	2025	2026e	2027e	2028e	2029e
Cash flow (KWD'000)						
Cashflow from operations	**(23,739)**	**129,349**	**13,022**	**77,319**	**54,899**	**57,459**
Net capex	(4,236)	(6,162)	(7,413)	(4,220)	(4,281)	(4,342)
Free cash flow	**(27,975)**	**123,187**	**5,609**	**73,099**	**50,619**	**53,117**
Equity raised/(bought back)	-	-	-	-	-	-
Dividends paid	(31,287)	(31,287)	(20,858)	(20,858)	(22,263)	(25,861)
Net inc/(dec) in borrowings	35,000	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Other investing/financing cash flows	(13,105)	(11,555)	(13,212)	(11,597)	(9,762)	(9,087)
Net cash flow	**(38,924)**	**55,529**	**(48,339)**	**20,474**	**(2,291)**	**(3,498)**
Change in working capital	(63,519)	68,383	(40,970)	25,891	(102)	(99)

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BPCC Q3 25/26e results preview

Exhibit 1: BPCC Q3 25/26e results preview

KWD'000	Q3 26	ACe	Δ	Q3 25	y/y	Q2 26	q/q
Revenues	28,462	27,415	*3.8%*	27,041	*5.3%*	23,307	*22.1%*
Gross profit	10,319	9,749	*5.8%*	10,365	*-0.4%*	7,326	*40.9%*
EBIT	8,813	11,174	*-21.1%*	11,320	*-22.1%*	9,895	*-10.9%*
Net income	4,697	3,691	*27.3%*	7,023	*-33.1%*	3,137	*49.7%*
Gross margin	36.3%	35.6%	70	38.3%	(208)	31.4%	482
EBIT margin	31.0%	40.8%	(979)	41.9%	(1,090)	42.5%	(1,149)
Net margin	16.5%	13.5%	304	26.0%	(947)	13.5%	305

Source: Arqaam Capital Research, Company Data

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