Earnings Review

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Beyon Q3 26A Earnings Review

Resilient quarter with numbers broadly in line with ACe. Maintain Buy on cheap valuation and attractive DY.

- **Revenues climb +4% y/y arriving at BHD 128m, ahead of our estimates (+3% vs. ACe).**
- **EBITDA rises +2% y/y to BHD 46.9m, in line with ACe, on top line effect.**
- **Net income edges up +2% y/y to BHD 17m (-2% vs. ACe) on operational growth, partly offset by lower other income.**
- **BEYON BI trades at FY 26e P/E of 11x and EV/EBITDA of 6x, at a blended c.20% discount to sector. Maintain Buy.**

Q3 26A revenues climb +4% y/y to BHD 128m, beating estimates (+3% vs. ACe). Growth was led by Bahrain (+5% y/y), a welcome turnaround from the H1 decline. The growth was also supported by i) Jordan (+4% y/y), ii) Maldives (+2% y/y), and iii) Channel Islands (+1% y/y), while Other/auxiliary businesses were broadly flat (-1% y/y).

EBITDA rises +2% y/y to BHD 46.9m, in line with ACe, on top line effect, partly offset by slight margin dilution: EBITDAm came in at 37% (c.-50bps y/y) on higher i) staff costs (+6% y/y), ii) other OpEx (+5% y/y), and iii) network operating expenses (+4% y/y). ECL was also up 6% y/y Q3 26 (vs. +39% y/y in H1).

Net income edges up +2% y/y to BHD 17.0m, slightly below our estimates (-2% vs. ACe). Operational growth was further aided by contained DD&A (-3% y/y), lifting EBIT +7% y/y. We observe pressure from i) lower other income (-66% y/y), ii) higher tax (+9% y/y), and iii) minorities (+25% y/y), partly offset by higher investee income (+45% y/y), with net finance cost flat y/y.

Maintain Buy on resilient growth and cheap valuation: BEYON BI trades at FY 26e P/E of 11x and EV/EBITDA of 6x, at a blended c.20% discount to sector. Q3 numbers were broadly in line with our estimates with improved growth vs H1. DY remains attractive at 7.3% for FY 26e ACe. Maintain Buy.

BUY **BHD 0.53**

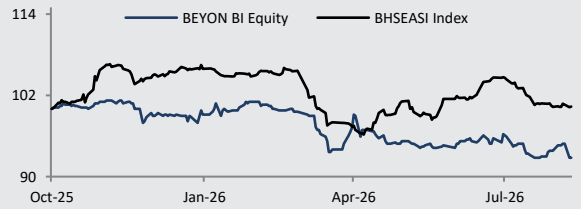
Telecom Services / Bahrain

Bloomberg code	BEYON BI
Market index	BHSEASI
Target Price	0.53
Upside (%)	18.4

Market data 11/3/2026	
Last closing price	0.45
52 Week range	0.5-0.5
Market cap (BHD m)	739
Market cap (USD m)	1,971
Average Daily Traded Value (BHD m)	0.06
Average Daily Traded Value (USD m)	0.16
Free float (%)	23

Year-end (local m)	2025	2026e	2027e	2028e
Revenues	497	504	542	598
EBITDA	188	187	200	222
Net income	71	68	74	84
EPS	0.04	0.04	0.04	0.05
EPS growth (%)	(2.0)	(4.0)	8.7	13.1
P/E (current price)	10.4	10.9	10.0	8.8
DPS	0.03	0.03	0.03	0.03
Div. yield (%)	7.3	7.3	7.3	7.7
FCF/share	0.03	0.03	0.04	0.05
FCF yield (%)	5.6	5.8	8.8	10.7
CAPEX	131	116	117	129
CAPEX/sales (%)	26	23	22	22
Net Debt/EBITDA (x)	0.8	0.9	0.9	0.7
EV/EBITDA (x)	5.6	5.6	5.3	4.8
RoAE (%)	11.3	10.5	11.0	11.8
RoIC (%)	13.8	12.9	13.4	14.3

Price Performance



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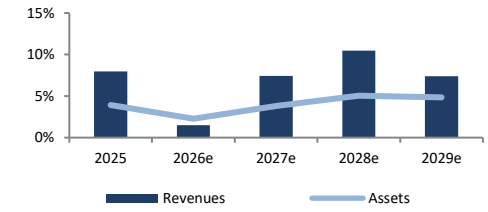
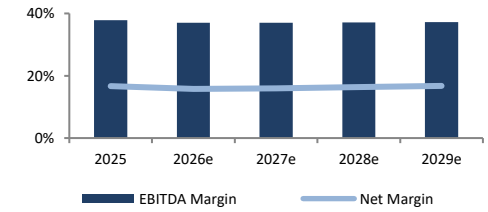
Abacus

Arqaam Capital Fundamental Data

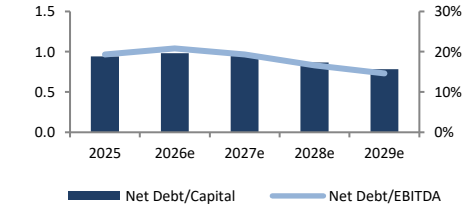
Profitability



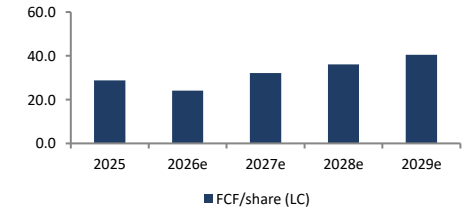
Growth



Gearing



FCF



Beyon

Year-end	2024	2025	2026e	2027e	2028e	2029e
Financial summary						
Reported EPS	0.04	0.04	0.04	0.04	0.05	0.06
Diluted EPS	0.04	0.04	0.04	0.04	0.05	0.06
DPS	0.03	0.03	0.03	0.03	0.03	0.04
BVPS	0.37	0.38	0.40	0.42	0.44	0.47
Weighted average shares	1,663	1,663	1,663	1,663	1,663	1,663
Average market cap	743	743	743	743	743	743

Year-end	2024	2025	2026e	2027e	2028e	2029e
Valuation metrics						
P/E (x) (current price)	10.2	10.4	10.9	10.0	8.8	8.0
P/E (x) (target price)	12.1	12.3	12.8	11.8	10.4	9.5
EV/EBITDA (x) (current price)	5.7	5.6	5.6	5.3	4.8	4.4
EV/EBITDA (x) (target price)	5.6	5.6	5.7	5.3	4.8	4.4
EV/FCF (x)	32.9	25.1	24.7	16.2	13.2	11.3
Free cash flow yield (%)	4.3	5.6	5.8	8.8	10.7	12.5
Dividend yield (%)	7.3	7.3	7.3	7.3	7.7	8.2

Year-end	2024	2025	2026e	2027e	2028e	2029e
Growth (%)						
Revenues	8.3	8.0	1.5	7.4	10.5	7.4
EBITDA	7.2	2.6	(0.7)	7.3	10.7	7.8
EBIT	5.3	0.7	(2.1)	7.5	11.1	8.4
Net income	1.0	(2.0)	(4.0)	8.7	13.1	10.0

Year-end	2024	2025	2026e	2027e	2028e	2029e
Margins (%)						
EBITDA	39.9	37.9	37.1	37.0	37.1	37.2
EBIT	23.8	22.2	21.4	21.4	21.5	21.7
Net	15.8	14.4	13.6	13.7	14.1	14.4

Year-end	2024	2025	2026e	2027e	2028e	2029e
Returns (%)						
RoAA	6.0	5.6	5.2	5.5	5.9	6.2
RoAE	12.1	11.3	10.5	11.0	11.8	12.2
RoIC	14.6	13.8	12.9	13.4	14.3	14.9
FCF margin	7.0	8.4	8.5	12.0	13.3	14.5

Year-end	2024	2025	2026e	2027e	2028e	2029e
Gearing (%)						
Net debt/Capital	14.4	16.9	17.8	17.1	15.5	14.0
Net debt/Equity	20.8	25.0	25.9	24.6	22.0	19.4
Interest cover (x)	6.4	5.7	5.6	5.9	6.5	7.2
Net debt/EBITDA (x)	0.7	0.8	0.9	0.9	0.7	0.6

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Abacus *Arqaam Capital Fundamental Data*

Company description

Beyon is a Bahrain-based technology group that combines telecom connectivity, digital infrastructure and emerging digital services across regional and international markets. The Connectivity business, led by Batelco by Beyon and its international operations, focuses on fixed and mobile telecoms, broadband, global connectivity, cloud and data center solutions for consumer, enterprise, government and wholesale customers. The Digital Growth portfolio, which includes Beyon Money, Beyon Solutions, Beyon Cyber and Beyon Connect, spans fintech, ICT solutions, cybersecurity and digital platforms.

Ownership and management

Major Shareholders

Bahrain Mumtalakat Holding Co.	37%
Amber Holding Ltd.	20%
Social Insurance Organization	20%
Freefloat	23%

Management

H.E. Shaikh Abdulla bin Khalifa Al Khalifa	Chairman
Andrew Kvalseth	CEO
Reem Altajer	CFO

Source: Bloomberg, Company Data

Beyon

Year-end	2024	2025	2026e	2027e	2028e	2029e
Income statement (BHD m)						
Sales revenue	460	497	504	542	598	642
Cost of sales	(166)	(180)	(183)	(197)	(219)	(236)
Gross profit	**294**	**317**	**321**	**344**	**379**	**407**
SG&A	(50)	(57)	(61)	(66)	(71)	(75)
EBITDA	**183**	**188**	**187**	**200**	**222**	**239**
Depreciation	(74)	(78)	(79)	(84)	(93)	(100)
EBIT	109	110	108	116	129	140
Interest expense	**(17)**	**(19)**	**(19)**	**(20)**	**(20)**	**(19)**
Share of results of associates & JV	2	2	2	3	3	3
Profit before tax	94	96	92	100	114	125
Taxes	(10)	(13)	(13)	(14)	(16)	(17)
Other post-tax income/(expense)	-	-	-	-	-	-
Net profit (group)	85	83	80	86	98	108
Minorities	**(12)**	**(12)**	**(11)**	**(12)**	**(14)**	**(15)**
Net profit (parent)	73	71	68	74	84	93
Arqaam adjustments (including dilution)	-	-	-	-	-	-
Arqaam Net profit	**73**	**71**	**68**	**74**	**84**	**93**

Year-end	2024	2025	2026e	2027e	2028e	2029e
Balance sheet (BHD m)						
Cash and equivalents	144	146	133	134	143	153
Receivables	165	177	182	199	223	243
Inventories	8	7	7	8	9	9
Tangible fixed assets	483	529	566	599	635	675
Other assets including goodwill	456	446	446	446	446	446
Total assets	**1,256**	**1,305**	**1,335**	**1,386**	**1,456**	**1,527**
Payables	228	236	240	259	287	309
Interest bearing debt	286	328	328	328	328	328
Other liabilities	120	105	105	105	105	105
Total liabilities	**634**	**668**	**672**	**691**	**719**	**741**
Shareholders equity	622	637	663	695	737	786
Minorities	-	-	-	-	-	-
Total liabilities & shareholders equity	**1,256**	**1,305**	**1,335**	**1,386**	**1,456**	**1,527**

Year-end	2024	2025	2026e	2027e	2028e	2029e
Cash flow (BHD m)						
Cashflow from operations	**173**	**173**	**157**	**172**	**194**	**208**
Net capex	(141)	(131)	(116)	(117)	(129)	(140)
Free cash flow	**32**	**42**	**41**	**55**	**65**	**69**
Equity raised/(bought back)	-	-	-	-	-	-
Dividends paid	(71)	(62)	(54)	(54)	(56)	(59)
Net inc/(dec) in borrowings	31	40	-	-	-	-
Other investing/financing cash flows	(19)	(19)	-	-	-	-
Net cash flow	**(101)**	**25**	**(13)**	**1**	**9**	**10**
Change in working capital	(2)	(3)	(1)	1	3	1

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Q3 26A

Revenues: BHD 128.1m (+1.8% q/q, +3.8% y/y, +2.7% vs. ACe)
EBITDA: BHD 46.9m (-5.2% q/q, +2.3% y/y, +0.0% vs. ACe)
EBIT: BHD 27.2m (-8.0% q/q, +6.7% y/y, -0.1% vs. ACe)
Net Profit: BHD 17.0m (-7.3% q/q, +1.7% y/y, -1.6% vs. ACe)

Exhibit 1: Beyon Q3 26A Results

BHDm	Q3 26A	ACe	Δ	Q3 25A	y/y	Q2 26A	q/q
Revenues	128	125	3%	123	4%	126	2%
EBITDA	47	47	0%	46	2%	49	(5%)
EBIT	27	27	(0%)	25	7%	30	(8%)
Net Profit	17	17	(2%)	17	2%	18	(7%)
EBITDA margin	37%	38%	(99 bps)	37%	(48 bps)	39%	(269 bps)
EBIT margin	21%	22%	(60 bps)	21%	59 bps	23%	(227 bps)
Net margin	13%	14%	(59 bps)	14%	(27 bps)	15%	(130 bps)

Source: Company Data, Arqaam Capital Research

Exhibit 2: Beyon Q3 26A P&L

BHDm	Q3 26A	Q3 25A	y/y
Revenues	128.1	123.4	4%
Network operating costs	(47.6)	(45.9)	4%
Staff costs	(19.1)	(18.0)	6%
ECL	(1.0)	(0.9)	6%
DD&A	(19.7)	(20.3)	(3%)
Other operating expenses	(13.6)	(12.9)	5%
EBIT	**27.2**	**25.5**	**7%**
Finance income	0.9	1.2	(22%)
Finance cost	(6.1)	(6.4)	(4%)
Other income	0.4	1.2	(66%)
Share of associates	0.7	0.5	45%
Profit before taxes	**23.1**	**21.9**	**5%**
Taxation	(3.3)	(3.0)	9%
Profit for the period	**19.8**	**19.0**	**4%**
Minority interest	(2.8)	(2.2)	25%
Net profit to shareholders	**17.0**	**16.7**	**2%**

Source: Company Data, Arqaam Capital Research

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Exhibit 3: Beyon Q3 26A Revenue by Geography

BHDm	Q3 26A	Q3 25A	y/y
Bahrain	56.3	53.4	5%
Jordan	31.0	29.7	4%
Maldives	17.8	17.4	2%
Channel Islands (Sure Group)	17.2	17.1	1%
Others	5.7	5.8	(1%)
Total revenue	**128.1**	**123.4**	**4%**

Source: Company Data, Arqaam Capital Research

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