

Company

Sharqiyah Desalination 1Q26 Result Review

Rating

Hold

Bloomberg Ticker

SHRQ OM

Date

14 April 2026

Results

Target Price OMR	0.164
Total Return	7.2%

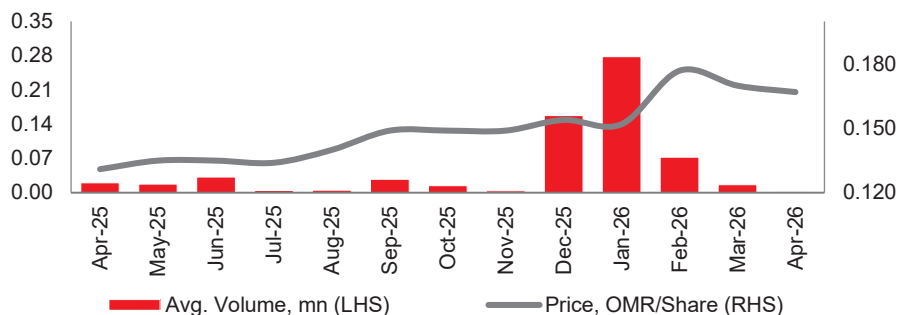
Current Market Price (OMR)	0.167
52wk High / Low (OMR)	0.185/0.122
12m Average Vol. (000)	30.75
Mkt. Cap. (USD/OMR mn)	42/16
Shares Outstanding (mn)	97.8
Free Float (%)	19.6%
3m ADTV (OMR mn)	9.2
6m ADTV (OMR mn)	8.8
P/E'26e (x)	26.3
EV/EBITDA'26e (x)	1.1
Dividend Yield '26e (%)	9.0%
Price Perf. (1m/3m) (%)	-7.2/9.9

*Market Screener

Research Department

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For our
last report



Revenue declined by 3% YoY, in line with our estimates

Sharqiyah Desalination's (SHRQ) revenue stood at OMR 2.7mn (-3% YoY and 2% QoQ) in line with U-Capital estimates

Net profit declined 31% YoY in 1Q26

Net profit for 1Q26 stood at OMR 0.1mn (-31% YoY and -40% QoQ) below U-Capital estimates. The deviation is due to higher-than-expected operating costs in 1Q26.

U-Capital View

We anticipate SHRQ's earnings to improve from 2Q26e, supported by stabilization in the revenue. Additionally, we expect the company to maintain its attractive dividend distribution of 15bz/share over the forecast horizon. At the current market price, this translates into a compelling dividend yield of 9.0%. However, notwithstanding the strong yield profile, we retain a Hold recommendation given the limited capital appreciation potential from current levels.

Financial Summary

OMR mn	1Q25	2Q25	3Q25	4Q25	1Q26	1Q26e	YoY	QoQ	Var.	FY24	FY25	YoY
P&L												
Revenue	2.8	2.7	2.7	2.6	2.7	2.7	-3%	2%	0%	12.7	10.8	-15%
Gross profit	0.9	0.9	0.9	0.9	0.8	0.9	-9%	-9%	-11%	3.9	3.5	-10%
Profit from operation	0.7	0.7	0.7	0.7	0.6	0.7	-13%	-8%	-13%	3.2	2.9	-10%
Net profit	0.1	0.2	0.1	0.1	0.1	0.1	-31%	-40%	-36%	0.6	0.5	-16%
BS												
Sh. Equity	15.3	15.2	15.3	15.4	15.5*		1%	0%		17.0	15.4	-9%
Ratios												
GPM	31.5%	33.3%	31.8%	33.2%	29.5%	33.2%				30.7%	32.4%	
OPM	26.0%	27.2%	26.2%	26.2%	23.5%	27.1%				25.1%	26.4%	
NPM	3.9%	5.6%	4.2%	4.8%	2.8%	4.4%				4.7%	4.6%	
RoE (TTM)					3.1%							
TTM P/E (x)					34.8							
Current P/B (x)					1.1							

Source: Financials, MSX, Bloomberg, U Capital Research

*Shareholders equity has been calculated as 4Q25 shareholders equity + 1Q26 net profit

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Recommendation

BUY

Greater than 10%

HOLD

Between
+10% and -10%

SELL

Lower than -10%

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