BSF Capital

Sustained Infrastructure Holding Co. (SISCO)

Rating Summary	
Recommendation	BUY
12-month Target Price	43.2
Upside/(downside)	33%
Dividend Yield	2%
Total Return	35%

Stock Details	
Last close	32.54
Market cap (SARmn)	2,655
Shares O/S (mn)	81.6
52-week high/low	38.38/23.50
Price change (YTD)	4.4%
Reuters/Bloombe	2190.SE/SISCO AB

SARmn	2025A/E	2026E	2027E
Sales	1,429	2,180	2,373
Gross Profit	715	1,065	1,181
EBITDA	700	978	1,078
Net Profit	96	163	194
EPS (SAR)	1.18	2.00	2.38
DPS (SAR)	0.80	1.25	1.50
Valuation metrics			
P/E (fwd)	27.37	16.28	13.67
EV/EBITDA (fwd)	5.45	3.89	3.50
Ratios			
Gross Margins	50%	49%	50%
EBITDA Margin	49%	45%	45%
Net Margin	7%	7%	8%
Dividend Yield	2%	4%	5%

Aqib Elahi Mehboob

+966 (11) 282 6840

amehboob@bsfcapital.sa

The recent disruption and closure of the Strait of Hormuz has created significant challenges for maritime trade flows serving the eastern coast of Saudi Arabia. Among the affected ports, King Abdulaziz Port—the country's primary gateway for containerized cargo—is likely to be particularly vulnerable to prolonged shipping disruptions. This situation may create indirect opportunities for logistics and port operators on the west coast, where TASI-listed Sustained Infrastructure Holding Company (SISCO HOLDING), could emerge as a potential beneficiary. Through its port and logistics operations on the Red Sea, SISCO may benefit from trade diversion as shipping lines seek alternative routes and ports to bypass disruptions in the Strait of Hormuz. Such a shift would enable SISCO to recover lost volumes during the Red Sea crisis more quickly in addition to a temporary increase in cargo throughput as shipping lines and Saudi Arabia activate alternate routes to cater to the needs of KSA and the GCC through the land routes via ports in the western region. In light of these developments, we have revised our port segment volume estimates and now expect Jeddah Islamic Port to recover volumes lost to eastern ports more quickly while also gaining market share. Accordingly, we have raised our target price by 15% and maintain our Buy rating with a 12-month target price of SAR 43.2/sh. The most significant risk to this thesis is disruption spreading to the Red Sea.

Shipping disruption could affect trade volumes at Saudi ports in the Persian Gulf

The recent tensions and disruptions in the Strait of Hormuz have created significant uncertainty in global maritime trade. The strait is one of the world's most critical energy and shipping chokepoints, through which a substantial share of global oil shipments and container traffic passes. The route has been closed to commercial shipping for the past few days, disrupting the movement of oil tankers and general cargo vessels. As a result, ports located on the eastern coast of Saudi Arabia—including both gateway and multipurpose ports—are expected to be negatively impacted. The closure is likely to reduce volume of goods destined for these ports. Key ports on the eastern coast that may be affected include Ras Al Khair Port, Jubail Industrial Port, Jubail Commercial Port, and King Abdulaziz Port Dammam. While all of these ports are likely to experience some impact, we believe that King Abdulaziz Port in Dammam may face the greatest challenges. This is because the port serves as the country's primary gateway for containerized cargo, particularly for the central region, making it more vulnerable to disruptions in maritime traffic through the Strait of Hormuz.

KSA ports on the East Coast handled around 41% of total trade volumes (tons) in 2024

Ports located on the eastern coast handled approximately 136mn tons of cargo in 2024, accounting for around 41.5% of the country's total port throughput. Given that a large share of trade volumes is processed through these eastern ports, disruptions to commercial shipping could lead to shortages of various goods, ranging from food products to industrial and construction materials. In addition, a significant portion of regional trade is conducted through land routes with neighboring countries. However, since port operations in many regional countries (except for Oman) are also likely to be affected by the situation in the Strait of Hormuz, trade flows through these routes may also face disruptions.

2024 Port Volumes 'K Tons	Solid bulk cargo	Liquid bulk cargo	General cargo	Containers	RO-RO	Livestock
Jeddah Islamic Port	3,181	506	2,358	40,024	665	359
King Abdulaziz Port in Dammam	12,884	-	5,589	31,670	1,726	0
King Fahd Industrial Port Jubail	17,837	45,668	21	-	-	-
Yanbu Commercial Port	3,625	318	149	-	3	2
King Fahad Industrial Port Yanbu	4,823	127,882	335	6	41	-
Jubail commercial port	2,132	298	1,477	6,691	62	-
Ras Al-Khair Port	6,949	2,764	51	-	-	-
Jazan Port	687	-	1	-	-	0
NEOM port	-	-	454	-	3,279	-
King Abdullah Port	3,425	-	322	6,039	0	-
The Port of Jazan City for Primary and Downstream Industries	530	-	37	26	-	-

**Ports located on the east coast of KSA*

Source: GASTAT

Ports on the Western Coast could see higher throughout. We highlight SISCO, a major beneficiary

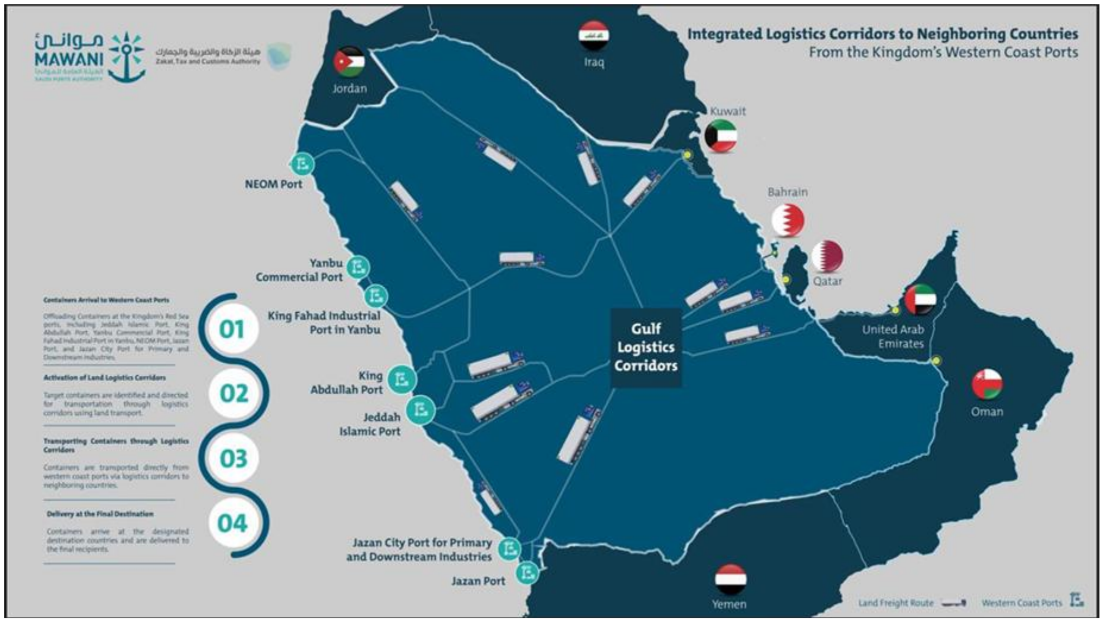
In our view, SISCO may benefit from the current situation due to its strong presence in port operations and logistics infrastructure in Saudi Arabia. The company has a container handling capacity of approximately 6.2mn TEUs, and its key operations are located on the west coast, where conditions in the Red Sea remain normal for now.

To recall, ports on the west coast saw a similar situation during the Red Sea crisis, which had a significant impact on several shipping and logistics companies, including SISCO. During that period, the company experienced a notable decline in transshipment volumes. Average transshipment volumes, which stood at around 465 thousand TEUs between 4Q21 and 4Q23, fell to an average of 356 thousand TEUs during 1Q24–4Q24. However, an increase in gateway volumes helped mitigate the negative impact of the decline in transshipment activity. Furthermore, due to the geopolitical tensions at that time, open yard occupancy levels remained relatively low. This was largely because many customers preferred short-term storage arrangements, while some chose not to renew their agreements. During that period, King Abdulaziz Port Dammam emerged as a major beneficiary, as companies began integrating the port into their supply chains as a hedge against geopolitical risks in the Red Sea.

Gateway volumes, remained resilient throughout the Red Sea crisis (+24.2% Y/Y in 2024 and -2.4% Y/Y in 9M25), however, in 9M25 gateway volume started to normalize recording a slight decline. With the current situation in the Persian Gulf, we expect SISCO's gateway volumes to jump significantly as vessels avoid sailing through the Strait of Hormuz. King Abdulaziz Port Dammam handled approximately 3.2mn TEUs in 2024, with a large share assumed to be import cargo. If vessels reduce or suspend calls at ports within the Persian Gulf, this could lead to supply shortages in the country. In our view, to maintain economic momentum and ensure the availability of essential goods, gateway cargo volumes are likely to shift toward ports located in the western region of Saudi Arabia for onward distribution across the country via land transport. Transshipment volumes, which were already on a recovery path (-26.3% Y/Y in 2024 and +3.2% 9M25), could also see further growth. Major shipping lines may increasingly use western ports as transshipment hubs to avoid passing through the Strait of Hormuz, transferring cargo onto feeder vessels for delivery to ports on the eastern coast in addition to the use of land routes. Notably, during the tensions in the Red Sea, feeder vessels played a critical role in maintaining the flow of goods across the region as major shipping lines avoided the route.

Saudi Arabia has launched logistics corridors for diverted containers

Saudi Arabia has launched an integrated logistics corridor network linking its Red Sea ports to GCC and neighboring countries through inland freight routes. the Logistics Corridors program enables containers and general cargo diverted from Eastern Province ports and other GCC gateways to be routed to western coast terminals, including Jeddah Islamic Port; King Abdullah Port; Yanbu Commercial Port; Yanbu Industrial Port; NEOM Port; Jazan Port and Jazan City Port (JCPDI). Cargo discharged at these terminals will be moved through designated trucking corridors across Saudi Arabia to destinations in Kuwait, Bahrain, Qatar, the UAE, Oman, Iraq, Jordan and Yemen, allowing shipments to bypass the Strait of Hormuz.



Shipping lines are introducing new corridors to avoid the Persian Gulf

In response to the current security environment, several major carriers, including MSC, CMA CGM, and Maersk, have already opened bookings to Saudi Red Sea ports, signaling a shift in operational focus to these strategically positioned hubs. Mediterranean Shipping Company has introduced inland cargo services to the Gulf via King Abdullah Port and Jeddah Islamic Port. Key inland destinations across the Gulf include Dammam, Riyadh, Jubail, Bahrain, Kuwait, Hamad Port, Jebel Ali Port, and Abu Dhabi.

We ran a sensitivity to evaluate the potential impact of additional transshipment volumes above our base case, assuming GCC countries route essential supplies through Saudi Arabia's western ports. For the purpose of this analysis, we classify volumes destined for GCC countries as transshipment, which generates lower revenue per TEU. Our estimates indicate that every 10% increase in transshipment volumes above the base case would increase our target price by approximately 1%. While this has a limited effect on the target price, it would raise average terminal utilization by roughly 3% over the forecast horizon.

Western port's	Capacity (mn tons)
Jeddah Islamic Port	130
Yanbu Commercial Port	14
King Fahad Industrial Port Yanbu	210
Jazan Port.	5
NEOM port	5
King Abdullah Port	72
The Port of Jazan City for Primary and Downstream Industries	5

Source: GASTAT

On the Jeddah Islamic Port, terminals operated by SISCO have a capacity to handle 6.2mn TeUs annually while terminals managed by DP world have a capacity of 4.0mn TeUs. Moreover, as per estimates, King Abdullah Port has a capacity to handle around 5.1mn TeUs.

Updating estimates to reflect the current situation

According to estimates and our discussions within the sector, around 0.5mn TEUs (Gateway) were displaced from western region ports to eastern region ports during the Red Sea crisis. With tensions persisting in the Strait of Hormuz, we expect ports on the western coast to recover the lost volumes quickly and potentially gain market share. Reflecting this backdrop, we have revised our volume estimates for Saudi Industrial Services Company (SISCO)'s ports segment by an average of ~24% for 2026–2028 and ~20% for 2029–2030. We expect volumes to remain sticky, implying meaningful upside to our forecasts. We also anticipate transshipment volumes to recover earlier than previously expected, reaching the prior peak of 1.9mn TEUs by 2027. Accordingly, we have increased our transshipment volume forecasts by an average of ~14% over the forecast horizon. Additionally, we have incorporated the recently integrated multipurpose terminals into our projections accounting for around 12% (average 2026-28) of the total port segment revenue. While further details are awaited, we have adopted conservative assumptions, drawing on the company's 4Q25 results, where management highlighted that the significant revenue increase was driven by the operationalization of these multipurpose terminals.

4Q25 result review

SAR mn	4Q25	3Q25	4Q24	Q/Q	Y/Y	2025	2024	Y/Y
Revenue	412	381	353	*8.0%*	*16.7%*	1,429	1,254	*13.9%*
Gross profit	192	180	172	*6.8%*	*12.0%*	715	641	*11.5%*
Operating expenses	-101	-77	-87	*31.7%*	*16.5%*	-288	-263	*9.3%*
Operating profit	91	103	85	*-11.6%*	*7.5%*	427	378	*12.9%*
Profit attributable to shareholders	35	17	19	*104.1%*	*79.6%*	96	-1	*NM*
Gross margin	*47%*	*47%*	*49%*	*-52 bps*	*-196 bps*	*50%*	*51%*	*-110 bps*
Operating margin	*22%*	*27%*	*24%*	*-493 bps*	*-190 bps*	*30%*	*30%*	*-25 bps*
Net margin	*8%*	*4%*	*5%*	*397 bps*	*295 bps*	*7%*	*0%*	*681 bps*

Source: Company announcement

- During 4Q25, revenue excluding accounting construction cost jumped to SAR 411.7mn, an increase of 16.7% Y/Y and 8.0% Q/Q. The increase is largely driven by the port segment, primarily due to the commencement of the multi-Purpose terminal operations and improved revenue from the international ports segment.
- The revenues for the Ports segment remained robust in 4Q25, increasing by 21.0% Y/Y to SAR 361.8mn Vs SAR 299.5mn in 4Q24. The increase is driven by the Saudi Ports segment performance, mostly from MPT, which became operational during 3Q25. Additionally, there was a positive contribution from RSGTI of 751% in 4Q25 vs 4Q24, reaching SAR 25.9mn.

- The logistics segment revenues for 4Q25 decreased by 14.6% Y/Y due to lower service revenue, which was partly offset by higher warehouse rent revenues. Kindasa's revenue increased by 8.3% Y/Y to SAR 25.4mn.
- Gross profit margin decreased 196bps Y/Y and 52bps Q/Q in 4Q25. This was mainly due to direct operating costs of MPT which affected the gross margins and gross profit in the ports segment.
- Net income to shareholders climbed to SAR 34.7mn in 4Q25, an increase of 79.6% Y/Y supported by higher gross profit and an increase in other income mainly due to the release of retention provisions of SAR 12.7mn. However, 4Q25 net income was offset by a decrease in income from equity-accounted associates, and higher costs of MPT with net impact of SAR 5.1mn. The adjusted normalized net income for 4Q25 excluding the impact of MPT and other one-off items amounting to SAR 4.5mn, is SAR 35.3mn. This represents an increase of 82.9% Y/Y and 70.5% Q/Q.

Valuation and price performance

We have adjusted our estimates and revised our volume estimates upward, keeping in view the current situation. Moreover, we have included the multi-purpose terminals in our assumptions. Resultantly, we revise our 12-month DCF target price to **SAR 43.2/sh** (24.1x 2026F EPS) from SAR 37.5/sh. Over the last twelve months, SISCO AB has outperformed TASI with a positive return of 10.9% vs TASI's return of -7.1%. This can be attributed to improved financial performance in 2025, normalization in the Red Sea and more recently the issues on the eastern coast.

SISCO was due to hold its 4Q25 results call last week, but this has been delayed indefinitely, which has been attributed to medical reasons. We should have more information and be able to finetune estimates once the call takes place.

Income Statement SAR mn	2025A	2026F	2027F	2028F
Revenue	1,429	2,180	2,373	2,481
Gross profit	**715**	**1,065**	**1,181**	**1,235**
Operating expenses	-288	-386	-409	-416
Operating profit	427	678	771	819
Profit attributable to shareholders	**96**	**163**	**194**	**214**
EPS	*1.18*	*2.00*	*2.38*	*2.62*
DPS	*0.80*	*1.25*	*1.50*	*1.50*
Gross margin	50%	49%	50%	50%
Operating margin	30%	31%	33%	33%
Net margin	7%	7%	8%	9%

DCF Valuation SAR mn	2026F	2027F	2028F	2029F	2030F
Port operations	487	568	611	632	691
Logistics	72	62	64	67	70
Water	38	31	31	32	33
FCFF	**597**	**661**	**707**	**731**	**794**
FCFF SISCO's share	**229**	**244**	**262**	**272**	**295**
Discounted FCFF	1,363				
Discounted Terminal Value	1,875				
Enterprise Value	**3,237**				
Net Debt	300				
Equity Value	**2,937**				
Portfolio value of associates- SISCO's share	587				
Total value of SISCO	**3,524**				
Shares Outstanding (mn)	81.6				
Value per share	**43.2**				

Thesis risks

- Slowdown in non-oil activities as a result of regional tensions could lead to lower imports, thus affecting gateway volumes.
- If the war continues for an extended period, the Red Sea route could witness disruptions as well, which will impact both gateway and transshipment volumes.

Rating Framework

Buy

Shares of the companies under coverage in this report are expected to outperform relative to the sector or the broader market.

Hold

Shares of the companies under coverage in this report are expected to perform in line with the sector or the broader market.

Sell

Shares of the companies under coverage in this report are expected to underperform relative to the sector or the broader market.

Important Disclaimer

Saudi Fransi Capital
(Closed Joint Stock Company Owned by Banque Saudi Fransi)

Authorized and regulated under Capital Market Authority license 11153-37. The company is operating under commercial registration 1010231217 with a paid-up capital of SAR 500,000,000.

Head Office
8092 King Fahd Road | Riyadh 12313-3735 | Kingdom of Saudi Arabia

Mailing Address
P.O. Box 23454 Riyadh 11426 | Kingdom of Saudi Arabia
Tel: +966 11 282 6666 | 800 125 9999
www.bsfcapital.sa