

Sustained Infrastructure Holding Co. (BUY, TP: SAR 45, 2190. SE) 1Q26 Results Review

SOH disruption to drive volume and earnings growth in 2026. Maintain Buy.

Sustained Infrastructure Holding Co. (SISCO AB) reported net profit of SAR 26mn (EPS: SAR 0.32) in 1Q26, compared with SAR 25mn (EPS: SAR 0.30) in 1Q25 and SAR 35mn (EPS: SAR 0.43) in 4Q25. The modest Y/Y increase in earnings was primarily supported by higher gross profit, while the Q/Q decline reflected lower other income. Revenue and gross profit recorded strong growth both Y/Y and Q/Q. Operating expenses increased compared with the same period last year but declined from the previous quarter. Despite the rise in operating expenses (Y/Y), operating profit improved both annually and sequentially. Net profit margin stood at 6.1% during the quarter.

- Revenue grew 30% Y/Y and 4% Q/Q to SAR 427mn in 1Q26, mainly driven by robust performance in the ports segment, supported by the ongoing ramp-up of Multi-Purpose Terminal (MPT) operations and increased contributions from international port activities. The logistics segment also supported growth, benefiting from the consolidation of the newly acquired Ports Services and Storage Company Limited (PSS).
- Segment-wise: Ports segment revenue increased 32.8% Y/Y to SAR 364.2mn in 1Q26, compared with SAR 274.2mn in 1Q25. On a Q/Q basis, revenue rose by SAR 2.4mn, primarily driven by stronger contributions from RSGTI. Logistics segment revenue grew 26.1% Y/Y to SAR 40.6mn in 1Q26 and recorded a strong 61.1% Q/Q increase, supported by the consolidation of PSS. Water segment revenue expanded 8.2% Y/Y in 1Q26, underpinned by a 7.3% Y/Y increase in volumes. Gross profit increased 22% Y/Y and 16% Q/Q to SAR 222mn in 1Q26. Gross margin contracted by 339bps Y/Y, primarily due to higher direct operating costs associated with the ramp-up of MPT operations. On a sequential basis, gross margin expanded by 526bps, benefiting from the absence of one-off pre-operating costs related to MPT that were incurred in the previous quarter. Operating expenses jumped 53% Y/Y to SAR 80mn, while they declined 21% Q/Q. The Y/Y rise partly affected operating profitability, which rose 9% Y/Y, while sequentially, operating profit jumped 56%. During 1Q26, finance income declined 3% Y/Y and 33% Q/Q, while finance costs increased 15% Y/Y but fell 1% Q/Q. Meanwhile, the share of profit from equity-accounted investees decreased 22% Y/Y and 28% Q/Q. Net profit increased 6% Y/Y, supported by higher gross profit and an increase in other income. However, on a sequential basis, net profit declined 25% Q/Q, primarily due to lower other income following the one-off release of retention provisions at RSGT that boosted earnings in 4Q25.
- We expect momentum to remain strong, supported by the ongoing Strait of Hormuz (SOH) disruption, which has driven a sharp increase in gateway container volumes (+35% Y/Y in April 2026, with further acceleration expected in May and June). Moreover, volumes are likely to remain strong post-resolution of the conflict as we expect a portion of the rerouted cargo flows to remain sticky. Over the longer term, the regional volume mix between the western and eastern regions is expected to gradually revert toward historical 2022–2023 levels. While we assume the conflict will be resolved this month, elevated volumes are likely to persist through 3Q26, supporting throughput, MPT utilization, and margins. Additional upside should come from higher tariffs across domestic and international operations and a recovery in Bangladesh volumes following the resolution of operational issues. Following the results, we have revised our forecasts to reflect higher tariffs and stronger MPT profitability, while also incorporating the loss of Maersk volumes to DP World and assuming volumes normalize in 4Q26 after the expected resolution of the SOH disruption. As a result, we reduced our 2026 volume forecast by 19%; however, this is largely offset by higher tariffs, improving MPT margins, and stronger contributions from Bangladesh, resulting in a 2% increase in our earnings estimates over the forecast period. We maintain our Buy rating with a 12-month target price of SAR 45 per share. At the current share price of SAR 35.5, the stock trades at 14x 2026F P/E.

Rating and Risks

We are BUY rated on SISCO with a 12-month price target of SAR 45. Upside risks include stronger-than-expected growth in gateway and transshipment volumes and faster margin expansion from higher utilization at the Multi-Purpose Terminal (MPT) and Bangladesh operations. Downside risks include weak container throughput, delays in the ramp-up of new port facilities, increased competition from regional ports, and a slowdown in global trade and economic activity.

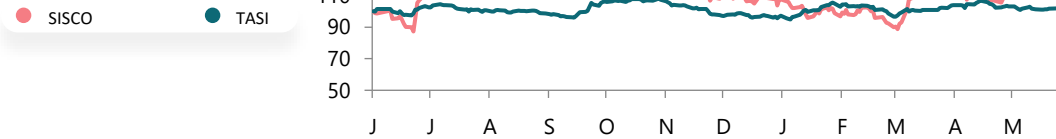
SAR mln	1Q26	4Q25	1Q25	Q/Q %	Y/Y %
Revenues	427	412	329	4%	30%
Cost of Sales	-205	-219	-147	-6%	40%
Gross Profit	222	192	182	16%	22%
Operating Expenses	-80	-101	-52	-21%	53%
Operating Profit	142	91	130	56%	9%
Net Income	26	35	25	-25%	6%
EPS	0.32	0.43	0.30	-25%	6%

Margins (%)					
Gross Margin	52.0	46.7	55.4	526 bps	-339 bps
Operating Margin	33.3	22.2	39.5	1,108 bps	-623 bps
Net Margin	6.1	8.4	7.5	-231 bps	-140 bps

Rating Summary and Forecasts

Rating Summary		Forecasts			
		12/25 A	12/26 E	12/27 E	12/28 E
Rating	Buy	Net Income (SAR mn)			
Market Price	36	96			
12-month Target Price	45	208			
Upside / Downside	28%	30			
Mkt Cap (SAR mn)	2,897	14			
52 week High/Low	SAR 38.38/ 23.50	1.2			
		1.1			
		1.0			
		0.9			
		2.6			
		2.4			
		2.7			
		0.8			
		1.3			
		1.5			
		1.5			
		4%			
		8%			
		7%			
		7%			
		2%			
		4%			
		4%			
		4%			

Price Chart



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.

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