

Healthy growth amid mega projects and vision 2030 led labor market expansion yet momentum expected to moderate; lift TP and keep “Overweight”

AlMawarid Manpower Company (AlMawarid) remains well-positioned to benefit from Saudi Arabia’s mega projects and labor market expansion, with demand fueled by initiatives such as NEOM, Red Sea, Qiddiya, and the 2034 FIFA World Cup, alongside Vision 2030-driven employment targets. The company has secured strategic contracts and delivered strong operational momentum, with revenues projected to grow at a CAGR of 13.1% through FY30 and workforce at 11.1% CAGR, led by corporate segment workforce growth of 12.5%. While margin pressure from competition will persist in the near term, gross margin is expected to stabilize at 8.8% in FY26E and recover to 9.5% by FY30E, driving operating margin improvement to 6.8%. Net income is forecast to grow at a robust 17.4% CAGR, reaching SAR 250mn by FY30E, supported by scale efficiencies and easing regulatory constraints. A debt-free balance sheet, asset-light model, and strong free cash flow outlook (>70% conversion by FY29-30E) underpin capacity for higher shareholder returns. We increase our TP to SAR 165 per share from SAR 152 and retain “Overweight” rating on the stock. AlMawarid is currently trading at FY26E P/E of 13.6x, based on our estimates.

Q3-25 earnings surged on workforce expansion driven revenue growth and operating margin improvement: AlMawarid’s net profit rose 116.3% Y/Y SAR 37.0mn in Q3-25, above AJC’s estimate of SAR 34.1mn. The deviation from our estimate was primarily due to slightly higher gross margin and lower-than-expected impairment losses. The Y/Y earnings growth was due to recording non-recurring provisions related to a particular account in Q3-24 (SAR 13mn). Adjusted net income grew 23% Y/Y. Revenue increased 23.8% Y/Y to SAR 678.8mn, in line with our estimate of SAR 678.6mn. The top-line growth was driven by 15% Y/Y growth in the average available workforce. The corporate segment led the revenue growth with 26% Y/Y increase backed by 19% Y/Y rise in workforce. The individual segment continued to showcase recovery with revenue and workforce growth of 15% Y/Y and 6% Y/Y, respectively. Within the individual segment revenue from individual contracts rose 10.8% Y/Y, while Hourly segment increased 21.1% Y/Y. GP margin expanded ~50bps Y/Y to 9.0% (AJC estimate: 8.9%) resulting in gross profit of SAR 61.2mn (+30.6% Y/Y). We believe better utilization of workforce is likely to have supported gross margin. Operating profit (before finance costs) grew 96.6% Y/Y to SAR 41.8mn (AJC estimate: SAR 39.2mn), as Q3-24 included non-recurring provisions related to a particular account worth SAR 13mn. Thus, operating margin expanded by ~230bps to 6.2%, on account of lower impairment losses, also aided by higher other income and compensating for higher SG&A expenses.

Sustained growth outlook supported by mega projects and labor market expansion but pace expected to moderate after an exceptional run: Mega initiatives such as NEOM, Red Sea, Qiddiya, and the 2034 FIFA World Cup, along with expanding tourism and hospitality sectors, are fueling unprecedented demand for skilled and semi-skilled labor. Saudi Arabia’s professional labor market is projected to grow at 8% CAGR through 2024-26, while the domestic labor market is expected to expand at 12% CAGR, driven by Vision 2030 targets for employment, women’s participation, and foreign talent inflows. AlMawarid, as a leading licensed manpower provider, is uniquely positioned to capture this surge in demand, having already secured strategic contracts including NEOM and Ministry of Tourism engagements. Against this backdrop, the company delivered a 21% Y/Y increase in average workforce in 9M-25, led by 27% growth in the corporate segment and 12% in the individual segment, driving revenue gains of 32% and 15% respectively. Although there is significant long-term potential, growth is expected to moderate on a higher base after an exponential run over the past 2–3 years. Looking ahead, revenue is expected to grow at a CAGR of 13.1% through FY30, while total workforce will expand at 11.1% CAGR. The corporate segment will drive the increase in workforce with 12.5% CAGR, supported by sustained demand from construction and hospitality, while individual and hourly segments will grow at 6.6% CAGR each, driven by rising household service needs and compliance-led hiring.

Recommendation	Overweight
Target Price (SAR)	165.0
Upside / (Downside)*	16.1%

Source: Tadawul *prices as of 16th of November 2025

Key Financials

in SAR mn, (unless specified)	FY23	FY24	FY25E	FY26E
Revenues	1,446	2,028	2,602	3,077
Growth %	53.1%	40.2%	28.3%	18.3%
Gross Profit	147	185	233	270
Net Income	89	95	137	157
Growth %	16.8%	7.5%	43.9%	14.2%
EPS	5.92	6.36	9.15	10.45
DPS	2.50	2.50	2.85	3.50

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY23	FY24	FY25E	FY26E
Gross Margin	10.2%	9.1%	8.9%	8.8%
Operating Margin	6.8%	5.5%	6.0%	5.8%
Net Margin	6.1%	4.7%	5.3%	5.1%
ROE	27.9%	25.7%	30.8%	28.6%
ROA	15.5%	12.7%	14.2%	13.4%
P/E (x)	21.1	16.6	15.5	13.6
P/B (x)	5.4	4.0	4.3	3.5
EV/EBITDA (x)	16.0	12.2	12.1	10.4
Dividend Yield	2.0%	2.4%	2.0%	2.5%

Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap (SAR bn)	2.1
YTD%	34.8%
52 weeks (High)/(Low)	157.60/103.20
Share Outstanding (mn)	15.0

Source: Company reports, Aljazira Capital Research

Price Performance



Source: Tadawul, AlJazira Capital Research

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Margin pressure from intensified competition to persist but further deterioration unlikely; gradual recovery post FY26E: Margin pressure is expected to persist in the near term as AlMawarid navigates intensifying competition. However, any major deterioration beyond current levels seems unlikely, with signs of gradual recovery post FY26E. Moreover, easing of regulations related to domestic quota of workers will provide more flexibility and efficient utilization of workforce. Gross margin, which declined from 14.6% in FY21 to 9.1% in FY24, is forecast to bottom out at 8.8% in FY26E before improving steadily to 9.5% by FY30E, supported by operational scale, technology-driven efficiencies, and gradual easing of competitive pressure. Operating margin is projected to follow a similar trend, recovering from 5.5% in FY24 to 6.8% by FY30E. Subsequently, net income is forecast to grow at a CAGR of 17.4%, reaching SAR 250mn by FY30E, aided by gradual margin expansion in addition to robust volume growth.

Debt-free balance sheet, low CAPEX intensity, and strong FCF outlook create room for higher shareholder returns in future: AlMawarid maintains a debt-free balance sheet (excluding lease liabilities), providing financial flexibility and resilience. Its workforce solutioning model is inherently asset-light, requiring minimal CAPEX, which supports robust free cash flow generation. FCF conversion is projected to exceed 70% by FY29-30E. While dividends have remained flat for the past two years, we expect a conservative FY26E dividend yield of ~2.5% at current price, assuming a 30%+ payout ratio. Importantly, there is potential for higher payouts in the medium term as FCF conversion improves and retained earnings accumulate. Additionally, the company recently announced a bonus share issuance (1:3) and a capital hike from SAR 150mn to SAR 200mn, signaling confidence in its growth trajectory and commitment to enhancing shareholder value. These factors, combined with strong cash generation, low leverage, and improving payout capacity make a compelling case for higher dividends and continued shareholder-friendly actions in the coming years.

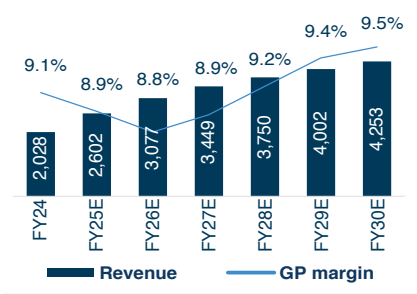
Investment thesis and valuation: AlMawarid’s long-term fundamentals remain compelling, underpinned by its leadership in Saudi Arabia’s expanding labor market, strong contract wins across mega projects, and a scalable, asset-light business model. Revenue is projected to grow at a CAGR of 13.1% through FY30, supported by workforce expansion at 11.1% CAGR, while net income is expected to rise at 17.4% CAGR to SAR 250mn by FY30E. We forecast FY25E net income to reach SAR 137mn (+43.9% Y/Y) and continue double digit growth to SAR 157mn (+14.2% Y/Y) in FY26E. Although margin pressure from competition will persist through FY26E, we anticipate stabilization at 8.8% followed by gradual recovery to 9.5% by FY30E, aided by operational efficiencies and easing regulatory constraints. A debt-free balance sheet, low CAPEX intensity, and improving free cash flow conversion (>70% by FY29-30E) provide ample room for enhanced shareholder returns. These factors position AlMawarid for sustainable growth and value creation over the medium term. However, the company has realized substantial growth potential over the past few years, and growth rate is expected to moderate. Thus, we valued AlMawarid with 50% weightage to a P/E multiple (16.0x) based on FY26E EPS and 50% weightage to DCF (WACC = 11.1% and terminal growth = 2.5%) to arrive at a blended TP of **SAR 165/ share**. We maintain our “**Overweight**” recommendation on the stock, with upside potential of 16.1%. AlMawarid is currently trading at FY26E P/E of 13.6x, based on our estimate.

Blended valuation summary

	TP (SAR)	Weight	Weighted TP
DCF	163.2	50%	81.6
P/E	167.3	50%	83.6
Blended TP			165.0
Up/Downside (%)			16.1%

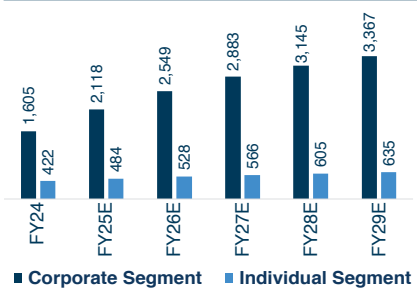
Source: AlJazira Capital Research

Revenue (SAR mn) and gross margin (%)



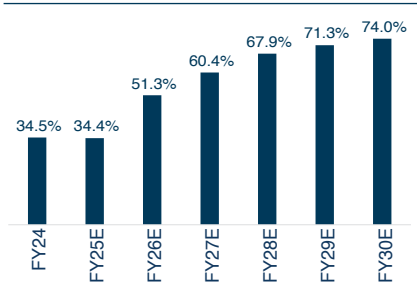
Source: Company reports, AlJazira Capital Research

Revenue by segment (SAR mn)



Source: Company reports, AlJazira Capital Research

FCF conversion rate (%)



Source: Company reports, AlJazira Capital Research


Key Financial Data

Amount in SARmn, unless otherwise specified

	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Income statement										
Revenues	664	945	1,446	2,028	2,602	3,077	3,449	3,750	4,002	4,253
Y/Y	-3.3%	42.3%	53.1%	40.2%	28.3%	18.3%	12.1%	8.7%	6.7%	6.3%
Cost	(567)	(817)	(1,116)	(1,843)	(2,369)	(2,808)	(3,142)	(3,407)	(3,626)	(3,848)
Gross profit	97	128	147	185	233	270	308	344	377	405
Gross margin	14.6%	13.5%	10.2%	9.1%	8.9%	8.8%	8.9%	9.2%	9.4%	9.5%
Sales and distribution expenses	(7)	(13)	(12)	(18)	(24)	(28)	(31)	(34)	(36)	(38)
General and administrative expenses	(23)	(30)	(33)	(39)	(46)	(55)	(60)	(65)	(68)	(71)
Operating profit	62	84	99	111	156	180	209	239	266	289
Operating margin	9.4%	8.9%	6.8%	5.5%	6.0%	5.8%	6.1%	6.4%	6.7%	6.8%
Y/Y	18.9%	34.9%	17.2%	12.2%	41.0%	15.0%	16.3%	14.2%	11.6%	8.5%
Finance expense	-	-	(2)	(6)	(8)	(9)	(11)	(13)	(15)	(17)
Income before zakat	62	84	96	105	148	170	198	226	251	272
Zakat	(7)	(8)	(10)	(9)	(11)	(14)	(16)	(18)	(20)	(22)
Net income	56	76	89	95	137	157	182	208	231	250
Y/Y	21.4%	36.5%	16.8%	7.5%	43.9%	14.2%	16.1%	13.9%	11.3%	8.3%
Net margin	8.4%	8.0%	6.1%	4.7%	5.3%	5.1%	5.3%	5.5%	5.8%	5.9%
EPS (SAR)	5.57	5.07	5.92	6.36	9.15	10.45	12.14	13.83	15.40	16.67
DPS (SAR)	2.00	1.33	2.50	2.50	2.85	3.50	4.25	5.50	6.00	6.50
Balance sheet										
Assets										
Cash & equivalent	27	55	81	104	131	178	258	370	501	656
Other current assets	303	365	419	581	715	844	939	1,010	1,067	1,122
Total current assets	330	420	500	686	846	1,022	1,197	1,380	1,568	1,778
Property plant & equipment	12	13	15	16	16	16	17	17	17	17
Other non-current assets	64	71	126	159	205	224	239	250	257	263
Total assets	405	504	642	860	1,067	1,262	1,452	1,647	1,842	2,058
Liabilities & owners' equity										
Total current liabilities	136	174	204	337	414	465	496	515	524	533
Total non-current liabilities	36	37	94	125	160	200	242	291	337	391
Paid -up capital	100	150	150	150	150	150	150	150	150	150
Statutory reserves	28	35	44	45	-	-	-	-	-	-
Retained earnings	85	108	150	203	343	447	565	690	831	984
Total owners' equity	233	293	344	398	493	597	715	840	981	1,134
Total equity & liabilities	405	504	642	860	1,067	1,262	1,452	1,647	1,842	2,058
Cashflow statement										
Operating activities	(19)	40	86	79	80	127	175	226	256	288
Investing activities	13	23	(5)	(3)	9	(6)	(7)	(7)	(7)	(7)
Financing activities	(31)	(34)	(55)	(53)	(63)	(74)	(87)	(108)	(117)	(125)
Change in cash	(37)	29	26	23	26	47	81	111	132	155
Ending cash balance	27	55	81	104	131	178	258	370	501	656
Key fundamental ratios										
Liquidity ratios										
Current ratio (x)	2.4	2.4	2.5	2.0	2.0	2.2	2.4	2.7	3.0	3.3
Quick ratio (x)	2.0	2.4	2.5	2.0	2.0	2.2	2.4	2.7	3.0	3.3
Profitability ratios										
Gross profit margin	14.6%	13.5%	10.2%	9.1%	8.9%	8.8%	8.9%	9.2%	9.4%	9.5%
Operating margin	9.4%	8.9%	6.8%	5.5%	6.0%	5.8%	6.1%	6.4%	6.7%	6.8%
EBITDA margin	11.4%	10.5%	8.2%	6.6%	6.9%	6.8%	7.0%	7.3%	7.5%	7.7%
Net profit margin	8.4%	8.0%	6.1%	4.7%	5.3%	5.1%	5.3%	5.5%	5.8%	5.9%
Return on assets	14.4%	16.7%	15.5%	12.7%	14.3%	13.5%	13.4%	13.4%	13.2%	12.8%
Return on equity	25.7%	28.9%	27.9%	25.7%	30.8%	28.8%	27.8%	26.7%	25.4%	23.6%
Market/valuation ratios										
EV/sales (x)	NM	NM	1.3	0.8	0.8	0.7	0.6	0.6	0.5	0.4
EV/EBITDA (x)	NM	NM	16.0	12.2	12.1	10.5	8.9	7.6	6.6	5.8
EPS (SAR)	5.57	5.07	5.92	6.36	9.15	10.45	12.14	13.83	15.40	16.67
BVPS (SAR)	23.3	19.5	22.9	26.5	32.8	39.8	47.7	56.0	65.4	75.6
DPS (SAR)	2.00	1.33	2.50	2.50	2.85	3.50	4.25	5.50	6.00	6.50
Market price (SAR)*	NM	NM	125	105	142	142	142	142	142	142
Market-Cap (SAR mn)	NM	NM	1,872	1,581	2,132	2,132	2,132	2,132	2,132	2,132
P/E ratio (x)	NM	NM	21.1	16.6	15.5	13.6	11.7	10.3	9.2	8.5
P/BV ratio (x)	NM	NM	5.4	4.0	4.3	3.6	3.0	2.5	2.2	1.9
Dividend yield	NM	NM	2.0%	2.4%	2.0%	2.5%	3.0%	3.9%	4.2%	4.6%

Source: Company reports, Aljazira Capital Research; *prices as of 16th of November 2025




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RATING
TERMINOLOGY

1. **Overweight:** This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. **Underweight:** This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. **Neutral:** The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. **Suspension of rating or rating on hold (SR/RH):** This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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