

## Earnings growth stemmed from robust topline and gross margin expansion

AlMawarid Manpower Company's (AlMawarid) net profit surged 74.3% Y/Y to SAR 52mn in Q1-26, above our estimate of SAR 39mn. The deviation from our estimate was primarily on account of stronger gross margin. Revenue grew 28.8% Y/Y to SAR 758mn, in line with our estimate of SAR 724mn. The topline growth was driven by 18% increase in the average workforce. Gross profit grew 46.5% Y/Y to SAR 78mn (AJBC estimate: SAR 66mn), as GP margin expanded to 10.3% from 9.1% in Q1-25 mainly supported by significant improvements in individual segment. Operating profit rose 69.1% Y/Y to SAR 58mn, beating our estimate of SAR 45mn, as the effect of gross margin expansion was amplified with comparatively steady OPEX.

- **AlMawarid's net profit** jumped 74.3% Y/Y to SAR 52mn in Q1-26, beating AJBC's estimate of SAR 39mn. The deviation from our estimate was mainly due to higher-than-expected gross margin. The net profit growth was driven by strong topline growth as well as expansion of gross margin. Sequentially, net income rose 33.2% supported by revenue growth, gross margin expansion and lower OPEX.
- **Revenue** jumped 28.8% Y/Y to SAR 758mn, in line with our estimate of SAR 724mn. The expansion of operations, evident from average workforce growth of 18% Y/Y, led the topline growth. Corporate segment revenue rose 31% Y/Y driven by an 18% Y/Y increase in the average workforce. Individual (Individual + Hourly) segment revenue increased 21% Y/Y on the back of a 19% increase in the average workforce coupled with higher utilization rates.
- **Gross profit** increased 46.5% Y/Y to SAR 78mn (AJBC estimate: SAR 66mn), as healthy revenue growth was further supported by GP margin expansion to 10.3% from 9.1% in Q1-25. The steep improvement in individual segment margin from 11% to 17% fueled the gross margin expansion.
- **Operating profit** rose 69.1% Y/Y to SAR 58mn (AJBC estimate: SAR 45mn). Operating margin expanded to 7.6% vs. 5.8% in Q1-25 and above our estimate of 6.3%. Comparatively slower OPEX growth and higher Other operating income supported operating margin expansion. The increase in Other operating income was mainly driven by higher returns on time deposits and receipts from HRDF.

**AJBC view and valuation:** AlMawarid showcased a very strong performance in Q1-26 with the highest gross margin since Q3-23. The continued expansion of operations with growing workforce indicates strong demand for the company's services. Additionally, operating efficiencies led to improvement in margins. The individual segment's performance, if continued, will reflect positively on the company's profitability, while robust corporate segment demand is expected to remain key revenue growth driver. The stock currently trades at P/E of 11.1x and a dividend yield of 3.3% based on our FY26E estimates. We maintain our "Overweight" recommendation on the stock and the TP of **SAR 123.75/share**.

## Results Summary

SAR mn	Q1-25	Q4-25	Q1-26	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
Revenue	589	719	758	28.8%	5.5%	4.8%
Gross Profit	53	67	78	46.5%	16.6%	19.1%
Gross Margin	9.1%	9.3%	10.3%	-	-	-
EBIT	34	44	58	69.1%	30.2%	27.2%
Net Profit	30	39	52	74.3%	33.2%	33.4%
EPS	1.50	1.96	2.61	-	-	-

Source: Company Reports, Aljazira Capital Research

Recommendation	Overweight
Target Price (SAR)	123.75
Upside / (Downside)*	36.8%

Source: Tadawul \*prices as of 10<sup>th</sup> of May 2026

## Key Financials

SARmn (unless specified)	FY23	FY24	FY25
Revenues	1,446	2,028	2,611
Growth %	53.1%	40.2%	28.8%
Gross Profit	147	185	236
Net Income	89	95	138
Growth %	16.8%	7.5%	45.1%
EPS	4.44	4.77	6.92
DPS	1.88	1.88	2.41

Source: Company reports, Aljazira Capital Research

## Key Ratios

	FY23	FY24	FY25
Gross Margin	10.2%	9.1%	9.0%
Operating Margin	6.8%	5.5%	5.7%
Net Margin	6.1%	4.7%	5.3%
ROE	27.9%	25.7%	31.2%
ROA	15.5%	12.7%	14.5%
P/E (x)	21.1	22.1	14.1
P/B (x)	7.3	5.3	4.0
EV/EBITDA (x)	21.3	16.1	11.7
Dividend Yield	2.0%	1.8%	2.5%

Source: Company reports, Aljazira Capital Research

## Key Market Data

Market Cap(bn)	1.8
YTD%	-7.3%
52 week (High)/(Low)	113.1/73.0
Share Outstanding (mn)	20.0

Source: Company reports, Aljazira Capital Research

## Price Performance



Source: Tadawul, Aljazira Capital Research

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