

Jarir Marketing Company

Top-line growth offset by shift to lower-margin products, slightly increasing profitability

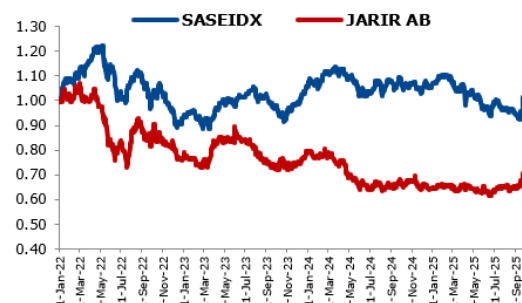
Current Price
SAR 14.08

Target Price
SAR 14.50

Upside/Downside (%)
+3 %

Rating
HOLD

- Revenue grew 11.9% YOY to SAR 2,985 Mn in 3Q25, mainly due to sales growth across computers, tablets, after-sales services, and smartphones.
- Cost of Sales increased 13.2% YOY to SAR 2,548 Mn in 3Q25. As a result, gross profit increased 5.2% YOY to SAR 436 Mn in 3Q25.
- Gross profit margin reduced 93 bps YOY to 14.6% in 3Q25.
- Net Profit rose 5.4% YOY to SAR 325 Mn in 3Q25, while the net profit margin declined 67 bps YOY to 10.9% in 3Q25.
- Contribution from e-commerce sales increased to 30% in 3Q25, up from 27% in the previous quarter.
- Announced the distribution of a cash dividend of 0.16 SAR per share, totaling SAR 192 Mn for 2Q25.



3Q25 Net Profit is higher than our estimate

Jarir Marketing Co ("JARIR", "The Company") reported a 5.4% YOY increase in net profit to SAR 325 Mn in 3Q25, higher than our estimates of SAR 315 Mn. The rise in net profit is primarily attributable to an increase in sales, partially offset by a change in sales mix towards less profitable segments, coupled with a decrease in profit margins across a few products.

P&L Highlights

The Company's revenue increased 11.9% YOY to SAR 2,985 Mn in 3Q25, due to an increase in sales of computers, tablets, after-sales services, and smartphones. On a QOQ basis, Jarir's revenue grew 12.7% YOY, primarily driven by an increase in sales across all products except smartphones due to fewer promotional offers. The Company generated 30% of its sales from e-commerce, while the remaining was generated from retail stores. Jarir experienced a substantial growth in demand for technology related products after the introduction of AI. The Cost of sales rose 13.2% YOY to SAR 2,548 Mn in 3Q25, mainly due to a change in sales mix towards less profitable products. As a result, gross profit rose 5.2% YOY to SAR 436 Mn in 3Q25. Gross profit margin declined 93 bps YOY to 14.6% in 3Q25. Furthermore, operating profit grew 4.1% YOY to SAR 346 Mn in 3Q25, while the operating profit margin reduced by 87 bps YOY to 11.6% in 3Q25. Net profit increased by 5.4% YOY to SAR 325 Mn in 3Q25. However, net profit margin decreased 67 bps YOY to 10.9% in 3Q25.

Stock Information

Market Cap (SAR, Mn)	16,896.00
Paid Up Capital (Mn)	1,200.00
52 Week High	14.56
52 Week Low	12.00
3M Avg. daily value (SAR)	20,232,060

3Q25 Result Review (SAR, Mn)

Sales	2,985
Gross profit	436
Operating profit	346
Net Profit	325

Financial Ratios

Dividend Yield (12m)	5.97
Dividend Pay-out (%)	102.26
Price-Earnings Ratio(x)	17.04
Price-to-Book Ratio (x)	10.20
Book Value (SAR)	1.38
Return-on Equity (%)	60.36

Stock Performance

5 Days	2.03%
1 Months	8.06%
3 Months	9.91%
6 Months	9.83%
1 Year	7.48%
Month to Date (MTD%)	0.93%
Quarter to Date (QTD%)	0.93%
Year to Date (YTD%)	11.22%

Target Price and Rating

We revise our rating on Jarir from ACCUMULATE to HOLD with an unchanged target price of SAR 14.50. The Company recorded a bottom-line growth of 5.4% YOY in 3Q25 mainly due to an increase in sales of different segments related to computers and tablets, smartphones, and after-sales services, with the mobile phones segment contributing the most, about 50% of revenue in 3Q25. Contribution from e-commerce sales increased to 30% in 3Q25, up from 27% in the previous quarter. Consequently, sales through the online platform rose 39% in 3Q25, offering a wide range of products while overcoming the challenge of limited space in physical stores. Jarir online platform now attracts c. 6 Mn visitors per month, reflecting growing digital reach and improving efficiency in engaging a larger customer base. The instalment programs accounted for 30% of total sales in 3Q25, recording a strong YOY growth of 37%. Additionally, the launch of trade-in offers coupled with improved after-sales services, resulted in increased sales. The Company continues its expansion strategy across the GCC region and plans to open its new stores shortly. Furthermore, Jarir will launch new initiatives to continue its momentum in 4Q25. The company announced the distribution of a cash dividend of 0.16 SAR per share, totaling SAR 192 Mn for 2Q25. Based on this, we assign a HOLD rating on the stock.

Jarir - Relative valuation

(at CMP)	2020	2021	2022	2023	2024	2025
PE	16.51	16.70	17.08	17.02	17.00	16.39
PB	9.60	9.36	9.19	9.35	10.03	9.37
EV/EBITDA	13.17	13.26	13.52	13.45	13.54	13.03
BVPS	1.438	1.474	1.501	1.476	1.376	1.473
EPS	0.836	0.827	0.808	0.811	0.812	0.842
DPS	0.785	0.750	0.795	0.835	0.830	0.846
Dividend yield	5.6%	5.3%	5.7%	5.9%	5.9%	6.0%

FABS Estimates & Co Data

Jarir - P&L

SAR Mn	3Q24	2Q25	3Q25	3Q25F	Var.	YOY Ch	QOQ Ch	2024	2025F	Change
Sales	2,667	2,648	2,985	2,733	9.2%	11.9%	12.7%	10,831	11,310	4.4%
Cost of Sales	-2,252	-2,374	-2,548	-2,345	8.7%	13.2%	7.4%	-9,506	-9,947	4.6%
Gross profit	415	274	436	388	12.4%	5.2%	58.9%	1,324	1,363	2.9%
Operating profit	332	217	346	335	3.3%	4.1%	59.3%	1,053	1,104	4.9%
Profit attributable	308	197	325	315	3.2%	5.4%	64.8%	974	1010	3.7%

FABS estimate & Co Data

Jarir - Margins

	3Q24	2Q25	3Q25	YOY Ch	QOQ Ch	2024	2025F	Change
Gross Profit	15.5%	10.4%	14.6%	-93	425	12.2%	12.1%	-18
Operating Profit	12.4%	8.2%	11.6%	-87	339	9.7%	9.8%	4
Net Profit	11.6%	7.4%	10.9%	-67	344	9.0%	8.9%	-6

FABS estimate & Co Data

Valuation:

We use Discounted Free Cash flow (DCF), Dividend Discount (DDM) and Relative Valuation (RV) to value Jarir. We have assigned 50% weight to DCF, and 25% weight to DDM and RV valuation method.

Valuation Method	Target	Weight	Weighted Value
DCF Method	15.29	50.0%	7.65
Dividend Discount Model (DDM)	15.62	25.0%	3.91
Relative Valuation (RV)	11.77	25.0%	2.94
Weighted Average Valuation (SAR)			14.50
Current market price (SAR)			14.08
Upside/Downside (%)			+3%

1) DCF Method:

Jarir is valued using free cash flow to equity. We have discounted the cash flow using the cost of equity of 8.0%. The cost of equity is calculated by using a 10-year government bond yield of 4.9%, a beta of 0.70 and an equity risk premium of 4.4%. Government bond yield is calculated after adding KSA 10-year spread over a 10-year US risk-free rate. Also, assumed a terminal growth rate of 2.5%.

Sum of PV (SAR, Mn)	4,426
Terminal value (SAR, Mn)	13,927
FV to Common shareholders (SAR, Mn)	18,353
No. of share (Mn)	1,200
Current Market Price (SAR)	14.08
Fair Value per share (SAR)	15.29

DCF Method

(All Figures in SAR Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Net income	1,010	1,055	1,070	1,097	1,124	1,153
D&A	182	182	183	184	186	188
Changes in working capital	-24	-23	-25	-24	-25	-27
Payment of lease liabilities	-114	-115	-116	-117	-118	-120
(-) Capex	-68	-70	-72	-74	-76	-78
Free Cash Flow to Equity (FCFE)	986	1,030	1,041	1,067	1,090	1,116
Discounting Factor	0.98	0.91	0.84	0.78	0.72	0.67
Discounted FCFE¹	242¹	938	878	833	788	747

Source: FAB Securities, ¹ Adjusted FCFE for partial year

2) DDM Method:

Jarir's dividend grew in line with profit, and the Company also pays regular dividends to its shareholders. Thus, we have valued Jarir using the DDM valuation method. The dividend is discounted at the cost of equity of 8.0%.

Sum of PV (SAR, Mn)	5,087
Terminal value (SAR, Mn)	13,663
FV to Common shareholders (SAR, Mn)	18,750
No. of share (Mn)	1,200
Current Market Price (SAR)	14.08
Fair Value per share (SAR)	15.62

DDM Method

(All Figures in SAR Mn)	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Dividend Paid						
1Q	228	251	254	260	267	274
2Q	195	188	190	196	203	208
3Q	289	289	296	305	311	319
4Q	303	276	276	280	287	294
Total Dividend	1,015	1,003	1,017	1,042	1,067	1,095
Discounting Factor	0.98	0.91	0.84	0.78	0.72	0.67
Present Value of Dividend	998	913	857	813	772	733

Source: FAB Securities

3) Relative Valuation:

We have used local peers to value Jarir, and it is valued using the PE multiple. The Company is valued at a 2026 PE multiple of 13.4x, in line peer median multiple.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2025F	2026F	2025F	2026F
Extra	1,864	10.7	10.0	13.9	12.5
ABDULLAH AL-OTHAIM MARKETS COMPANY	1,845	10.9	10.5	20.4	19.4
SAVOLA GROUP COMPANY	2,076	5.7	5.3	13.9	12.0
BinDawood Holding	1,697	10.0	9.1	27.6	21.5
Al Dawaa Medical Services Company	1,494	8.4	7.9	14.6	13.4
Average		9.1x	8.5x	18.1x	15.8x
Median		10.0x	9.1x	14.6x	13.4x
Max		10.7x	10.0x	20.4x	19.4x
Min		8.4x	7.9x	13.9x	12.5x

Source: FAB Securities

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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