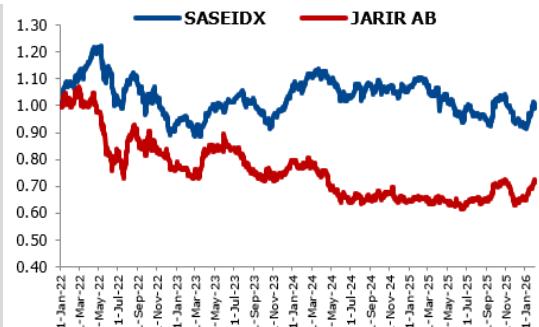


## Jarir Marketing Company

Topline strength tempered by margin pressure from mix and rising OPEX

Current Price SAR 13.90	Target Price SAR 15.50	Upside/Downside (%) +11.5%	Rating <b>ACCUMULATE</b>
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- Revenue grew 13.9% YOY to SAR 3,195 Mn in 4Q25, primarily driven by higher sales of smartphones, computers, tablets, and after-sales services.
- Net profit grew 12.5% YOY, lower than growth in gross profit which rose 14.2% YOY, mainly due to higher selling & marketing, G&A, and lower other income.
- Operating profit increased 11.1% YOY to SAR 327 Mn in 4Q25, while the operating profit margin declined 26 bps YOY to 10.2%.
- Jarir Bookstore opened a 509 square meter showroom at Inside Clock Towers Mall in Makkah Al-Mukarramah, with a total investment of SAR 6 Mn in 4Q25.
- In total, added two new showrooms in 2025 and replaced two existing showrooms with new ones.



### 4Q25 Net Profit is higher than our estimate

Jarir Marketing Co ("JARIR", "The Company") reported a 12.5% YOY increase in net profit to SAR 310 Mn in 4Q25, above our estimate of SAR 281 Mn. The rise in net profit is primarily attributable to higher revenue from smartphones, computers, and tablet sales and after-sales services, partially offset by higher selling & marketing and G&A expenses and lower other income.

### P&L Highlights

The Company's revenue increased 13.9% YOY to SAR 3,195 Mn in 4Q25, driven by higher sales in the smartphone segment, along with growth in computers, tablets, and after-sales services. Similarly, on a QOQ basis, Jarir's revenue grew 9.3% in 4Q25, mainly supported by stronger smartphone sales and continued growth in after-sales services. The cost of sales rose 13.9% YOY to SAR 2,792 Mn in 4Q25. Consequently, gross profit rose 14.2% YOY to SAR 403 Mn, with gross margin inching up by 4 bps YOY to 12.6%. However, on a QOQ basis, gross profit declined 7.6%, primarily driven by an unfavourable sales mix shift toward lower-margin segments, especially smartphones, compared with the prior quarter that benefited from higher-margin school and office supplies during the back-to-school season. Similarly, gross profit margin fell from 14.9% in 3Q25 to 12.6% in 4Q25. Furthermore, operating profit expanded 11.1% YOY to SAR 327 Mn, although the operating margin declined 26 bps YOY to 10.2% in 4Q25 due to higher selling & marketing expense, G&A expense and lower other income. Net profit increased 12.5% YOY to SAR 310 Mn, while the net profit margin narrowed by 12 bps YOY to 9.7% in 4Q25.

Stock Information	
Market Cap (SAR, Mn)	16,860.00
Paid Up Capital (Mn)	1,200.00
52 Week High	14.56
52 Week Low	12.00
3M Avg. daily value (SAR)	22,625,010

4Q25 Result Review (SAR, Mn)	
Sales	3,195
Gross profit	403
Operating profit	327
Net Profit	310
Total Equity	1,762

Financial Ratios	
Dividend Yield (12m)	6.14
Dividend Pay-out (%)	102.26
Price-Earnings Ratio(x)	16.98
Price-to-Book Ratio (x)	9.57
Book Value (SAR)	1.49
Return-on Equity (%)	56.87

Stock Performance	
5 Days	1.15%
1 Months	9.08%
3 Months	-0.35%
6 Months	9.34%
1 Year	10.11%
Month to Date (MTD%)	-1.54%
Quarter to Date (QTD%)	9.94%
Year to Date (YTD%)	9.94%

## Target Price and Rating

We revise our rating on Jarir from HOLD to ACCUMULATE with a revised target price of SAR 15.50. The Company recorded bottom-line growth of 12.5% YOY in 4Q25, primarily driven by higher sales of smartphones, computers, tablets, and after-sales services, reflecting a stronger sales performance. However, net profit expanded at a comparatively slower pace of 12.5% YOY compared with 14.2% growth in gross profit, primarily due to higher selling and marketing expenses, general and administrative costs, and lower other income. During 2025, Jarir expanded its retail footprint with new showroom openings in Jeddah (Red Sea Mall) and Makkah (Clock Towers), while also relocating stores in Jubail and Onaizah to improve operational efficiency and customer reach. Furthermore, in 4Q25, Jarir Bookstore inaugurated a 509 square meter showroom at Inside Clock Towers Mall in Makkah Al-Mukarramah, with an investment of SAR 6 Mn. It also added a new showroom in Madinah with an investment of SAR 21 Mn in January 2026. Furthermore, the outlet offers the full range of Jarir products, and its financial impact is expected to begin from 1Q26. Additionally, Jarir plans to open 6-8 new stores in 2026, supported by higher sales of AI-enabled products, an expanded video game portfolio, particularly sports titles and a broader product mix across categories, with a primary focus on online expansion. The Company competes with both traditional retail chains and digital marketplaces across its product portfolio, which continues to exert pressure on margins; however, it remained resilient, delivering strong earnings growth in 4Q25. Jarir's deferred payment methods, including Buy Now, Pay Later and instalment plans, accounted for approximately 38% of retail sales, while online channels contributed 33% of total retail revenue, reflecting the continued shift toward digital platforms alongside ongoing expansion across Saudi Arabia and the Gulf region. Additionally, Raya Holding Company plans to launch a consumer finance company in Saudi Arabia under the Aman brand, in partnership with Jarir Marketing Company and Al-Manea Trading Company, with operations expected to commence in 1Q26. The company intends to maintain its cash dividend policy, targeting distributions close to 100% of profits in the absence of debt, implying payouts exceeding SAR 1 Bn for 2025, equivalent to around 85% of paid-up capital. Jarir is expected to provide an attractive dividend yield of c. 6.4% in 2026. Based on this, we revise our rating to ACCUMULATE on the stock.

### Jarir - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	17.26	17.66	17.60	17.58	16.32	16.00
PB	9.68	9.51	9.67	10.37	9.72	9.71
EV/EBITDA	13.72	14.00	13.91	14.00	13.55	12.65
BVPS	1.474	1.501	1.476	1.376	1.468	1.469
EPS	0.827	0.808	0.811	0.812	0.874	0.892
DPS	0.750	0.795	0.835	0.830	0.836	0.892
Dividend yield	5.4%	5.7%	6.0%	6.0%	6.0%	6.4%

FABS Estimates & Co Data

**Jarir - P&L**

SAR Mn	4Q24	3Q25	4Q25	4Q25F	Var.	YOY Ch	QOQ Ch	2024	2025	Change
Sales	2,805	2,925	3,195	3,129	2.1%	13.9%	9.3%	10,619	11,365	7.0%
Cost of Sales	-2,453	-2,488	-2,792	-2,759	1.2%	13.9%	12.2%	-9,295	-9,949	7.0%
<b>Gross profit</b>	<b>353</b>	<b>436</b>	<b>403</b>	<b>370</b>	<b>8.8%</b>	<b>14.2%</b>	<b>-7.6%</b>	<b>1,325</b>	<b>1,416</b>	<b>6.9%</b>
<b>Operating profit</b>	<b>294</b>	<b>346</b>	<b>327</b>	<b>316</b>	<b>3.4%</b>	<b>11.1%</b>	<b>-5.4%</b>	<b>1,053</b>	<b>1,125</b>	<b>6.8%</b>
<b>Profit attributable to shareholders</b>	<b>275</b>	<b>325</b>	<b>310</b>	<b>281</b>	<b>10.1%</b>	<b>12.5%</b>	<b>-4.6%</b>	<b>974</b>	<b>1,049</b>	<b>7.7%</b>

FABS estimate & Co Data

**Jarir - Margins**

	4Q24	3Q25	4Q25	YOY Ch	QOQ Ch	2024	2025	Change
Gross Profit	12.6%	14.9%	12.6%	4	-231	12.5%	12.5%	-1
Operating Profit	10.5%	11.8%	10.2%	-26	-158	9.9%	9.9%	-2
Net Profit	9.8%	11.1%	9.7%	-12	-141	9.2%	9.2%	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 each to DDM and the RV valuation method.

Valuation Method	Target	Weight	Weighted Value
DCF Method	16.88	50.0%	8.44
Dividend Discount Model (DDM)	17.58	25.0%	4.39
Relative Valuation (RV)	10.66	25.0%	2.66
<b>Weighted Average Valuation (SAR)</b>			<b>15.50</b>
Current market price (SAR)			13.90
Upside/Downside (%)			+11.5%

### 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 5.5%, a beta of 0.70 and an equity risk premium of 3.6%. 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)	4,494
Terminal value (SAR, Mn)	15,758
<b>FV to Common shareholders (SAR, Mn)</b>	<b>20,252</b>
No. of share (Mn)	1,200
Current Market Price (SAR)	13.90
<b>Fair Value per share (SAR)</b>	<b>16.88</b>

### DCF Method

(All Figures in SAR Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Net income	1,070	1,122	1,178	1,225	1,276
D&A	182	182	184	186	188
Changes in working capital	-53	-38	-34	-36	-38
Payment of lease liabilities	-114	-115	-116	-118	-119
(-) Capex	-71	-74	-77	-79	-81
<b>Free Cash Flow to Equity (FCFE)</b>	<b>1,013</b>	<b>1,077</b>	<b>1,135</b>	<b>1,178</b>	<b>1,225</b>
Discounting Factor	0.93	0.86	0.80	0.74	0.69
<b>Discounted FCFE<sup>1</sup></b>	<b>944</b>	<b>930</b>	<b>907</b>	<b>873</b>	<b>841</b>

Source: FAB Securities

## 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)	4,690
Terminal value (SAR, Mn)	16,404
<b>FV to Common shareholders (SAR, Mn)</b>	<b>21,094</b>
No. of shares (Mn)	1,200
Current Market Price (SAR)	13.90
<b>Fair Value per share (SAR)</b>	<b>17.58</b>

### DDM Method

(All Figures in SAR Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
<b>Dividend Paid</b>					
1Q	268	280	294	306	319
2Q	200	210	222	233	242
3Q	308	326	345	357	372
4Q	294	305	317	329	343
<b>Total Dividend</b>	<b>1,070</b>	<b>1,122</b>	<b>1,178</b>	<b>1,225</b>	<b>1,276</b>
Discounting Factor	0.93	0.86	0.80	0.74	0.69
<b>Present Value of Dividend</b>	<b>997</b>	<b>968</b>	<b>942</b>	<b>907</b>	<b>875</b>

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 12.0x, in line with the peer median multiple.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
Extra	1,793	9.5	8.4	12.0	10.3
ABDULLAH AL-OTHAIM MARKETS COMPANY	1,598	10.0	9.5	20.4	17.2
SAVOLA GROUP COMPANY	1,903	5.0	4.8	11.9	10.9
BinDawood Holding	1,503	8.4	8.0	20.6	20.3
Al Dawaa Medical Services Company	1,161	7.0	6.8	11.6	11.1
<b>Average</b>		<b>8.0x</b>	<b>7.5x</b>	<b>15.3x</b>	<b>14.0x</b>
<b>Median</b>		<b>8.4x</b>	<b>8.0x</b>	<b>12.0x</b>	<b>11.1x</b>
<b>Max</b>		<b>9.5x</b>	<b>8.4x</b>	<b>20.4x</b>	<b>17.2x</b>
<b>Min</b>		<b>7.0x</b>	<b>6.8x</b>	<b>11.9x</b>	<b>10.91x</b>

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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