

Jarir Marketing Company

Revenue growth remains robust with smartphone segment leading the top line

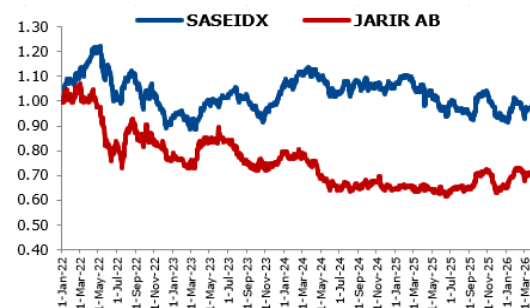
Current Price
SAR 14.83

Target Price
SAR 15.50

Upside/Downside (%)
+4.5%

Rating
HOLD

- Revenue grew 14.4% YOY to SAR 3,039 Mn in 1Q26, driven by higher sales across most segments, particularly smartphones.
- Net profit increased 16.7% YOY, supported by strong topline growth, despite higher cost of sales and elevated operating expenses.
- Distributed dividend of SAR 0.26 per share for 4Q25, taking annual dividend at SAR 0.89 per share for 2025.
- Received preliminary approval from the Saudi Central Bank to establish Rifa Integrated Company for micro-consumer finance, with a capital of SAR 50 Mn, subject to final regulatory approvals.
- Opened two new showrooms during 1Q26, including one at Al Alya Mall in Madinah and another in Al Baha, taking the total store count to 66 in Saudi Arabia (77 overall).



1Q26 Net Profit higher than our estimate

Jarir Marketing Co ("JARIR", "The Company") reported a 16.7% YOY increase in net profit to SAR 254 Mn in 1Q26, higher than our estimate of SAR 239 Mn. The rise in net profit is primarily attributable to higher revenue from smartphones, partially offset by higher cost of sales, selling & marketing, G&A, and non-operating expenses.

P&L Highlights

The Company's revenue increased 14.4% YOY to SAR 3,039 Mn in 1Q26, driven by higher sales across most segments, particularly the smartphone segment. On a QOQ basis, Jarir's revenue declined 4.9% in 1Q26, primarily due to lower sales in certain segments, especially smartphones. The cost of sales rose 14.6% YOY to SAR 2,697 Mn in 1Q26. Consequently, gross profit increased 12.9% YOY to SAR 342 Mn in 1Q26, while the gross margin declined by 15 bps YOY to 11.2% in 1Q26. On a QOQ basis, gross profit declined more sharply by 15.2%, with the gross margin falling from 12.6% in 4Q25 to 11.2% in 1Q26, primarily due to a decline in margins across certain segments compared to the previous quarter. Furthermore, although selling & marketing, G&A, and non-operating expenses (net of other income) decreased in absolute terms, they accounted for a higher proportion of gross profit, leading to a larger decline in net profit of 18.2% QOQ. Operating profit grew 14.0% YOY to SAR 269 Mn, with the operating margin at 8.8% in 1Q26. Net profit increased 16.7% YOY to SAR 254 Mn, with the net profit margin rising by 16 bps YOY to 8.3% in 1Q26. The increase in net profit was supported by a 12.9% YOY rise in gross profit, driven by higher sales. However, although selling & marketing,

Stock Information

Market Cap (SAR, Mn)	18,384.00
Paid Up Capital (Mn)	1,200.00
52 Week High	15.37
52 Week Low	12.00
3M Avg. daily value (SAR)	25,705,580

1Q26 Result Review (SAR, Mn)

Sales	3,039
Gross profit	342
Operating profit	269
Net Profit	254

Financial Ratios

Dividend Yield (12m)	5.81
Dividend Pay-out (%)	98.36
Price-Earnings Ratio(x)	17.04
Price-to-Book Ratio (x)	10.43
Book Value (SAR)	1.47
Return-on Equity (%)	59.84

Stock Performance

5 Days	6.17%
1 Months	9.51%
3 Months	12.40%
6 Months	8.73%
1 Year	20.82%
Month to Date (MTD%)	8.50%
Quarter to Date (QTD%)	8.50%
Year to Date (YTD%)	19.87%

G&A, and non-operating expenses (net of other income) increased in total, their proportion relative to gross profit declined compared to the previous year, supporting overall profitability.

Target Price and Rating

We revise our rating from ACCUMULATE to HOLD on Jarir with an unchanged target price of SAR 15.50. The Company recorded bottom-line growth of 16.7% YOY in 1Q26, primarily driven by higher sales across most segments, particularly smartphones. In 1Q26, Jarir Marketing Company obtained preliminary approval from the Saudi Central Bank to establish Rifd Integrated Company for micro-consumer finance, with a capital of SAR 50 Mn. The Company opened a new showroom at Al Alia Mall in Madinah, marking its 65th store in Saudi Arabia (76th overall), with an investment of SAR 21 Mn. It subsequently opened a showroom in Al Baha, its 66th store in Saudi Arabia (77th overall), with an investment of SAR 29 Mn. Jarir Marketing Company also opened a new showroom in Granada Mall, Riyadh, marking its 67th store in Saudi Arabia (78th overall), with an investment of SAR 24 Mn. The store is expected to contribute to financial performance from 2Q26 and represents its third opening in 2026. Additionally, the Company opened a new showroom at The Gate Mall, Kuwait, replacing Sama Mall location, with an investment of SAR 15 Mn. Total shareholders' equity rose to SAR 1,701 Mn in 1Q26 from SAR 1,686 Mn in 1Q25. The Company announced a cash dividend of SAR 312 Mn for 4Q25, equivalent to SAR 0.26 per share (26% of par value), reflecting its continued commitment to shareholder returns. During fiscal year 2026, Jarir plans to expand its footprint by opening 5–6 new showrooms. Jarir Marketing Company remains focused on maintaining a flexible strategy amid evolving consumer behaviour, inflationary pressures, and geopolitical uncertainties, with an emphasis on competitive pricing to support market share growth. The Company also continues to advance its expansion plans through geographic diversification, e-commerce development, and strengthening its wholesale and distribution network. For 2026, Jarir Marketing Company expects to deliver positive financial performance growth, supported by its flexible business model, ongoing expansion initiatives, operational efficiency, and focus on maximizing returns across all business segments. Based on this, we assign a HOLD rating on the stock.

Jarir - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	17.46	17.86	17.80	17.78	16.50	15.72
PB	9.79	9.61	9.77	9.92	9.83	9.88
EV/EBITDA	13.88	14.16	14.06	14.04	12.99	12.83
BVPS	1.474	1.501	1.476	1.454	1.468	1.461
EPS	0.827	0.808	0.811	0.812	0.874	0.918
DPS	0.750	0.795	0.835	0.830	0.890	0.918
Dividend yield	5.0%	5.3%	5.5%	5.5%	5.9%	6.1%

FABS Estimates & Co Data

Jarir – P&L

SAR Mn	1Q25	4Q25	1Q26	1Q26F	Var	YOY Ch	QOQ Ch	2025	2026F	Change
Sales	2,657	3,195	3,039	2,851	6.6%	14.4%	-4.9%	11,365	12,217	7.5%
Cost of Sales	-2,354	-2,792	-2,697	-2,523	6.9%	14.6%	-3.4%	-9,949	-10,734	7.9%
Gross profit	303	403	342	328	4.2%	12.9%	-15.2%	1,416	1,484	4.8%
Operating profit	236	327	269	257	4.7%	14.0%	-17.8%	1,125	1,171	4.1%
Profit attributable	217	310	254	239	6.0%	16.7%	-18.2%	1,049	1,102	5.0%

FABS estimate & Co Data

Jarir - Margins

	1Q25	4Q25	1Q26	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	11.4%	12.6%	11.2%	-15	-136	12.5%	12.1%	-32
Operating Profit	8.9%	10.2%	8.8%	-3	-139	9.9%	9.6%	-31
Net Profit	8.2%	9.7%	8.3%	16	-135	9.2%	9.0%	-21

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	16.02	50.0%	8.01
Dividend Discount Model (DDM)	17.23	25.0%	4.31
Relative Valuation (RV)	12.75	25.0%	3.19
Weighted Average Valuation (SAR)			15.50
Current market price (SAR)			14.83
Upside/Downside (%)			+4.5%

1) DCF Method:

Jarir is valued using free cash flow to equity. We have discounted the cash flow using the cost of equity of 8.3%. 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 4.1%. 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)	4,158
Terminal value (SAR, Mn)	15,067
FV to Common shareholders (SAR, Mn)	19,225
No. of share (Mn)	1,200
Current Market Price (SAR)	14.83
Fair Value per share (SAR)	16.02

DCF Method

(All Figures in SAR Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Net income	1,102	1,150	1,216	1,265	1,308
D&A	184	186	188	191	195
Changes in working capital	-335	-40	-44	-40	-34
Payment of lease liabilities	-108	-110	-113	-115	-117
(-) Capex	-90	-94	-98	-102	-105
Free Cash Flow to Equity (FCFE)	752	1,091	1,150	1,199	1,246
Discounting Factor	0.94	0.87	0.81	0.74	0.69
Discounted FCFE	533¹	952	926	892	855

Source: FAB Securities, ¹Adjusted 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 8.3%.

Sum of PV (SAR, Mn)	4,862
Terminal value (SAR, Mn)	15,812
FV to Common shareholders (SAR, Mn)	20,674
No. of shares (Mn)	1,200
Current Market Price (SAR)	14.83
Fair Value per share (SAR)	17.23

DDM Method

(All Figures in SAR Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Dividend Paid					
1Q	275	287	304	316	327
2Q	206	215	229	240	248
3Q	317	335	356	368	381
4Q	303	312	327	340	352
Total Dividend	1,102	1,150	1,216	1,265	1,308
Discounting Factor	0.94	0.87	0.81	0.74	0.69
Present Value of Dividend	1,041	1,003	979	940	898

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 P/E multiple of 13.9x, in line with the peer median multiple.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
Extra	1,614	9.8	8.4	11.9	10.3
ABDULLAH AL-OTHAIM MARKETS COMPANY	1,504	10.8	9.6	24.1	18.9
SAVOLA GROUP COMPANY	2,154	6.0	5.6	13.9	12.5
BinDawood Holding	1,633	9.2	8.7	23.6	21.8
Al Dawaa Medical Services Company	1,196	7.1	6.9	12.1	11.3
Average		8.6x	7.8x	17.1x	14.9x
Median		9.2x	8.4x	13.9x	12.5x
Max		9.8x	8.7x	23.6x	18.9x
Min		7.1x	6.9x	12.1x	11.3x

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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