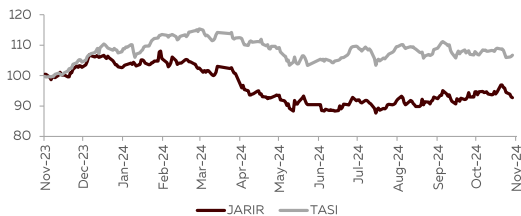


## Jarir Marketing Co. (JARIR)

Recommendation	Buy
Current Market Price (SAR)	12.8
52wk High / Low (SAR)	16.0/12.4
Mkt. Cap. (USD/SAR Mn)	4,119/15,456
Shares Outstanding (mn)	1,200.0
Free Float (%)	94.4%
3m Average Vol. (000)	1,936.9
3m Avg Daily Turnover (SAR'000)	25,328
Dividend Yield '24e (%)	4.6%
P/E'24e (x)	21.8
EV/EBITDA'24e (x)	17.8

Source: Bloomberg

## Relative Price Performance



## Key Indicators

SAR (mn)	2022	2023	2024e	2025e
Revenue	9,392	10,595	11,093	11,835
Gross profit	1,287	1,276	1,298	1,391
Gross margin (%)	14%	12%	12%	12%
EBIT	1,019	1,045	982	1,065
EBIT margin (%)	11%	10%	9%	9%
EBITDA	1,186	1,228	1,167	1,253
EBITDA margin (%)	13%	12%	11%	11%
Net Income	970	973	953	1,034
Net margin (%)	10%	9%	9%	9%
EPS (SAR)	0.81	0.81	0.79	0.86
RoE (%)	54%	55%	51%	0%

Source: Company Reports, Yaqeen Capital

## Major Shareholders (%)

Jarir Investment Trading Co.	21.84%
Abdulkarim Bin Abdulrahman Nasar Algil	3.20%
Muhammad Bin Abdulrahman Nasar Alagil	2.20%

Source: Bloomberg, Yaqeen Capital

## Earnings rise amid better margins and higher other income

- JARIR's net income increased by 4.0% YoY to SAR 308mn in 3Q2024, driven by higher gross profit from improved smartphone margins and increased other income, despite higher selling, marketing, administrative, and non-operating expenses. QoQ, net income surged by 80.2%, supported by a favorable sales mix shift toward higher-margin sections, better smartphone profit margins due to vendor discounts, controlled expense growth relative to gross profit, and increased other income. The net income margin rose by 0.3ppts YoY and 5.1ppts QoQ to 11.6%.
- Revenue grew by 1.0% YoY to SAR 2,667mn in 3Q2024, primarily due to increased sales in the computers and tablets and smartphones sections. On a QoQ basis, revenue rose by 0.6%, driven by higher sales in the computers and tablets, school and office supplies, and computer supplies sections. However, the growth was partially offset by a decline in smartphone sales, following significant promotions in the previous quarter.
- Gross profit rose by 7.9% YoY (+58.0% QoQ) to SAR 415mn in 3Q2024, reflecting higher sales and lower cost of sales. The gross profit margin improved by 1.0ppts YoY and 5.6ppts QoQ to 15.5%.
- Operating income increased by 5.0% YoY (+75.7% QoQ) to SAR 332mn in 3Q2024, driven by higher gross profit and increased other income, despite a rise in selling, marketing, and administrative expenses. The operating profit margin improved by 0.5ppts YoY and 5.3ppts QoQ to 12.4%.
- In 9M2024, net income fell slightly by 0.2% YoY to SAR 699mn, as higher gross profit and other income were offset by increased selling, marketing, administrative, and non-operating expenses. The net income margin declined by 0.2ppts to 8.8%.
- In 9M2024, revenue rose by 2.2% YoY to SAR 7,966mn, mainly due to higher sales in the smartphones and computers and tablets sections.

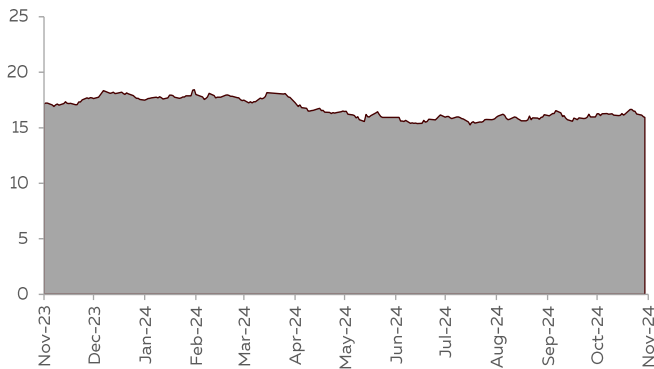
**Outlook & Valuation:** Saudi Arabia's young, growing population and rising incomes, supported by Saudization and increased female workforce participation, drive demand for electronics and stationery. Combined with Jarir's store expansion, these factors position the company for medium- to long-term growth. Despite challenges like competition and digitalization affecting stationery demand, revenue and net income are expected to grow. Based on DCF valuation (100% weight), we arrive at a fair value of SAR 16.0/share, offering an upside of 24.8% from the current level. Hence, we recommend a Buy rating on the stock.

## Financial Summary

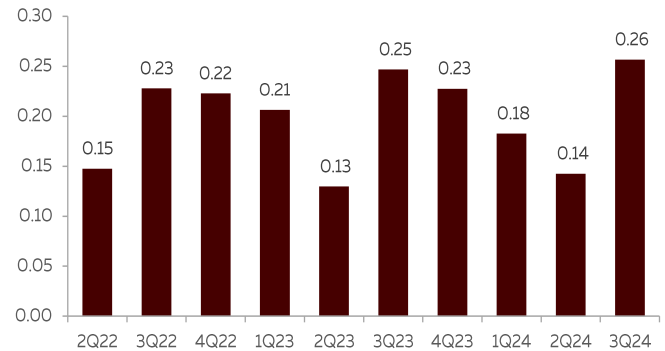
SAR (mn)	3Q2024	3Q2023	YoY	2Q2024	QoQ
Revenue	2,667	2,639	1%	2,650	1%
Gross profit	415	384	8%	262	58%
Gross margin (%)	16%	15%		10%	
EBIT	332	316	5%	189	76%
EBIT margin (%)	12%	12%		7%	
EBITDA	377	362	4%	231	63%
EBITDA margin (%)	14%	14%		9%	
Net Income	308	296	4%	171	80%
Net margin (%)	12%	11%		6%	
EPS (SAR)	0.26	0.25	4%	0.14	80%

Source: Company Reports, Yaqeen Capital

### Price to Earnings Ratio Trend



### EPS (SAR) Trend



## Rating Methodology

**Buy:** The Target share price exceeds the current share price by  $\geq 10\%$

**Hold:** The Target share price is either more or less than the current share price by  $10\%$

**Sell:** The Target share price is less than the current share price by  $\geq 10\%$

## Disclaimer

Research report has been prepared by Yaqeen Capital, Riyadh, Saudi Arabia. It has been prepared for the general use of Yaqeen Capital's clients and may not be altered, redistributed, retransmitted, or disclosed, in whole or in part, or in any form or manner, without the express written consent of Yaqeen Capital. Receipt and review of this research document constitute your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained in this document prior to public disclosure of such information by Yaqeen Capital. The information contained was obtained from various public sources believed to be reliable, and Yaqeen Capital makes no representations or warranties (express or implied) regarding the data and information provided and does not represent that the information content of this document is complete, or free from any error, not misleading, or fit for any particular purpose. This research document provides general information only, but we do not intend to provide personal investment advice and did not constitute an offer or an invitation to make an offer, to buy/ sell/ hold any securities or other investment products, and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report.

Investors should seek financial, legal or tax advice regarding the appropriateness of investing in any securities, other investment or investment strategies discussed in this document and should understand that statements regarding future prospects may not be realized. Investors should note that the securities or other investments, if any, may fluctuate and that the price or value of such securities and investments may rise or fall. Fluctuations in exchange rates could have adverse effects on the value of or price of, or income derived from, certain investments. Accordingly, investors may receive back less than originally invested. Yaqeen Capital or its subsidiaries may own securities in one or more of the aforementioned companies, and/or indirectly through funds managed by third parties. The Investment Banking Group of Yaqeen Capital maybe in the process of soliciting or executing fee earning mandates for companies that is either the subject of this document or is mentioned in this document. Yaqeen officers (including research analysts) or Board of directors may have a financial interest in securities of the issuer(s) or related investments, including long or short positions in securities, warrants, futures, or other financial instruments. Yaqeen Capital and employees shall not be liable for any direct, indirect or consequential loss or damages that may arise, directly or indirectly, from any use of the information contained in this report.

Yaqeen Capital is a closed joint stock company licensed by the Saudi Arabian Capital Market Authority, License No (06020-37) to provide services in Dealing, Custody, Managing, Arranging and Advising.