

**Target Price: SAR16.5/share**  
Current Price: SAR12.82/share  
Upside: 29% (+Div. Yield: 6.5%)  
**Rating: Overweight**

## Jarir Marketing Company (Jarir)

### 1Q25 results in line; Maintain TP at SAR16.5/sh.

- 1Q25 results largely in line with top-line rising 2.7% y/y on increased smartphones sales and after sales service and earnings dropping slightly on higher OPEX.
- Earnings are likely to grow steadily at 4.2% CAGR over 2024-28e on healthy top-line and lower financing costs, offsetting ongoing margin pressure.
- Our blended 1-year forward TP remains at SAR16.5/share, with an Overweight rating and an upside of 29%.

**1Q25 results largely in line:** Jarir's top line grew by 2.7% y/y to SAR2,720mn, in line with our SAR2,713mn estimate (Figure 2), primarily driven by 1% growth in total sales, led by the smartphones and after sales services segments. During the quarter, Jarir also opened two new showrooms in Jeddah and Al Jubail and closed one in Al Jubail, bringing its total network to net 73 locations. Further, gross profit remained steady at SAR303mn, implying an unchanged 11.1% margin and aligning with our SAR304mn estimate, showing solid stability. However, operating profit dipped slightly to SAR236mn (-0.8% y/y; largely in line), with the corresponding margin contracting to 8.7% from 9.0% in the same period last year, primarily due to higher selling and marketing expenses. As a result, net income declined 0.9% y/y to SAR217mn, broadly in line with our SAR221mn estimates (consensus: SAR232mn).

**Roadmap:** Post in line 1Q25 results, we are reaffirming our medium-term revenue forecast, projecting a 3.2% CAGR from 2024-28e (+3.7% growth expected vs 5% guidance for 2025e), aided by the showroom expansion across Saudi & GCC countries (4-6 guidance for 2025e), along with relatively stable revenue per showroom. Jarir is also accelerating its service segment expansion with 10 Apple maintenance centers already opened in 2024 and additional 6 more facilities likely to be launched in 2025 (5 for Apple products, 1 for Samsung). Furthermore, Jarir recently signed an agreement to establish its own financing subsidiary (likely to begin in 2026) amid rising demand for BNPL services, unlocking new opportunities & likely easing pressure on margins, mainly on the smartphones. Nonetheless, we expect gross and operating margins to remain under pressure in the near-term from intensified competition, promotional activity, and shifting consumer preferences towards non-traditional retail.

Figure 1: Key financial metrics

SARmn	2023a	2024a	2025e	2026e
Revenue	10,595	10,831	11,236	11,577
Revenue growth	12.8%	2.2%	3.7%	3.0%
Gross Profit	1,276	1,324	1,349	1,402
Gross Profit margin	12.0%	12.2%	12.0%	12.1%
EBITDA	1,209	1,215	1,275	1,331
Op. income	1,045	1,053	1,076	1,128
Net profit	973	974	1,004	1,059
Net profit margin	9.2%	9.0%	8.9%	9.1%
EPS (SAR)	0.81	0.81	0.84	0.88
DPS (SAR)	0.83	0.83	0.84	0.88
P/E	15.8x	15.8x	15.3x	14.5x

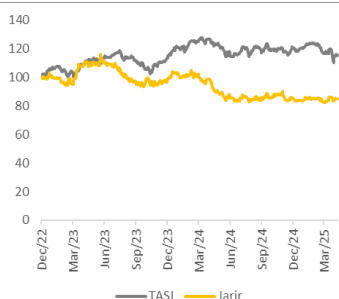
Source: Company data, GIB Capital

#### Stock data

TASI ticker	4190
Mcap (SARmn)	15,384
Trd. Val (3m) (SARmn)	20.7
Free float	72.6%
QFI holding	13.3%
TASI FF weight	0.67%

Source: Bloomberg

#### Prices indexed to 100



Source: Bloomberg

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Accordingly, we expect Jarir's average gross and operating margins to remain stable at ~12.2% and ~9.8% (broadly unchanged) respectively over 2024-28e. This, coupled with likely lower financial costs, is expected to drive earnings growth to 4.2% CAGR over the same period.

**Robust dividends to continue:** On shareholder returns, Jarir has historically distributed between 95% and 102% of earnings as dividends. Given its strong free cash flow profile, healthy balance sheet and low leverage, we anticipate a sustained payout ratio of around 100% over the medium term, translating to a DPS of SAR0.84/share for 2025e and SAR0.88/share for 2026e, implying an industry-leading dividend yield of 6.5-6.9%.

**Valuation and risks:** We value Jarir using a blended valuation approach with an equal mix of DCF and P/E multiple. As for DCF, based on a WACC of 9%, we derive SAR16.9/share as the DCF-based 1-year forward target price. For relative valuation, we apply a multiple of 18x on 2025e EPS and arrive at a 1-year forward target price of SAR16.2/share. Overall, our blended 1-year forward TP remains at SAR16.5/share, with an Overweight rating and an upside of 29%.

Key downside risks are global recessions/demand weakness, a structural shift to online education models, aggressive competition, entry of newer online players, global supply chain issues, and one-sided related party transactions.

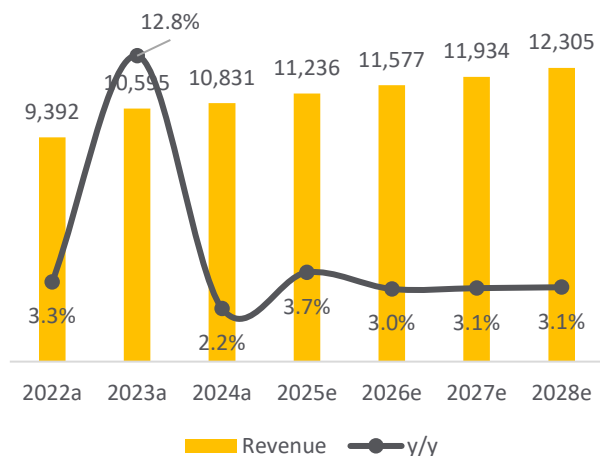
Figure 2: 1Q25 results summary

SARmn	1Q25	1Q24	y/y %	4Q24	q/q %	GIBC est.	Variance %
<b>Revenues</b>	<b>2,720</b>	<b>2,650</b>	<b>2.7%</b>	<b>2,864</b>	<b>-5.0%</b>	<b>2,713</b>	<b>0.2%</b>
Cost of sales	2,418	2,355	2.6%	2,512	-3.8%	2,410	0.3%
<b>Gross profit</b>	<b>303</b>	<b>295</b>	<b>2.7%</b>	<b>353</b>	<b>-14.2%</b>	<b>304</b>	<b>-0.4%</b>
Opex	67	57	17.1%	58	14.7%	65	3.7%
<b>Operating profit</b>	<b>236</b>	<b>238</b>	<b>-0.8%</b>	<b>294</b>	<b>-19.9%</b>	<b>239</b>	<b>-1.5%</b>
<b>Net income</b>	<b>217</b>	<b>219</b>	<b>-0.9%</b>	<b>275</b>	<b>-21.1%</b>	<b>221</b>	<b>-1.7%</b>
<b>Margins</b>							
Gross margin	11.1%	11.1%		12.3%		11.2%	
Operating margin	8.7%	9.0%		10.3%		8.8%	
Net margin	8.0%	8.3%		9.6%		8.1%	

Source: Company data, GIB Capital

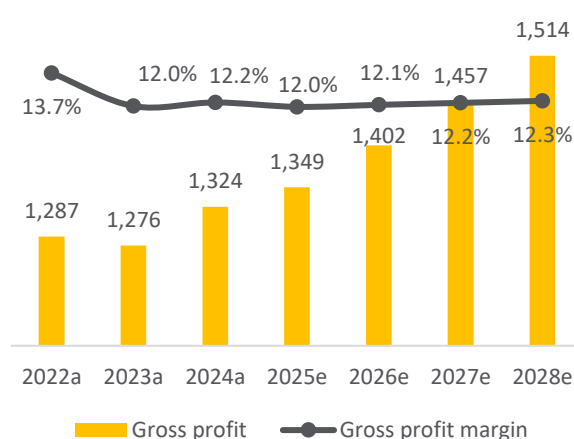
## Financial analysis in charts

Figure 1: Revenue trend (SARmn)



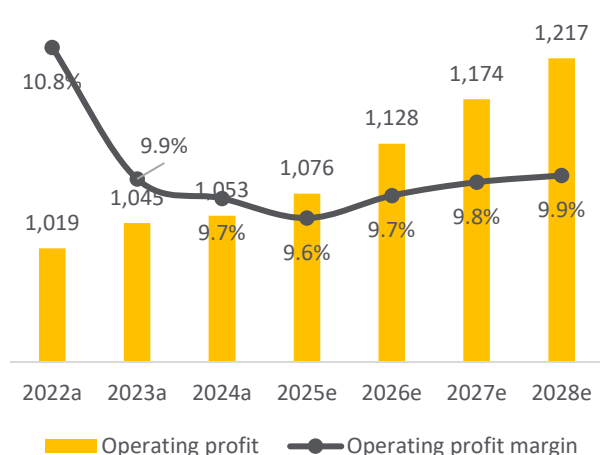
Source: Company data, GIB Capital

Figure 2: Gross profit and gross margin trend (SARmn)



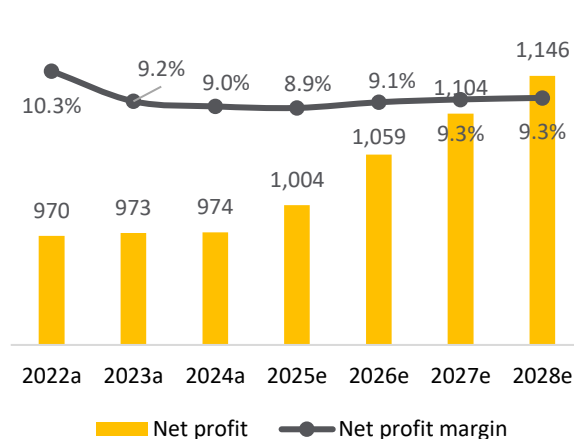
Source: Company data, GIB Capital

Figure 3: Operating profit and operating margin trend (SARmn)



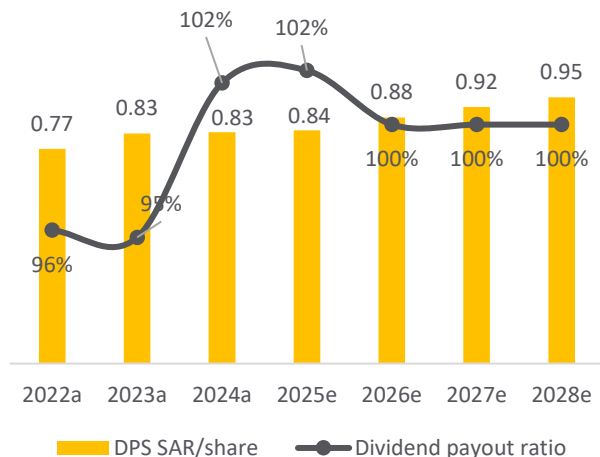
Source: Company data, GIB Capital

Figure 4: Net income trend (SARmn)



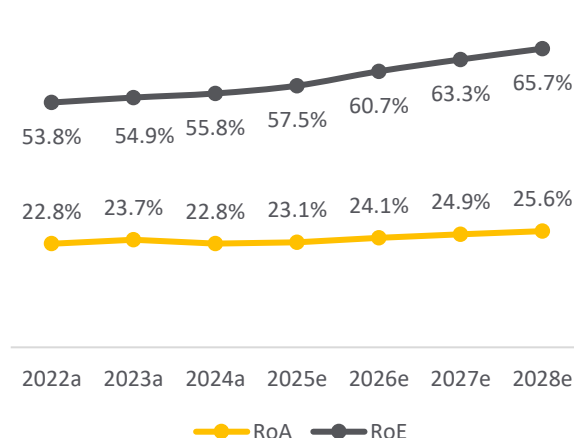
Source: Company data, GIB Capital

Figure 5: Dividend trend



Source: Company data, GIB Capital

Figure 6: RoA and RoE trend



Source: Company data, GIB Capital

## Financials

Figure 7: Summarized basic financial statements (SARmn)

Income statement	2023	2024	2025e	2026e
<b>Revenue</b>	<b>10,595</b>	<b>10,831</b>	<b>11,236</b>	<b>11,577</b>
Revenue y/y	12.8%	2.2%	3.7%	3.0%
COGS	9,319	9,506	9,886	10,176
<b>Gross Profit</b>	<b>1,276</b>	<b>1,324</b>	<b>1,349</b>	<b>1,402</b>
Gross Profit margin	12.0%	12.2%	12.0%	12.1%
Sales & Marketing	167	203	199	205
G&A	136	144	148	145
<b>Operating profit</b>	<b>1,045</b>	<b>1,053</b>	<b>1,076</b>	<b>1,128</b>
Operating margin	9.9%	9.7%	9.6%	9.7%
Finance costs	(47)	(52)	(46)	(41)
<b>Net income</b>	<b>973</b>	<b>974</b>	<b>1,004</b>	<b>1,059</b>
Net margin	9.2%	9.0%	8.9%	9.1%
y/y	0.3%	0.1%	3.1%	5.5%
<b>EPS</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>
DPS	0.8	0.8	0.8	0.9
Payout	102%	102%	100%	100%
<b>EBITDA</b>	<b>1,209</b>	<b>1,215</b>	<b>1,275</b>	<b>1,331</b>

Balance Sheet	2023	2024	2025e	2026e
Inventories	1,648	1,817	1,889	1,945
Accounts and Notes Receivable	221	174	180	186
Prepaid Expenses and Other	292	326	326	326
Cash and Equivalents	50	33	127	232
<b>Total Current Assets</b>	<b>2,211</b>	<b>2,349</b>	<b>2,522</b>	<b>2,688</b>
Right of Use Assets	583	627	653	653
Property Plant & Equipment - Net	995	995	875	752
<b>Total Non-Current Assets</b>	<b>1,899</b>	<b>1,924</b>	<b>1,830</b>	<b>1,706</b>
<b>Total Assets</b>	<b>4,110</b>	<b>4,273</b>	<b>4,352</b>	<b>4,394</b>
Current Liabilities	1,572	1,736	1,784	1,820
Non-current Liabilities	767	792	823	829
Equity	1,772	1,745	1,745	1,745
<b>Total Equity and Liabilities</b>	<b>4,110</b>	<b>4,273</b>	<b>4,352</b>	<b>4,394</b>
BVPS	1.5	1.5	1.5	1.5

Cashflow	2023	2024	2025e	2026e
Cashflow from Operations	689	1,133	1,180	1,245
Cashflow from Investing	-65	-63	-80	-80
Cashflow from Financing	-1,098	-1,064	-1,006	-1,059
<b>Total Cashflows</b>	<b>-474</b>	<b>7</b>	<b>94</b>	<b>106</b>

Source: Company data, GIB Capital

Figure 8: Key ratios

Key ratios	2023	2024	2025e	2026e
Profitability ratios				
RoA	24%	23%	23%	24%
RoE	55%	56%	58%	61%
Sales/Assets	258%	253%	258%	263%
Net margin	9.2%	9.0%	8.9%	9.1%
Liquidity ratios				
Current Assets/ Current Liabilities	1.4	1.4	1.4	1.5
Receivable Days	8	6	6	6
Inventory Days	65	70	70	70
Payable days	43	46	46	46
Debt ratios				
Net Debt/EBITDA (w/o IFRS liab.)	0.0	0.0	-0.1	-0.1
Net Debt/EBITDA (w/ IFRS liab.)	0.5	0.6	0.5	0.4
Debt/Assets (w/o IFRS liab.)	0.0	0.0	0.0	0.0
Debt/Equity (w/o IFRS liab.)	0.0	0.0	0.0	0.0
Valuation ratios				
P/E	15.8	15.8	15.3	14.5
P/B	8.7	8.8	8.8	8.8
EV/EBITDA	13.5	13.4	12.8	12.2
Div. yield	6.4%	6.5%	6.5%	6.9%

Source: Company data, GIB Capital

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