

Target Price: SAR18.2/share
Current Price: SAR17.05/share
Upside: 6.8% (+Div. Yield: 6.1%)
Rating: Neutral

Jarir Marketing Company (Jarir)

In-line 3Q26 earnings; fundamentals intact with strong yield

- 3Q26 revenue rose 7.8% y/y, led by smartphone and electronics sales; earnings grew 15.1% y/y (in line) supported by 90bps GPM expansion and higher other income.
- Resilient core revenue growth and incremental JV contributions should sustain profitability. We raise our 2025–28e net profit CAGR to 7.9% (from 7.3%).
- We remain positive on Jarir and raise our blended 1-year forward TP to SAR18.2/sh (SAR17.5/sh earlier) but maintain our Neutral rating post the ~33% YTD rally.

3Q26 results: Jarir reported revenues of SAR3,153mn, up 7.8% y/y, vs our SAR3,352mn estimates. This was supported by growth across all segments, particularly smartphones and electronics, with a 6% y/y increase in average basket size, along with 8% y/y sales increase in GCC markets. Meanwhile, gross profit outpaced revenue growth, rising 14.4% y/y to SAR499mn, driven by robust sales momentum and a favorable shift in the product mix towards higher-margin school supplies and books. The gross margin expanded to 15.8% from 14.9% in 3Q25. Consequently, net profit grew by 15.1% y/y to SAR374mn, in-line with our estimate of SAR377mn, supported by a rise in other income and a slight decline in finance costs, leading to expansion in net profit margin to 11.9% from 11.1% in 3Q25.

Strong market positioning and footprint expansion underpin revenue growth... Jarir's outlook remains positive, aided by its strong market position across Saudi Arabia and the GCC, resilient consumer demand, and continued showroom expansion. The company delivered solid 9M26 results, with revenue growing 9.7% y/y to ~SAR9.0bn, with e-commerce sales growing to 34% of total sales (vs. 29% in 9M25). Physical showrooms remain Jarir's primary sales channel, with the company opening 5 new showrooms in Saudi Arabia and relocating two existing stores in Kuwait and Jeddah during 9M26, bringing its network to 80 showrooms. We expect to end 2026 with 82 showrooms, which should support further top-line growth. Accordingly, we slightly raise our 2025–28e revenue CAGR forecast to 6.2% from 5.8%, reflecting better-than-expected revenue per showroom (+3.7% y/y in 9M26), and a growing contribution of e-commerce.

Figure 1: Key financial metrics

SARmn	2024a	2025a	2026e	2027e	2028e
Revenue	10,619	11,365	12,357	13,065	13,607
Revenue growth	0.2%	7.0%	8.7%	5.7%	4.2%
Gross Profit	1,324	1,416	1,605	1,684	1,767
Gross profit margin	12.5%	12.5%	13.0%	12.9%	13.0%
Operating profit	1,053	1,125	1,253	1,322	1,391
Operating margin	9.9%	9.9%	10.1%	10.1%	10.2%
Net profit	974	1,049	1,183	1,251	1,319
Net profit growth	0.1%	7.7%	12.7%	5.7%	5.5%
Net profit margin	9.2%	9.2%	9.6%	9.6%	9.7%
EPS (SAR)	0.81	0.87	0.99	1.04	1.10
DPS (SAR)	0.83	0.89	0.99	1.04	1.10
P/E	21.0x	19.5x	17.3x	16.4x	15.5x
EV/EBITDA	17.5x	16.5x	15.0x	14.5x	14.0x

Source: Company data, GIB Capital

Stock data

TASI ticker	4190
Mcap (SARmn)	20,460
Trd. Val (3m) (SARmn)	31.3
Free float	72.6%
QFI holding	21.9%
TASI FF weight	0.91%

Source: Bloomberg

Prices indexed to 100



Source: Bloomberg

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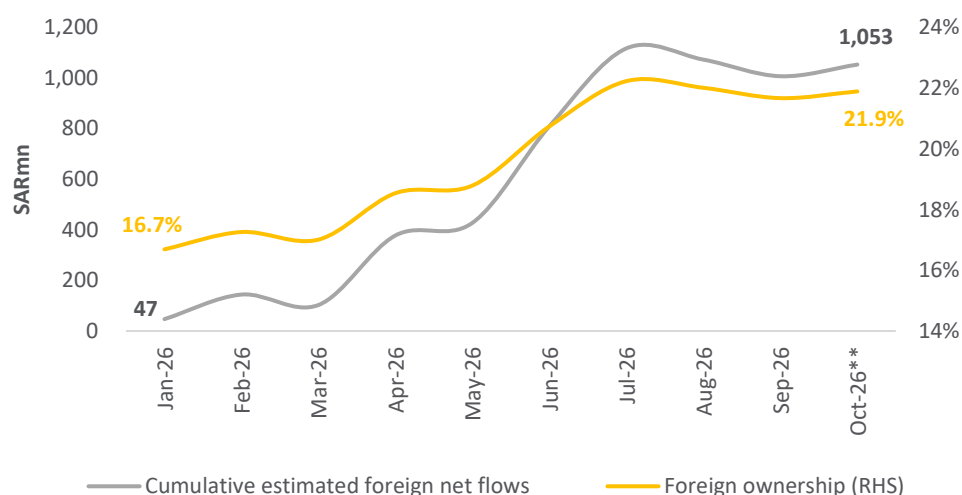
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...and the microfinance JV adds a structural earnings tailwind as supply-related benefits unwind: Jarir has benefited from current supply challenges, leveraging its strong logistics capabilities and reduced promotional activity. At the same time, it improved its sales mix and kept costs under control despite significant showroom expansion. These factors lifted gross margin to 13.2% in 9M26, up from 12.4% in 9M25. While easing supply constraints are expected to unwind some of these margin tailwinds, we believe the incremental contribution from the earlier-than-expected launch of the microfinance JV “Rifd”, now anticipated in 1Q27e, should help offset much of this, keeping margins above historical levels with gradual improvement over time. The JV will allow Jarir to capture a greater share of the economics currently accruing to BNPL providers, an increasingly important sales channel as BNPL penetration rose to 41% of total sales in 3Q26 from 30% in 3Q25, highlighting the growing importance of flexible payment options in consumer purchasing behaviors. Together with continued growth in the core business, this supports a stronger earnings outlook, we now forecast a 2025–28e net profit CAGR of 7.9%, up from 7.3% previously.

High dividends and rising foreign interest help Jarir stand out: Jarir has outperformed the broader market this year, rising ~33% YTD against a 2.9% decline in TASI. Investors have been drawn to its reliable dividends, with a payout ratio of close to 100%. We expect the company to sustain these payouts, backed by robust cash generation, implying a dividend yield of around 6% in 2026-27e (Figure 8), above the market average of ~4.5%. Foreign investors have also been buying, lifting their ownership to 21.89% from below 16.69% earlier this year, showing growing confidence in the company, despite the weak market dynamics.

Figure 2: Foreign ownership and estimated cumulative foreign flows* YTD trend



Source: Bloomberg, GIB Capital. * GIBC estimated flows. ** As of 18 Oct 2026.

Valuation and risks: Post 3Q26 results, we remain positive on Jarir's fundamentals, supported by its showroom network expansion, healthy margin profile, robust free cash flow generation, and attractive dividend yield. We raise our blended 1-year forward TP to SAR18.2/sh (SAR17.5/sh earlier), based on an equal weighting of DCF and P/E valuation (17x on avg 2027e EPS). However, after the YTD gain, we believe most of the near-term upside is already reflected in the share price. Accordingly, we maintain our Neutral rating despite the improved fundamentals and higher TP. 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.

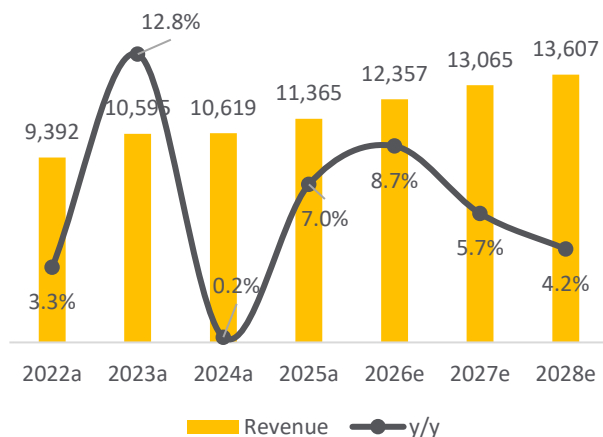
Figure 3: 3Q26 results summary

SARmn	3Q26	3Q25	y/y %	2Q26	q/q %	GIBC est.	Variance %
Revenues	3,153	2,925	7.8%	2,774	13.7%	3,352	-5.9%
Cost of sales	2,654	2,488	6.7%	2,434	9.1%	2,853	-7.0%
Gross profit	499	436	14.4%	340	46.7%	499	0.0%
Opex	103	91	13.2%	88	17.0%	103	-0.3%
Operating profit	396	346	14.7%	253	57.0%	396	0.1%
Net income	374	325	15.1%	236	58.7%	377	-0.8%
Margins							
Gross margin	15.8%	14.9%		12.3%		14.9%	
Operating margin	12.6%	11.8%		9.1%		11.8%	
Net margin	11.9%	11.1%		8.5%		11.2%	

Source: Company data, GIB Capital.

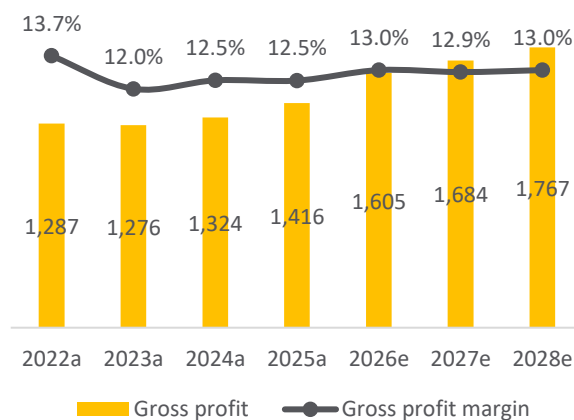
Financial analysis in charts

Figure 4: Revenue trend (SARmn)



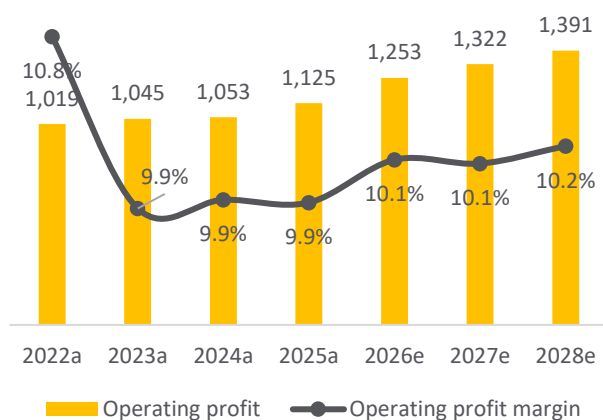
Source: Company data, GIB Capital

Figure 5: Gross profit (SARmn) and gross margin trend



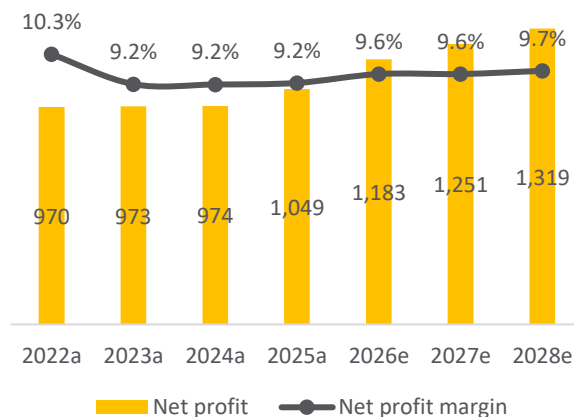
Source: Company data, GIB Capital

Figure 6: Operating profit (SARmn) and operating margin trend



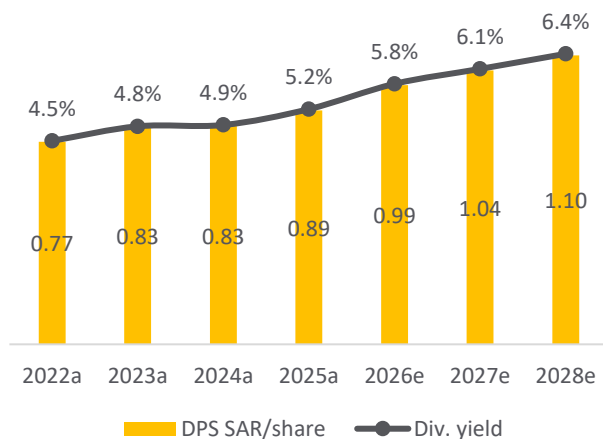
Source: Company data, GIB Capital

Figure 7: Net income (SARmn) and net margin trend



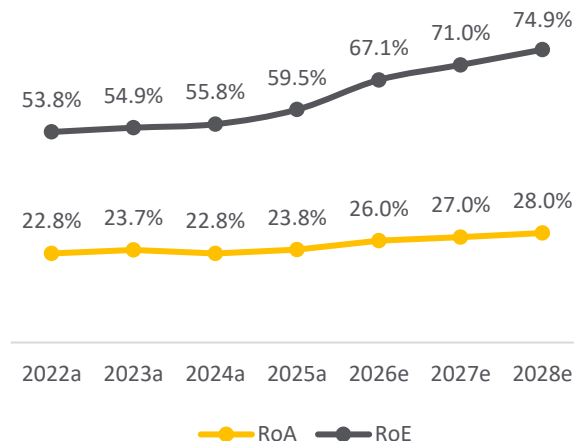
Source: Company data, GIB Capital

Figure 8: Dividend yield



Source: Company data, GIB Capital

Figure 9: RoA and RoE trend



Source: Company data, GIB Capital

Financials

Figure 10: Summarized basic financial statements (SARmn)

Income statement	2024	2025	2026e	2027e	2028e
Revenue	10,619	11,365	12,357	13,065	13,607
Revenue y/y	0.2%	7.0%	8.7%	5.7%	4.2%
COGS	9,295	9,949	10,752	11,381	11,840
Gross Profit	1,324	1,416	1,605	1,684	1,767
Gross profit margin	12.5%	12.5%	13.0%	12.9%	13.0%
Sales & Marketing	203	222	224	237	247
G&A	144	154	169	178	186
Operating profit	1,053	1,125	1,253	1,322	1,391
Operating margin	9.9%	9.9%	10.1%	10.1%	10.2%
Finance costs	(52)	(52)	(47)	(45)	(43)
Net income	974	1,049	1,183	1,251	1,319
Net margin	9.2%	9.2%	9.6%	9.6%	9.7%
y/y	0.1%	7.7%	12.7%	5.7%	5.5%
EPS	0.8	0.9	1.0	1.0	1.1
DPS	0.8	0.9	1.0	1.0	1.1
Payout	102%	102%	100%	100%	100%
EBITDA	1,215	1,288	1,416	1,467	1,520

Balance Sheet	2024	2025	2026e	2027e	2028e
Inventories	1,817	1,709	1,847	1,955	2,034
Accounts and Notes Receivable	174	189	206	217	226
Prepaid Expenses and Other	326	354	354	354	354
Cash and Equivalents	33	271	332	404	467
Total Current Assets	2,349	2,523	2,738	2,931	3,081
Right of Use Assets	627	615	615	615	615
Property Plant & Equipment - Net	995	997	884	790	710
Total Non-Current Assets	1,924	1,893	1,804	1,710	1,631
Total Assets	4,273	4,416	4,543	4,640	4,712
Current Liabilities	1,736	1,837	1,945	2,029	2,090
Non-current Liabilities	792	817	836	850	860
Equity	1,745	1,762	1,762	1,762	1,762
Total Equity and Liabilities	4,273	4,416	4,543	4,640	4,712
BVPS	1.5	1.5	1.5	1.5	1.5

Cashflow	2024	2025	2026e	2027e	2028e
Cashflow from Operations	1,122	1,473	1,318	1,373	1,432
Cashflow from Investing	-63	-38	-50	-50	-50
Cashflow from Financing	-1,064	-1,062	-1,183	-1,251	-1,319
Total Cashflows	-4	372	85	72	63

Source: Company data, GIB Capital

Figure 11: Key ratios

Key ratios	2024	2025	2026e	2027e	2028e
Profitability ratios					
RoA	23%	24%	26%	27%	28%
RoE	56%	60%	67%	71%	75%
Sales/Assets	249%	257%	272%	282%	289%
Net margin	9.2%	9.2%	9.6%	9.6%	9.7%
Liquidity ratios					
Current Assets/ Current Liabilities	1.4	1.4	1.4	1.4	1.5
Receivable Days	6	6	6	6	6
Inventory Days	71	63	63	63	63
Payable days	47	49	49	49	49
Debt ratios					
Net Debt/EBITDA (w/o IFRS liab.)	0.0	-0.2	-0.2	-0.3	-0.3
Net Debt/EBITDA (w/ IFRS liab.)	0.6	0.4	0.3	0.2	0.2
Debt/Assets (w/o IFRS liab.)	0.0	0.0	0.0	0.0	0.0
Debt/Equity (w/o IFRS liab.)	0.0	0.0	0.0	0.0	0.0
Valuation ratios					
P/E	21.0	19.5	17.3	16.4	15.5
P/B	11.7	11.6	11.6	11.6	11.6
EV/EBITDA	17.5	16.5	15.0	14.5	14.0
Div. yield	4.9%	5.2%	5.8%	6.1%	6.4%

Source: Company data, GIB Capital

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