

**Target Price: SAR16.5/share**  
Current Price: SAR14.31/share  
Upside: 15.3% (+Div. Yield: 6.5%)  
**Rating: Overweight**

## Jarir Marketing Company (Jarir)

### Capturing value and sustaining growth; Remain OW

- Healthy performance in 2025 with a 7% y/y top-line growth and a SAR1bn record earnings, driven by showroom expansion and rising e-commerce penetration.
- Earnings momentum remains solid, with a projected 6.1% CAGR over 2024–28e, supported by top-line growth, stable margins and declining financing costs.
- Our blended 1-year forward TP remains at SAR16.5/share, with an Overweight rating.

**4Q25 results:** Jarir delivered a strong set of results, with revenue rising to SAR3,195mn (+13.9% y/y, +9.3% q/q), beating our estimate by 10.5%. The solid topline performance was driven primarily by robust smartphone sales (~60% of sales) following the iPhone 17 launch, alongside continued growth in other electronics and after-sales services. GCC sales were also a notable contributor, jumping 70% y/y, mainly from Qatar and Kuwait. Gross profit increased at a similar pace, up 14.2% y/y to SAR403mn, supported by healthy sales momentum, maintaining gross margin steady at 12.6%. However, operating profit grew at a slightly slower rate than gross profit due to a ~30% rise in Opex. This increase was driven largely by higher G&A costs linked to investments in IT and security services, while S&M expenses were relatively low. At the same time, pressure from BNPL services also eased materially, despite a 38% y/y increase in sales through this channel. Additionally, a decline in other incomes was weighed slightly. Nevertheless, net profit rose 12.5% y/y to SAR310mn, ahead of our estimates of SAR266mn, mainly aided by lower finance costs and a reduced zakat rate. Consequently, net profit margin edged down slightly by 12bps to 9.7% during the quarter.

**Rifd JV, Jarir's defense against rising BNPL penetration:** BNPL's share of Jarir's retail sales continued its rising trajectory, reaching 38% in 4Q25 (vs. 30% in 3Q25). On February 2026, Jarir announced that its 49%-owned joint venture, Rifd Integrated Co., received preliminary approval from SAMA to operate as a micro-consumer finance provider. The JV is established with Aman Financial Services and Hamad Al Manea & Partners, with a capital base of SAR50mn.

Figure 1: Key financial metrics

SARmn	2024a	2025a	2026e	2027e
<b>Revenue</b>	<b>10,619</b>	<b>11,365</b>	<b>11,921</b>	<b>12,464</b>
Revenue growth	0.2%	7.0%	4.9%	4.6%
<b>Gross profit</b>	<b>1,325</b>	<b>1,416</b>	<b>1,485</b>	<b>1,558</b>
Gross profit margin	12.5%	12.5%	12.5%	12.5%
<b>Operating profit</b>	<b>1,053</b>	<b>1,125</b>	<b>1,183</b>	<b>1,236</b>
Operating profit margin	9.9%	9.9%	9.9%	9.9%
<b>Net profit</b>	<b>974</b>	<b>1,049</b>	<b>1,108</b>	<b>1,163</b>
Net profit growth	0.1%	7.7%	5.6%	4.9%
Net profit margin	9.2%	9.2%	9.3%	9.3%
EPS (SAR)	0.81	0.87	0.92	0.97
DPS (SAR)*	0.83	0.87	0.92	0.97
P/E	17.6x	16.4x	15.5x	14.8x
EV/EBITDA**	14.9x	13.8x	13.2x	12.7x

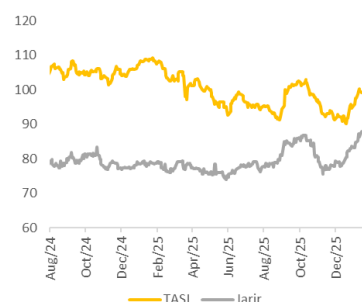
Source: Company data, GIB Capital. \* GIBC estimate for 2025 DPS. \*\* EV/EBITDA is based on GIBC 2025e EBITDA, as the detailed financial statements are not yet available.

#### Stock data

TASI ticker	4190
Mcap (SARmn)	17,172
Trd. Val (3m) (SARmn)	23.4
Free float	72.6%
QFI holding	16.9%
TASI FF weight	0.68%

Source: Bloomberg

#### Prices indexed to 100



Source: Bloomberg

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Given the rapid adoption of BNPL (where providers typically charge around 3%), Jarir's margins came under pressure, particularly in smartphones and electronics, which already operate on thin margins of 3–7%. Introducing an in-house financing solution through Rifa positions Jarir to capture part of the economics currently going to BNPL players and better align with evolving consumer purchasing behavior. We therefore expect that once Rifa begins operations, it should have a positive impact on profitability and customer retention.

**Healthy earnings growth supported by expansion strategy and stable profit margins:** Jarir closed 2025 with strong operational momentum, delivering 7.0% y/y topline growth, well above management's 3–5% guidance, and achieving record earnings of +SAR1bn (+7.7% y/y). The company has opened four new showrooms in Saudi Arabia (net +2 after closures), bringing the network to 75 locations, including 11 across the GCC in 2025. This translated into a 4.2% increase in revenue per showroom. In line with its growth strategy and supported by the continued strength of its physical stores (accounting for 67% in 4Q25), Jarir intends to continue expanding its retail footprint, targeting 6–8 new showrooms in 2026. At the same time, e-commerce continues to scale rapidly, driven by shifting consumer behavior and the availability of online-exclusive items. Online sales reached 33% of total revenue in 4Q25, up from 30% in 3Q25 and 27% in 2Q25. Jarir also aims to leverage its digital platform to enter new categories that benefit from broader online display capabilities. As a result, we modestly raise our revenue outlook and project a 5.4% top-line CAGR over 2024–28e. However, ongoing price competition is likely to cap near-term margin expansion. A more stable margin profile should gradually emerge once Jarir's micro-consumer finance JV becomes operational, helping to recapture economics currently ceded to BNPL providers. Overall, we expect gross margins to average ~12.5% and operating margins ~9.9% over 2024–28e, reflecting relative stability despite competitive headwinds. Combined with potentially lower financing costs, this supports an expected earnings CAGR of 6.1% over the same period. Additionally, Jarir is likely to maintain its cash-focused dividend policy, supported by its debt-free balance sheet and consistent profitability. As a result, we forecast near-100% profit distributions, translating into a DPS of SAR0.92/sh in 2026e and SAR0.97/sh in 2027e, implying an attractive yield of 6.5–6.8%.

**Valuation and risks:** We value Jarir using a blended valuation approach with an equal mix of DCF and P/E multiple. Our blended 1-year forward TP remains at SAR16.5/share, with an Overweight rating and an upside of 15.3%. 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.

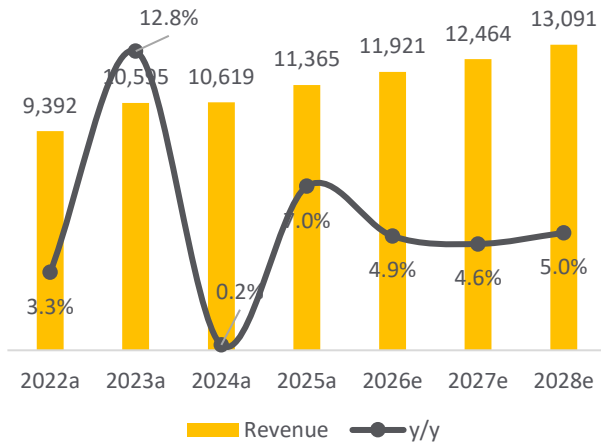
Figure 2: 4Q25 results summary

SARmn	4Q25	4Q24	y/y %	3Q25	q/q %	GIBC est.	Variance %
<b>Revenues</b>	<b>3,195</b>	<b>2,805</b>	<b>13.9%</b>	<b>2,925</b>	<b>9.3%</b>	<b>2,892</b>	<b>10.5%</b>
Cost of sales	2,792	2,453	13.9%	2,488	12.2%	2,548	9.6%
<b>Gross profit</b>	<b>403</b>	<b>353</b>	<b>14.2%</b>	<b>436</b>	<b>-7.6%</b>	<b>344</b>	<b>17.1%</b>
Opex	76	58	30.1%	91	-16.2%	60	26.9%
<b>Operating profit</b>	<b>327</b>	<b>294</b>	<b>11.1%</b>	<b>346</b>	<b>-5.4%</b>	<b>284</b>	<b>15.0%</b>
<b>Net income</b>	<b>310</b>	<b>275</b>	<b>12.5%</b>	<b>325</b>	<b>-4.6%</b>	<b>266</b>	<b>16.3%</b>
<b>Margins</b>							
Gross margin	12.6%	12.6%		14.9%		11.9%	
Operating margin	10.2%	10.5%		11.8%		9.8%	
Net margin	9.7%	9.8%		11.1%		9.2%	

Source: Company data, GIB Capital.

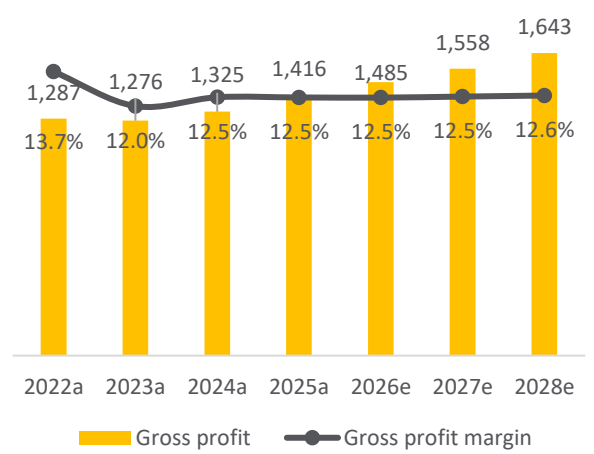
## Financial analysis in charts

Figure 2: Revenue trend (SARmn)



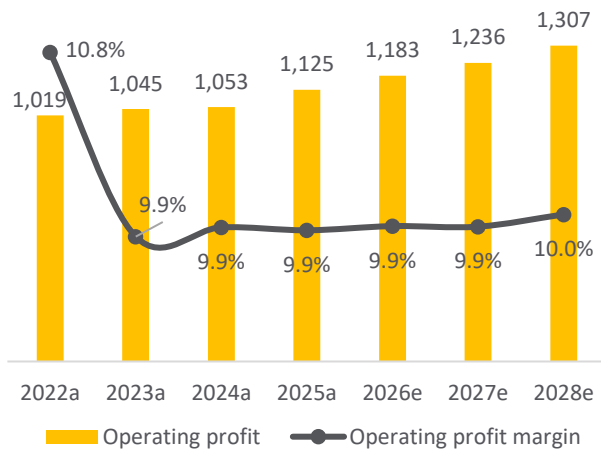
Source: Company data, GIB Capital

Figure 3: Gross profit (SARmn) and gross margin trend



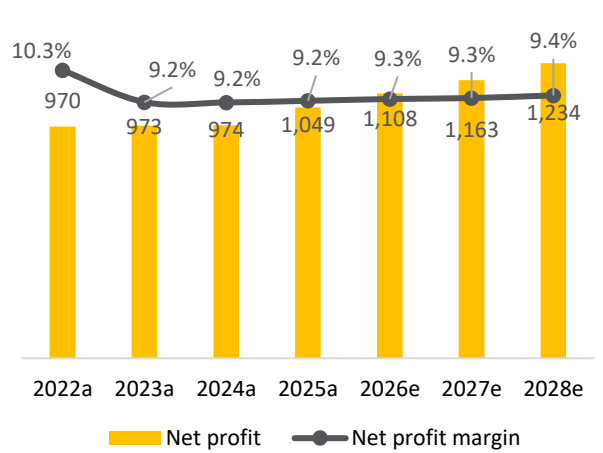
Source: Company data, GIB Capital

Figure 4: Operating profit (SARmn) and operating margin trend



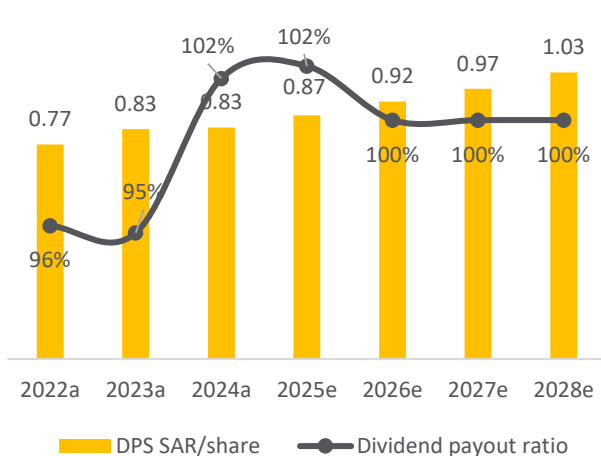
Source: Company data, GIB Capital

Figure 5: Net income (SARmn) and net margin trend



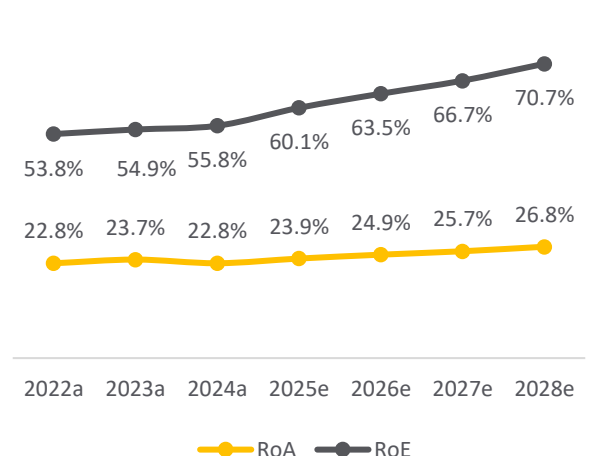
Source: Company data, GIB Capital

Figure 6: Dividend trend



Source: Company data, GIB Capital

Figure 7: RoA and RoE trend



Source: Company data, GIB Capital

## Financials

Figure 8: Summarized basic financial statements (SARmn)

Income statement	2024	2025*	2026e	2027e
<b>Revenue</b>	<b>10,619</b>	<b>11,365</b>	<b>11,921</b>	<b>12,464</b>
Revenue y/y	0.2%	7.0%	4.9%	4.6%
COGS	9,295	9,949	10,437	10,906
<b>Gross Profit</b>	<b>1,325</b>	<b>1,416</b>	<b>1,485</b>	<b>1,558</b>
Gross profit margin	12.5%	12.5%	12.5%	12.5%
Sales & Marketing	203	224	230	239
G&A	144	155	161	174
<b>Operating profit</b>	<b>1,053</b>	<b>1,125</b>	<b>1,183</b>	<b>1,236</b>
Operating margin	9.9%	9.9%	9.9%	9.9%
Finance costs	(52)	(51)	(45)	(42)
<b>Net income</b>	<b>974</b>	<b>1,049</b>	<b>1,108</b>	<b>1,163</b>
Net margin	9.2%	9.2%	9.3%	9.3%
y/y	0.1%	7.7%	5.6%	4.9%
<b>EPS</b>	<b>0.8</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>
DPS	0.8	0.9	0.9	1.0
Payout	102%	100%	100%	100%
<b>EBITDA</b>	<b>1,215</b>	<b>1,310</b>	<b>1,367</b>	<b>1,424</b>
Balance Sheet	2024	2025e**	2026e	2027e
Inventories	1,817	1,945	2,040	2,132
Accounts and Notes Receivable	174	186	195	204
Prepaid Expenses and Other	326	326	326	326
Cash and Equivalents	33	74	127	184
<b>Total Current Assets</b>	<b>2,349</b>	<b>2,530</b>	<b>2,688</b>	<b>2,846</b>
Right of Use Assets	627	645	645	645
Property Plant & Equipment - Net	995	910	826	738
<b>Total Non-Current Assets</b>	<b>1,924</b>	<b>1,856</b>	<b>1,772</b>	<b>1,684</b>
<b>Total Assets</b>	<b>4,273</b>	<b>4,386</b>	<b>4,459</b>	<b>4,530</b>
Current Liabilities	1,736	1,820	1,883	1,944
Non-current Liabilities	792	821	831	841
Equity	1,745	1,745	1,745	1,745
<b>Total Equity and Liabilities</b>	<b>4,273</b>	<b>4,386</b>	<b>4,459</b>	<b>4,530</b>
BVPS	1.5	1.5	1.5	1.5
Cashflow	2024	2025e**	2026e	2027e
Cashflow from Operations	1,122	1,192	1,261	1,320
Cashflow from Investing	-63	-100	-100	-100
Cashflow from Financing	-1,064	-1,051	-1,108	-1,163
<b>Total Cashflows</b>	<b>-4</b>	<b>41</b>	<b>53</b>	<b>57</b>

Source: Company data, GIB Capital. \* Some FY25 income statement lines are estimated, as the detailed financials have not been released. \*\* GIBC estimate as the detailed financial statements are not yet available.

Figure 9: Key ratios

Key ratios	2024	2025e*	2026e	2027e
<b>Profitability ratios</b>				
RoA	23%	24%	25%	26%
RoE	56%	60%	64%	67%
Sales/Assets	249%	259%	267%	275%
Net margin	9.2%	9.2%	9.3%	9.3%
<b>Liquidity ratios</b>				
Current Assets/ Current Liabilities	1.4	1.4	1.4	1.5
Receivable Days	6	6	6	6
Inventory Days	71	71	71	71
Payable days	47	47	47	47
<b>Debt ratios</b>				
Net Debt/EBITDA (w/o IFRS liab.)	0.0	0.0	-0.1	-0.1
Net Debt/EBITDA (w/ IFRS liab.)	0.6	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
<b>Valuation ratios</b>				
P/E	17.6	16.4	15.5	14.8
P/B	9.8	9.8	9.8	9.8
EV/EBITDA	14.9	13.8	13.2	12.7
Div. yield	5.8%	6.1%	6.5%	6.8%

Source: Company data, GIB Capital. \* GIBC estimate as the detailed financial statements are not yet available.

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