Jarir Marketing Co.

Results Flash Note Q3-25

Income growth driven by higher sales; margins affected by shift in sales mix; “Neutral” rating owed to change in consumer preferences & competition

Jarir posted, an inline with expectation, net income of SAR 324.9mn in Q3-25, up 5.4% Y/Y. The Y/Y improvement in net income is mainly owed to strong sales. Revenue totaled at SAR 2,984.6mn in Q3-25, up 11.9% Y/Y; above our estimate of SAR 2,704.7mn (deviation +10.3%). The increase in topline is mainly owed to better performance of smartphones, computers, tablets and after-sales services. Gross profit margin declined by 93bps Y/Y to 14.6% due to change in sales mix and margin compression in certain segments. Operating profit was recorded at SAR 345.5mn (+4.1% Y/Y), in line with our estimate of SAR 351.2mn (-1.6% deviation). Change in consumer preferences towards HORECA & other entertainment avenues, rising number of physical & online stores, and launch of Apple stores dampen jarir’s investment case. New store launches, strong dividend yield of 5.8% and plans to enter into consumer finance business are key positive triggers for the company. We retain our “Neutral” recommendation on the stock with a TP of SAR 14.5/share.

- Jarir posted a net income of SAR 324.9mn in Q3-25, up 5.4% Y/Y and 64.8% Q/Q, respectively. The net profit was inline with our and consensus expectation of SAR 327.5mn (deviation of -0.8%) and SAR 319.3mn (+1.8% deviation), respectively. The Y/Y improvement in net income is mainly owed to strong sales.
- The company’s revenue totaled at SAR 2,984.6mn in Q3-25, up 11.9% Y/Y (+12.7% Q/Q), above our estimate of SAR 2,704.7mn (deviation +10.3%). The Y/Y increase in topline is mainly owed to better performance of smartphones, computers, tablets and after-sales services. In terms of branch expansion, Jarir opened one new showroom in early 2025 in Red sea mall Jeddah, while the company opened two replacement showrooms in Jubail and Onaizah in Q1-25 and Q2-25, respectively.
- Gross profits increased by 5.2% Y/Y to SAR 436.2mn (+59.0% on a sequential basis) in line with our expectation of SAR 427.8mn (+2.0% deviation); The GP margin stood at 14.6% in Q3-25 as compared to 15.5% in Q3-24 and 10.4% in Q2-25. The Y/Y decline in gross margins is owed to shift in sales mix towards relatively less profitable sections and margin contraction in certain segments.
- Operating profit was recorded at SAR 345.5mn (+4.1% Y/Y and 59.3% Q/Q), in line with our estimate of SAR 351.2mn (-1.6% deviation). Operating margins declined by 87bps Y/Y to 11.6% impacted by lower gross margin, the OPEX-to-sales ratio declined to 3.0% in Q3-25, as compared to 3.1% in Q3-24 (2.2% in Q2-25), note that our opex calculation includes other income.

AJC view and valuation: Jarir is expected to continue to be adversely impacted by (1) change in consumer preferences towards HORECA and other entertainment avenues, (2) rising number of physical and online stores that are intensifying competition, (3) launch of Apple stores. In this back drop we see revenue and bottom-line growth to remain in low single digits and margins to undergo a nominal expansion in the medium term. New store launches, strong dividend yield of 5.8% and plans to enter into consumer finance business are key positive triggers for the company. We retain our “**Neutral**” recommendation on the stock with a TP of **SAR 14.5/share**.

Results Summary

SAR mn	Q3-24	Q2-25	Q3-25	Change Y/Y	Change Q/Q	Deviation from AJC Estimates
Revenue	2,666.7	2,648.3	2,984.6	11.9%	12.7%	10.3%
Gross Profit	414.6	274.4	436.2	5.2%	59.0%	2.0%
Gross Margin	15.5%	10.4%	14.6%			
EBIT	331.9	216.9	345.5	4.1%	59.3%	-1.6%
Net Profit	308.2	197.2	324.9	5.4%	64.8%	-0.8%
EPS	0.26	0.16	0.27			

Source: Company Reports, AlJazira Capital Research

Recommendation	Neutral
Target Price (SAR)	14.5
Upside / (Downside)*	5.5%

Source: Tadawul *prices as of 12th of October 2025

Key Financials

SARmn (unless specified)	FY22	FY23	FY24	FY25E
Revenues	9,392	10,595	10,831	11,294
Growth %	3.3%	12.8%	2.2%	4.3%
Gross profit	1,287	1,276	1,324	1,369
EBIT	1,019	1,045	1,053	1,075
Net Income	970	973	974	993
Growth %	-2.2%	0.3%	0.1%	1.9%
EPS	0.81	0.81	0.81	0.83
DPS	0.80	0.80	0.80	0.80

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY22	FY23	FY24	FY25E
Gross Margin	13.7%	12.0%	12.2%	12.1%
Oper. Margin	10.8%	9.9%	9.7%	9.5%
Net Margin	10.3%	9.2%	9.0%	8.8%
P/E (x)	18.56	19.21	15.65	16.62
P/B (x)	10.0	10.6	8.8	8.5
EV/EBITDA (x)	15.3	15.8	13.1	12.6
Dividend Yield	5.3%	5.1%	6.3%	5.8%

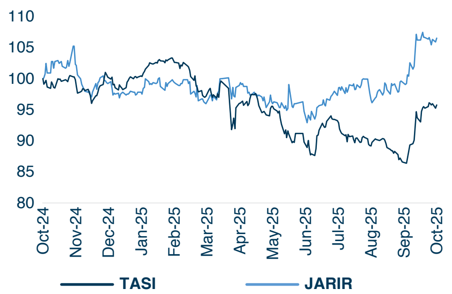
Source: Company reports, Aljazira Capita Research

Key Market Data

Market Cap(bn)	16.6
YTD%	8.61%
52 week (High)/(Low)	14.6/12.0
Share Outstanding (bn)	1.2

Source: Company reports, Aljazira Capital Research

Price Performance



Source: Tadawul, Aljazira Capital Research

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RESEARCH DIVISION

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RATING TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

Disclaimer