

**Target Price: SAR16.5/share**  
Current Price: SAR15.08/share  
Upside: 9.4% (+Div. Yield: 6.3%)  
**Rating: Neutral**

## Jarir Marketing Company (Jarir)

### Growth outlook remains intact as Jarir deepens KSA focus

- 1Q26 revenue grew 14.4% y/y, driven by strong smartphone demand, while net profit increased 16.7% y/y, lifting the net profit margin to 8.3%.
- Earnings to grow to SAR1.26bn by 2028e, with a projected 6.2% CAGR over 2025–28e, aided by steady revenue growth amid expanding network and lower finance charges.
- We remain positive on Jarir and maintain our blended 1-year forward TP at SAR16.5/share but revise our rating to Neutral post 18% YTD gain in stock price.

**1Q26 results:** Jarir delivered a 14.4% y/y increase in revenue to SAR3,039mn, exceeding our estimate by ~8%. Growth was broad-based across all segments, supported by opening of two new showrooms in KSA and strong sales momentum in iPhone 17, TV screens, and school supplies sales, with electronics accounting for nearly 80% of total sales. Moreover, gross profit rose 12.9% y/y to SAR342mn supported by solid top-line growth. However, gross margin softened to 11.2% (-0.15bps y/y) reflecting both a higher mix of lower-margin smartphone sales and a supply disruption that temporarily elevated COGS. Despite higher S&M, G&A, and non-operating expenses, earnings growth outpaced gross profit, backed by lower financing costs, resulting in a modest 0.16bps y/y improvements in NPM to 8.3%. Overall, net profit increased 16.7% y/y to SAR254mn, surpassing our forecast of SAR230mn.

**2026 expansion far exceeds historical levels:** Jarir continues to expand its network with opening of two new showrooms during 1Q26—one in Al Alya Mall (Madinah) and another in Al Baha Square commercial complex (Al-Baha)—bringing the total showrooms count to 77 (66 in KSA and 11 across the other GCC). Looking ahead, the company plans to add five additional showrooms in Riyadh, Dammam, Jeddah, and Kuwait, targeting 82 by year-end, reflecting an aggressive approach considering historical openings levels. This measured expansion strategy reflects Jarir’s focus on KSA, where profitability remains roughly 2.5x higher than in other GCC markets (FY25 NPM: 9.8% in KSA vs. 3.8% in GCC), while Egypt remains non-operational and thus limited to accounting-only currency losses.

Figure 1: Key financial metrics

SARmn	2024a	2025a	2026e	2027e	2028e
<b>Revenue</b>	<b>10,619</b>	<b>11,365</b>	<b>12,105</b>	<b>12,716</b>	<b>13,191</b>
Revenue growth	0.2%	7.0%	6.5%	5.0%	3.7%
<b>Gross Profit</b>	<b>1,324</b>	<b>1,416</b>	<b>1,509</b>	<b>1,592</b>	<b>1,658</b>
Gross profit margin	12.5%	12.5%	12.5%	12.5%	12.6%
<b>Operating profit</b>	<b>1,053</b>	<b>1,125</b>	<b>1,207</b>	<b>1,267</b>	<b>1,323</b>
Operating margin	9.9%	9.9%	10.0%	10.0%	10.0%
<b>Net profit</b>	<b>974</b>	<b>1,049</b>	<b>1,136</b>	<b>1,201</b>	<b>1,257</b>
Net profit growth	0.1%	7.7%	8.3%	5.7%	4.7%
Net profit margin	9.2%	9.2%	9.4%	9.4%	9.5%
EPS (SAR)	0.81	0.87	0.95	1.00	1.05
DPS (SAR)	0.83	0.89	0.95	1.00	1.05
P/E	18.6x	17.2x	15.9x	15.1x	14.4x
EV/EBITDA	15.4x	14.6x	13.7x	13.1x	12.6x

Source: Company data, GIB Capital

#### Stock data

TASI ticker	4190
Mcap (SARmn)	18,096
Trd. Val (3m) (SARmn)	24.7
Free float	72.6%
QFI holding	17.5%
TASI FF weight	0.73%

Source: Bloomberg

#### Prices indexed to 100



Source: Bloomberg

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**Healthy earnings growth despite margin pressures:** The strong 14.4% y/y revenue growth in 1Q26 lifted revenue per showroom by ~10% y/y to ~SAR39.5mn, supported by continued e-commerce strength. However, we expect revenue per showroom to moderate going forward as the company accelerates expansion, with seven new showrooms planned for 2026 (2 already opened in 1Q26) versus only two in 2025. Accordingly, we slightly raise our revenue outlook and now project a 5.1% top-line CAGR over 2025–28e. On the profitability front, gross and operating margins are likely to remain constrained due to intensified competition, ramp-up costs for new showrooms, and potential geopolitical-related temporary supply disruptions—even with Jarir’s proactive inventory readiness measures. As a result, we expect gross margins to average ~12.5% and operating margins ~10% throughout 2028e. This margin profile, combined with revenue growth and lower financing costs, supports a 6.2% earnings CAGR over 2025–28e, driving earnings to ~SAR1.26bn by 2028e. Finally, in line with its strong cash-generation capacity, we expect Jarir to distribute a DPS of SAR0.95/sh. in 2026e and SAR1.0/sh. in 2027e, implying a robust dividend yield of 6.3–6.6%.

**Valuation and risks:** Post 1Q26 results, we remain positive on Jarir, mainly due to expanding store network, healthy margin profile, mid-to-high single-digit earnings growth, robust FCF generation, and attractive dividend yield. Based on a blended valuation approach with an equal mix of DCF and P/E multiple (16.5x on 2026e EPS), we maintain our blended 1-year forward TP at SAR16.5/sh. but revise our rating to Neutral post 18% YTD gain in the stock price. 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.

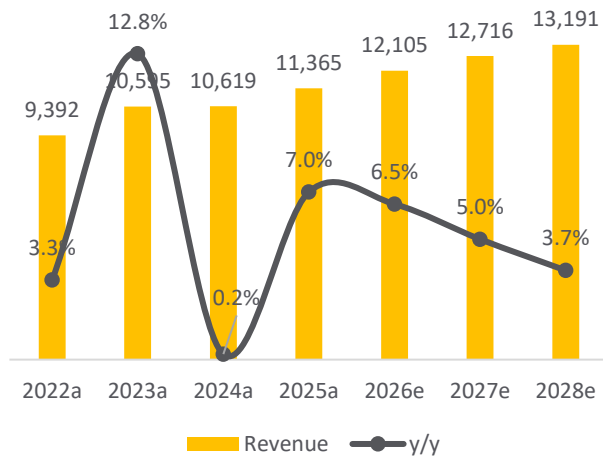
Figure 2: 1Q26 results summary

SARmn	1Q26	1Q25	y/y %	4Q25	q/q %	GIBC est.	Variance %
<b>Revenues</b>	<b>3,039</b>	<b>2,657</b>	<b>14.4%</b>	<b>3,195</b>	<b>-4.9%</b>	<b>2,812</b>	<b>8.1%</b>
Cost of sales	2,697	2,354	14.6%	2,792	-3.4%	2,497	8.0%
<b>Gross profit</b>	<b>342</b>	<b>303</b>	<b>12.9%</b>	<b>403</b>	<b>-15.2%</b>	<b>315</b>	<b>8.5%</b>
Opex	73	67	9.1%	76	-3.8%	68	6.9%
<b>Operating profit</b>	<b>269</b>	<b>236</b>	<b>14.0%</b>	<b>327</b>	<b>-17.8%</b>	<b>247</b>	<b>8.9%</b>
<b>Net income</b>	<b>254</b>	<b>217</b>	<b>16.7%</b>	<b>310</b>	<b>-18.2%</b>	<b>230</b>	<b>10.4%</b>
<b>Margins</b>							
Gross margin	11.2%	11.4%		12.6%		11.2%	
Operating margin	8.8%	8.9%		10.2%		8.8%	
Net margin	8.3%	8.2%		9.7%		8.2%	

Source: Company data, GIB Capital

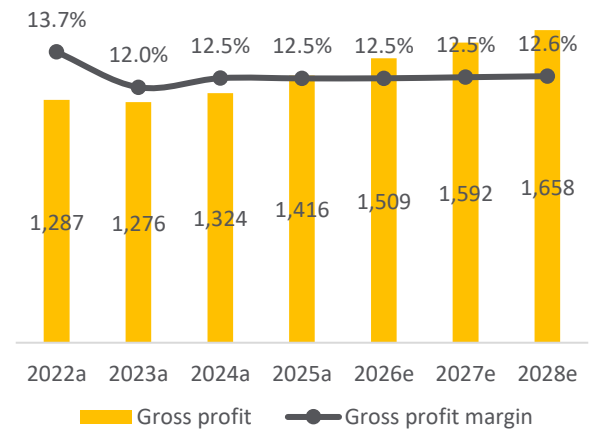
## Financial analysis in charts

Figure 3: Revenue trend (SARmn)



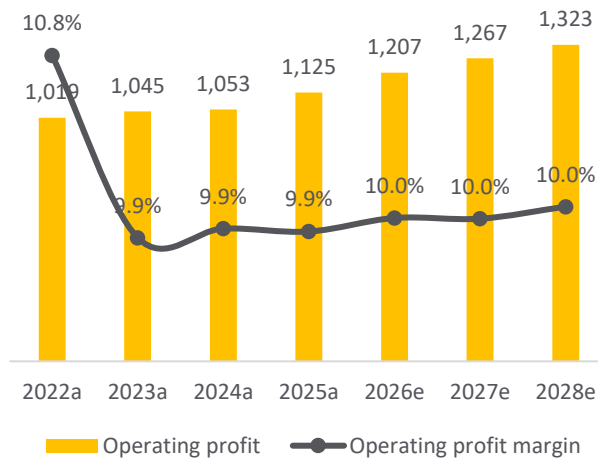
Source: Company data, GIB Capital

Figure 4: Gross profit (SARmn) and gross margin trend



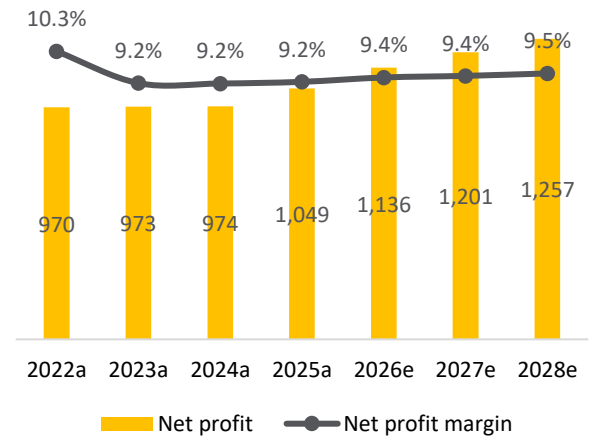
Source: Company data, GIB Capital

Figure 5: Operating profit (SARmn) and operating margin trend



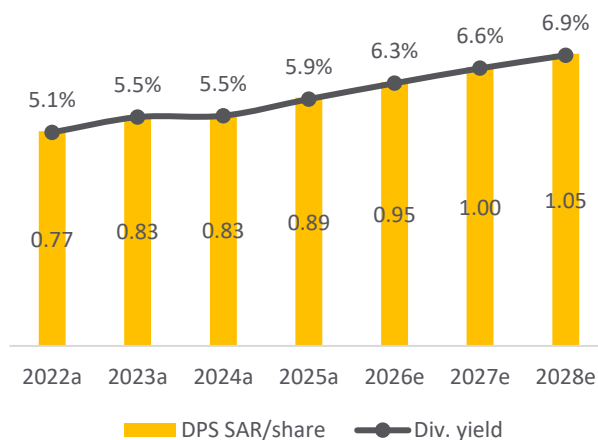
Source: Company data, GIB Capital

Figure 6: Net income (SARmn) and net margin trend



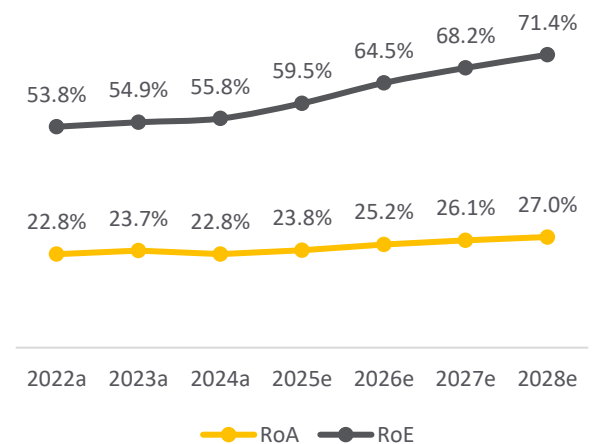
Source: Company data, GIB Capital

Figure 7: Dividend yield



Source: Company data, GIB Capital

Figure 8: RoA and RoE trend



Source: Company data, GIB Capital

## Financials

Figure 9: Summarized basic financial statements (SARmn)

Income statement	2024	2025	2026e	2027e	2028e
<b>Revenue</b>	<b>10,619</b>	<b>11,365</b>	<b>12,105</b>	<b>12,716</b>	<b>13,191</b>
Revenue y/y	0.2%	7.0%	6.5%	5.0%	3.7%
COGS	9,295	9,949	10,596	11,124	11,533
<b>Gross Profit</b>	<b>1,324</b>	<b>1,416</b>	<b>1,509</b>	<b>1,592</b>	<b>1,658</b>
Gross profit margin	12.5%	12.5%	12.5%	12.5%	12.6%
Sales & Marketing	203	222	234	244	251
G&A	144	154	163	178	183
<b>Operating profit</b>	<b>1,053</b>	<b>1,125</b>	<b>1,207</b>	<b>1,267</b>	<b>1,323</b>
Operating margin	9.9%	9.9%	10.0%	10.0%	10.0%
Finance costs	(52)	(52)	(45)	(39)	(37)
<b>Net income</b>	<b>974</b>	<b>1,049</b>	<b>1,136</b>	<b>1,201</b>	<b>1,257</b>
Net margin	9.2%	9.2%	9.4%	9.4%	9.5%
y/y	0.1%	7.7%	8.3%	5.7%	4.7%
<b>EPS</b>	<b>0.8</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>	<b>1.0</b>
DPS	0.8	0.9	0.9	1.0	1.0
Payout	102%	102%	100%	100%	100%
<b>EBITDA</b>	<b>1,215</b>	<b>1,288</b>	<b>1,370</b>	<b>1,432</b>	<b>1,491</b>
Balance Sheet	2024	2025	2026e	2027e	2028e
Inventories	1,817	1,709	1,821	1,911	1,982
Accounts and Notes Receivable	174	189	201	212	219
Prepaid Expenses and Other	326	354	354	354	354
Cash and Equivalents	33	271	331	378	411
<b>Total Current Assets</b>	<b>2,349</b>	<b>2,523</b>	<b>2,707</b>	<b>2,854</b>	<b>2,966</b>
Right of Use Assets	627	615	615	615	615
Property Plant & Equipment - Net	995	997	914	849	802
<b>Total Non-Current Assets</b>	<b>1,924</b>	<b>1,893</b>	<b>1,810</b>	<b>1,745</b>	<b>1,697</b>
<b>Total Assets</b>	<b>4,273</b>	<b>4,416</b>	<b>4,517</b>	<b>4,599</b>	<b>4,663</b>
Current Liabilities	1,736	1,837	1,924	1,994	2,049
Non-current Liabilities	792	817	831	843	852
Equity	1,745	1,762	1,762	1,762	1,762
<b>Total Equity and Liabilities</b>	<b>4,273</b>	<b>4,416</b>	<b>4,517</b>	<b>4,599</b>	<b>4,663</b>
BVPS	1.5	1.5	1.5	1.5	1.5
Cashflow	2024	2025	2026e	2027e	2027e
Cashflow from Operations	1,122	1,473	1,276	1,348	1,411
Cashflow from Investing	-63	-38	-80	-100	-120
Cashflow from Financing	-1,064	-1,062	-1,136	-1,201	-1,257
<b>Total Cashflows</b>	<b>-4</b>	<b>372</b>	<b>60</b>	<b>47</b>	<b>33</b>

Source: Company data, GIB Capital

Figure 10: Key ratios

Key ratios	2024	2025	2026e	2027e	2028e
<b>Profitability ratios</b>					
RoA	23%	24%	25%	26%	27%
RoE	56%	60%	64%	68%	71%
Sales/Assets	249%	257%	268%	276%	283%
Net margin	9.2%	9.2%	9.4%	9.4%	9.5%
<b>Liquidity ratios</b>					
Current Assets/ Current Liabilities	1.4	1.4	1.4	1.4	1.4
Receivable Days	6	6	6	6	6
Inventory Days	71	63	63	63	63
Payable days	47	49	49	49	49
<b>Debt ratios</b>					
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	0.3	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
<b>Valuation ratios</b>					
P/E	18.6	17.2	15.9	15.1	14.4
P/B	10.4	10.3	10.3	10.3	10.3
EV/EBITDA	15.4	14.6	13.7	13.1	12.6
Div. yield	5.5%	5.9%	6.3%	6.6%	6.9%

Source: Company data, GIB Capital

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