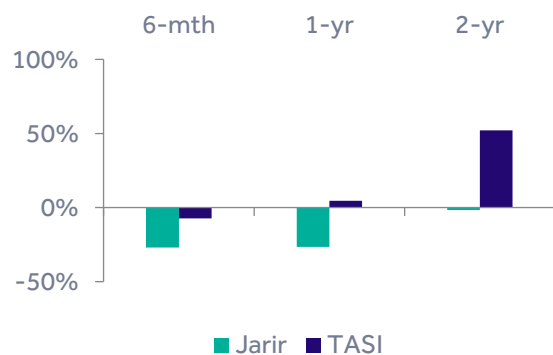


Market Data	
52-week high/low	SAR 216.6/142.4
Market Cap	SAR 17,280 mln
Shares Outstanding	120 mln
Free-float	88.78%
12-month ADTV	153,544
Bloomberg Code	JARIR AB



Challenges Continue

July 19, 2022

Upside to Target Price	27.8%	Rating	Buy
Expected Dividend Yield	5.2%	Last Price	SAR 144.00
Expected Total Return	33.0%	12-mth target	SAR 184.00

Jarir Marketing	2Q2022	2Q2021	Y/Y	1Q2022	Q/Q	RC Estimate
Sales	2,011	2,015	(0%)	2,287	(12%)	2,054
Gross Profit	249	262	(5%)	325	(24%)	273
Gross Margins	12%	13%		14%		13%
Operating Profit	192	206	(7%)	268	(28%)	234
Net Profit	177	189	(6%)	251	(29%)	218

(All figures are in SAR mln)

- Jarir's top-line was flat Y/Y but fell by -12% Q/Q to SAR 2.0 bln, matching our forecast. The decline in sales Q/Q is attributed to lower sales in most of the sections specially the school and office supplies, computers and smartphones, which had benefited from the reopening of school for all stages.
- Gross profit fell by -5% Y/Y and by -24% Q/Q to SAR 249 mln due to the discounts that were given to boost sales specially in smartphones. The unfavorable sales mix impacted gross margin negatively Q/Q involving segments like books and office, school and arts supplies. Gross margin contracted on both yearly and quarterly basis by -64 bps and -185 bps respectively.
- Jarir reported a bottom-line of SAR 177 mln (-6% Y/Y and -29% Q/Q) in 2Q2022 below both our and market forecasts. Earnings miss was due to lower than expected margins.
- Due to the hike in inflation and the continued global supply chain crisis, we have reviewed our estimates and consequently our target price reduces from SAR 197.00 to SAR 184.00. We upgrade our rating to Buy.

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■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors
For any feedback on our reports, please contact research@riyadcapital.com

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