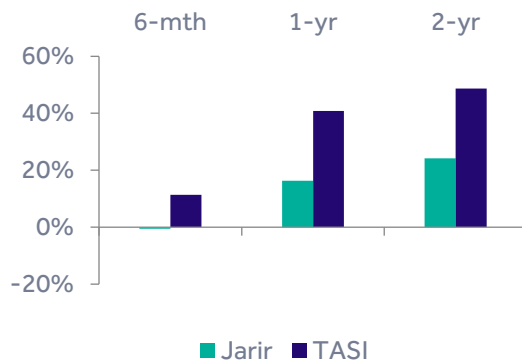


Market Data	
52-week high/low	SAR 225.0/169.6
Market Cap	SAR 24,168 mln
Shares Outstanding	120 mln
Free-float	100%
12-month ADTV	130,003
Bloomberg Code	JARIR AB



## Supply Challenges Hit Growth Y/Y

January 31, 2022

Upside to Target Price	(2.2%)	Rating	Neutral
Expected Dividend Yield	4.5%	Last Price	SAR 201.40
Expected Total Return	2.3%	12-mth target	SAR 197.00

Jarir Marketing	4Q2021	4Q2020	Y/Y	3Q2021	Q/Q	RC Estimate
Sales	2,318	2,554	(9%)	2,225	4%	2,252
Gross Profit	286	363	(21%)	344	(17%)	322
Gross Margins	12%	14%		15%		14%
Operating Profit	278	327	(15%)	293	(5%)	321
Net Profit	263	288	(9%)	273	(4%)	301

(All figures are in SAR mln)

- Jarir sales fell by -2% Y/Y to SAR 9.1 bln in FY2021 due to a delay in the delivery of smartphones. Gross profit fell by -7% Y/Y, while gross margin contracted by -75 bps Y/Y to 13.5% due to higher international shipping and higher showrooms operating cost. Net income for FY2021 fell by -1% Y/Y to SAR 992 mln, while net margin showed a slight improvement by +14 bps Y/Y due to lower cost of funding and Zakat fees.
- For 4Q2021, the company reported sales of SAR 2.3 bln (-9% Y/Y, +4% Q/Q), in-line with our estimates of SAR 2.3 bln on the back international supply challenges as well as a delay in the return of elementary students to classrooms which impacted the Company negatively.
- Gross profit fell on both yearly and quarterly basis by -21% and -17% respectively. At the same time, gross margin contracted by -189 bps Y/Y and by -315 bps Q/Q to stand at 12.3% this quarter. Net margin for this quarter was flat Y/Y but fell by -93 bps compared with previous quarter to stand at 11%.
- Jarir reported a net income of SAR 263 mln (-9% Y/Y, -4% Q/Q) below our estimate of SAR 301 million and market consensus of SAR 288 million due to lower than expected margins. We maintain our target price of SAR 197.00 and Neutral rating.

Abdullah D Alharbi  
 abdullah.ulihan.alharbi@riyadcapital.com  
 +966-11-486-5680

## ■ 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](mailto:research@riyadcapital.com)

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