

Market Data	
52-week high/low	SAR 18.40/14.16
Market Cap	SAR 19,920 mln
Shares Outstanding	1,200 mln
Free-float	72.58%
12-month ADTV	1,811,054
Bloomberg Code	JARIR AB

■ Margins Contract Significantly

July 16, 2023

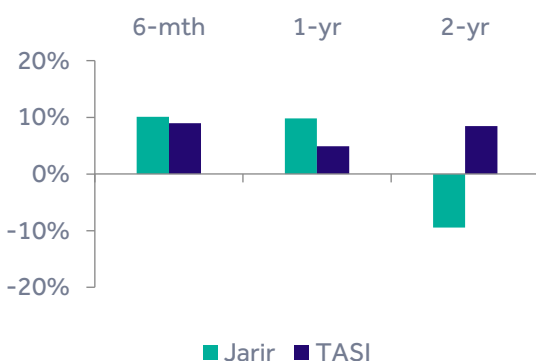
Upside to Target Price	5.8%	Rating	Neutral
Expected Dividend Yield	5.7%	Last Price	SAR 16.60
Expected Total Return	11.5%	12-mth target	SAR 17.56

Jarir Marketing	2Q2023	2Q2022	Y/Y	1Q2023	Q/Q	RC Estimate
Sales	2,436	2,010	21%	2,718	(10%)	2,161
Gross Profit	240	249	(4%)	324	(26%)	253
Gross Margins	10%	12%		12%		12%
Operating Profit	175	192	(9%)	265	(34%)	204
Net Profit	156	177	(12%)	248	(37%)	189

(All figures are in SAR mln)

- Jarir's top-line is up +21% Y/Y but down -10% Q/Q to SAR 2.4 bln. The Y/Y growth was supported by higher sales in all segments especially smartphones and related accessories, computers as well as video games while the decline on a sequential basis is driven by lower sales in most segments due to seasonality.
- 2Q2023 gross profit fell on both yearly and quarterly basis by -4% and -26%, respectively, to SAR 240 mln. This was driven by discounts to promote sales, especially in smartphones and computers devices. Gross margins contracted on both yearly and quarterly basis by -253 bps and by -208 bps, respectively, to 9.8% this quarter. Net margins at 6.4% contracted -242 bps Y/Y and -272 bps Q/Q.
- Jarir Marketing Co. bottom-line declined -12% yearly and -37% quarterly to SAR 156 mln, missing both our and market consensus. We maintain our target price of SAR 17.56 and a Neutral rating. We expect margins to continue to be under pressure this year due to market conditions.

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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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