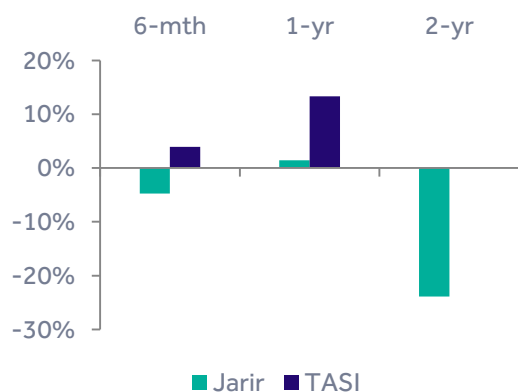


Market Data	
52-week high/low	SAR 17.62 / 14.00
Market Cap	SAR 18,384 mln
Shares Outstanding	1,200 mln
Free-float	72.58%
12-month ADTV	1,816,652
Bloomberg Code	JARIR AB



■ Healthy Net Income Y/Y Despite Competition

January 31, 2024

Upside to Target Price	14.6%	Rating	Buy
Expected Dividend Yield	6.2%	Last Price	SAR 15.32
Expected Total Return	20.8%	12-mth target	SAR 17.56

Jarir Marketing	4Q2023	4Q2022	Y/Y	3Q2023	Q/Q	RC Estimate
Sales	2,802	2,577	9%	2,639	6%	2,921
Gross Profit	328	341	(4%)	384	(15%)	354
Gross Margins	12%	13%		15%		12%
Operating Profit	290	268	8%	316	(8%)	286
Net Profit	273	268	2%	296	(8%)	269

(All figures are in SAR mln)

- Jarir's top-line is up by +13% Y/Y to SAR 10.6 bln for 2023, supported by school and office supplies and smartphone products. On a quarterly basis, Jarir's total sales increased by +9% Y/Y and +6% Q/Q. Gross profits did not perform as well, down by -4% and -15%, when measured Y/Y and Q/Q, respectively.
- Gross margins contracted -153 bps Y/Y and -285 bps Q/Q, to 12% this quarter. The decline Q/Q and Y/Y was driven by increases in sales from electronics, including smart phones, while the Company has continued to largely compete with other retailers on price points. In spite of the decrease in gross profit, EBIT expanded +2.6% Y/Y, coming in at SAR 1.05 bln, driven by decreases in selling and marketing expenses. Jarir's bottom-line of SAR 273 mln is up +2% Y/Y and down -8% Q/Q, in-line with our SAR 269 mln estimates.
- Net margins came in at ~9%, slightly down from 10% in 4Q22 and 11% in 3Q23, tracking closely with gross margins. Net income was particularly supported this quarter, by a SAR 17 mln reversal of a zakat provision (from 2011-2015), following an appeal. We maintain our target price of SAR 17.56 and maintain our Buy rating, as the stock has performed well in some categories such as total sales and net profits, but we also note the concerning contraction in margins.

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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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