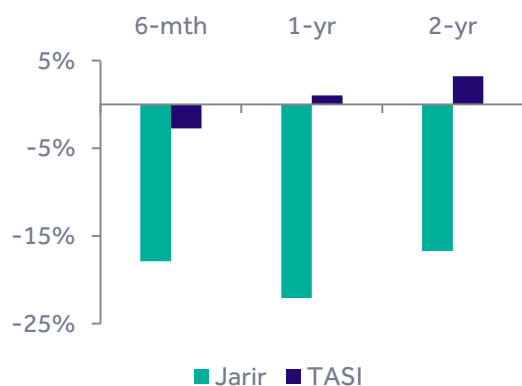


Market Data	
52-week high/low	SAR 16.6 / 12.5
Market Cap	SAR 15,504 mln
Shares Outstanding	1,200 mln
Free-float	72.58%
12-month ADTV	1,816,652
Bloomberg Code	JARIR AB



Surprisingly Strong 2Q Performance

Upside to Target Price	31.6%
Expected Dividend Yield	5.9%
Expected Total Return	37.5%

Rating	Buy
Last Price	SAR 12.92
12-mth target	SAR 17.00

July 11, 2024

Jarir Marketing	2Q2024	2Q2023	Y/Y	1Q2024	Q/Q	RC Estimate
Sales	2,650	2,436	9%	2,650	0%	2,387
Gross Profit	263	240	10%	295	(11%)	236
Gross Margins	10%	10%		11%		10%
Operating Profit	189	175	8%	238	(20%)	174
Net Profit	171	156	10%	219	(22%)	153

(All figures are in SAR mln)

- Jarir's top-line increased by +9% Y/Y to SAR 2.7 bln for 2Q24, mostly driven by higher-than-expected sales in electronics, computers, and smartphone products. Sequentially, Jarir's total sales remained flat, while gross profits fell -11%. Gross profits continued their decline in 2024, with margins contracting sequentially for the 2nd consecutive quarter, driven by price competition, which management has leveraged to maintain market share.
- This price competition has reduced margins across the board, with gross margins contracting -122 bps Q/Q to 10%, and operating margins also decreasing, by -183 bps this quarter. This decline Q/Q was once again, driven by decreases in pricing for key electronics. Operating profits were recorded at SAR 189 mln. Increases in selling and marketing expenses drove lower EBIT, but unexpected increases in sales caused results to deviate from our estimates.
- Net margins came in at 6.5%, slightly up from 6.4% in 2Q23 and in-line with our estimates. While we also note that net margins dropped, from 8.3% in 1Q24, moving in lockstep with EBIT margin declines. We maintain our target price and rating, based on management's market share strategy, a strong balance sheet, and an impressive yield.

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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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