

US\$1.29bn
Market Cap.

55.70%
Free Float

US\$8.38mn
Avg. Daily Value traded

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Jahez International Co.

Neutral

Price Target (SAR): 21.0

Current (14th August 2025): 23.11
Upside/Downside: 9.1% below current

Valuation Multiples	24A	25E	26E
P/E (x)	25.8	28.3	24.5
EV/EBITDA (x)	17.4	18.2	15.2

Major Shareholders % Ownership

Alamat International Company	26.70%
Tharwa Holding Company	7.16%
Abdulaziz Bin Abdulrahman Bin Mohammed Al Omran	5.62%

Price Performance	1M	3M	YTD
Absolute	-13.8%	-13.8%	-23.7%
Relative to TASI	-12.2%	-8.1%	-13.7%

Financial Summary

(SAR mn)	2024	2025E	2026E	2027E
Net revenue	2,219	2,302	2,464	2,623
y-o-y growth	24.3%	3.8%	7.0%	6.4%
Gross Profit	541	546	602	657
GM Margin	24.4%	23.7%	24.4%	25.0%
y-o-y growth	33.3%	0.9%	10.3%	9.1%
EBITDA	222	210	241	275
EBITDA Margin	10.0%	9.1%	9.8%	10.5%
Net Income (NI)*	188	171	198	234
NI Margin	8.5%	7.4%	8.0%	8.9%
y-o-y growth	50.0%	-8.9%	15.4%	18.2%
EPS	0.90	0.82	0.94	1.11
ROE	15.7%	12.9%	13.1%	13.6%

Source: Company data, Al Rajhi Capital Estimates. Note: *Net income attributable to equity holders

Negatives Priced-in

- We update our investment case for Jahez with a Neutral Rating and Fair Value of SAR 21/sh, having a downside of 9.1% to last close
- We opine that the negative of near-term earnings pressure has largely been incorporated in the current market price
- Furthermore, we opine that there are multiple positive triggers (Snoonu acquisition, higher take-rates, lower delivery costs, expansion in grocery segment, and competition becoming more sustainable) that once incorporated in our estimates would warrant an upward revision in our Fair Value.

Investment Thesis: Our investment thesis is premised on the following:

- Near-term earnings of the company are expected to remain under-pressure (despite expectation of increase in take-rate to 16%) on the back of high intensity of competition within the industry that necessitates elevated promotions, high advertisement spend, and waiver of delivery fees.
- However, in the medium-term we opine that there are multiple positive triggers (as outlined below) that once incorporated in our estimates would warrant an upward revision in our Fair Value:
 - Snoonu is expected to be value accretive with an NPV of ~SAR 3/sh, based on our back of the envelop calculation. Furthermore, as per our working, the acquisition is not expected to be earnings negative (from day one) due to lower incidence of zakat/tax (as the company would have less cash on its balance sheet).
 - Since 2019, Jahez has gradually and continuously increased its average take rates (increasing from 9.5% in 2019 to 14.6% in 2024 and most recently increasing it to 15.7% in 2Q25). While we have assumed the take-rates at 16% in our estimates, on-going negotiations between the management and merchants, and competitor charging take-rates in the north of 18% suggest that there is room of increasing the take-rates by a further 100bps (even if the management decides to keep its take-rates at a discount to competitor). As per our working, a 100bps increase in company's take-rate, ceteris paribus, would increase our 2026 earnings by ~35%.
 - Company's RoU assets have grown by ~SAR 71mn in 2Q25, due to signing of additional vehicle lease contracts aimed at expanding the Logi fleet. Since in-house delivery cost through Logi is lower than 3PL companies by ~10%-15%, we opine that delivery cost per order should continue its downward momentum in the medium-term.
 - Currently grocery is less than 10% of the company's total GMV, however, given the extreme temperature year-round in KSA, this segment can be expected to expand aggressively (however, the unit economics of the grocery business is expected to be less attractive as compared to food-delivery).
 - Finally, while current intensity of competition is very high, in our opinion this rate of cash burn is not sustainable and believe that rationality should prevail in the medium-term (allowing for the incumbent companies to recover their delivery costs to a greater extent).

Expectation for 2025 & Beyond: We expect company's earnings to remain under pressure in 2H25 (Vs. 2H24) despite higher take-rate on account of 1) lower total delivery fees, 2) higher marketing and promotional expenses and 3) higher salaries expense (due to increase in Logi drivers).

For 2026, we expect the total number of orders and GMV to grow by 6% YoY and 7% YoY, respectively. Furthermore, average take-rate is expected to increase from 15.7% in 2025 to 16.0% in 2026 which is expected to increase the net income per order by 15 halalas.

Recommendation and Valuation:

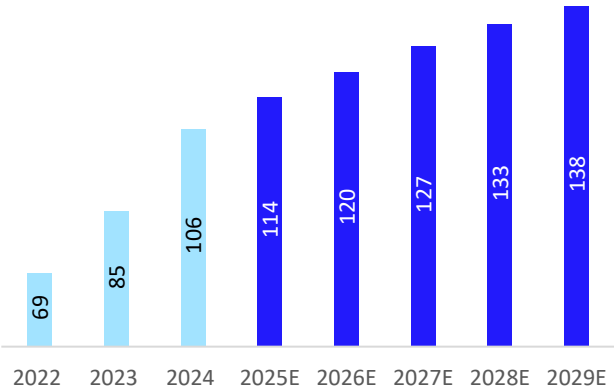
We update our investment case for Jahez with a Fair Value of SAR 21/sh, having a downside of 9.1% to last close. We value the company using discounted cashflow method, using a cost of equity of 10% and terminal growth rate of 3.5%. We opine that the negatives of high intensity of competition have already been incorporated in the current market prices, hence we have a Neutral rating on the stock.

Figure 1 Valuation

Valuation		
DCF Valuation	SAR/sh	21.00
CMP	SAR/sh	23.11
Upside/(Downside)	%	-9.1%

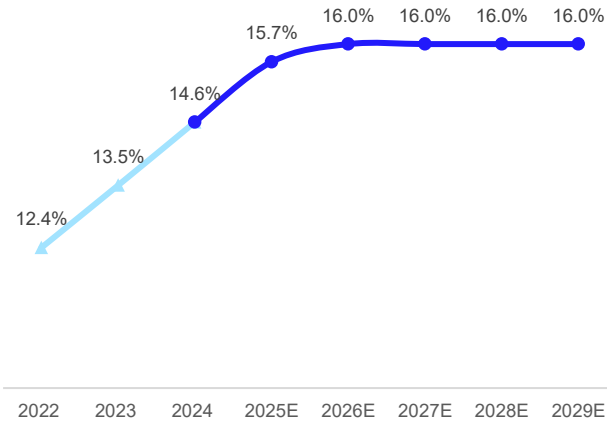
Source: Company Data, Al Rajhi Capital estimates

Figure 2 No. of Orders (Mn)

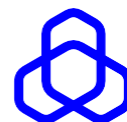


Source: Company data, Al Rajhi Capital estimates.

Figure 3 Average take rate (% of GMV)



Source: Company data, Al Rajhi Capital estimates.



Financials

Figure 4 Income Statement

SAR mn	2024	2025E	2026E	2027E	2028E	2029E
Gross Revenue	2,387	2,502	2,673	2,846	2,992	3,116
Promotions and cash back	(168)	(200)	(210)	(223)	(236)	(247)
Net Revenue	2,219	2,302	2,464	2,623	2,757	2,870
<i>y-o-y growth</i>	24.3%	3.8%	7.0%	6.4%	5.1%	4.1%
Cost of Sales	(1,678)	(1,756)	(1,862)	(1,966)	(2,057)	(2,131)
Gross Profit	541	546	602	657	700	739
<i>y-o-y growth</i>	33.3%	0.9%	10.3%	9.1%	6.6%	5.5%
<i>margins</i>	24.4%	23.7%	24.4%	25.0%	25.4%	25.7%
Marketing & advertising expenses	(169)	(189)	(204)	(219)	(232)	(242)
G&A expenses	(136)	(143)	(157)	(162)	(171)	(179)
R&D expenses	(53)	(50)	(51)	(52)	(53)	(54)
Impairment loss of trade receivables	(14)	(14)	(14)	(15)	(15)	(16)
Other income	(0)	0	-	-	-	-
Operating Profit	169	149	176	208	229	247
<i>y-o-y growth</i>	65.7%	-11.6%	17.9%	18.3%	9.9%	8.0%
<i>margins</i>	7.6%	6.5%	7.1%	7.9%	8.3%	8.6%
Financial costs	(5)	(6)	(8)	(8)	(9)	(10)
Finance income	49	45	43	49	59	68
Unrealized gain/loss on investments	(6)	(5)	-	-	-	-
Share from Equity investments	(2)	(1)	-	-	-	-
Net Income before Zakat	205	182	211	249	279	306
Zakat	(20)	(21)	(24)	(25)	(26)	(28)
Net Income	184	160	188	224	252	278
Equity holders - Net Income*	188	171	198	234	262	288
<i>y-o-y growth</i>	50.0%	-8.9%	15.4%	18.2%	12.2%	9.8%
<i>margins</i>	8.5%	7.4%	8.0%	8.9%	9.5%	10.0%
EPS	0.90	0.82	0.94	1.11	1.25	1.37

Source: Company Data, Al Rajhi Capital estimates. Note: *Net income attributable to equity holders

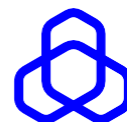


Figure 5 **Balance Sheet**

SAR mn	2024	2025E	2026E	2027E	2028E	2029E
Cash and cash equivalents	1,054	1,170	1,353	1,568	1,813	2,084
Inventories	11	10	10	10	10	10
Trade receivables	75	91	97	100	105	111
Prepaid expenses and Others	78	97	97	97	97	97
Current Assets	1,219	1,368	1,557	1,774	2,025	2,301
Property and equipment	211	215	225	235	246	257
Intangible & Goodwill	102	118	133	148	163	178
Right-of-use assets	69	141	141	141	141	141
Investments	170	167	167	167	167	167
Total Assets	1,770	2,009	2,222	2,465	2,742	3,044
Trade and other payables	54	47	47	47	47	47
Proceeds due to customers	197	202	216	223	234	246
Lease liabilities	32	38	40	87	93	99
Accrued expenses & Others	174	168	168	168	168	168
Current Liabilities	458	455	471	524	542	560
Lease liabilities	40	113	121	87	93	99
Others	23	28	28	28	28	28
Total liabilities	521	595	621	640	664	687
Share capital	105	105	105	105	105	105
Retained earnings	441	646	834	1,058	1,310	1,588
Others	703	663	663	663	663	663
Total equity	1,249	1,414	1,602	1,826	2,078	2,356
Total Liabilities & Equity	1,770	2,009	2,222	2,465	2,742	3,044

Source: Company Data, Al Rajhi Capital estimates

Figure 6 **Ratios and Multiples**

	2024	2025E	2026E	2027E	2028E	2029E
(Debt & Lease) /Asset	4.2%	7.9%	7.7%	7.4%	7.2%	6.9%
ROE	15.7%	12.9%	13.1%	13.6%	13.4%	13.0%
P/E	25.8x	28.3x	24.5x	20.7x	18.5x	16.8x
P/B	3.9x	3.4x	3.0x	2.7x	2.3x	2.1x
EV/EBITDA	17.4x	18.2x	15.2x	12.5x	10.8x	9.3x

Source: Company Data, Al Rajhi Capital estimates.

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