

Market Data	
52-week high/low	SAR 175.0/110.0
Market Cap	SAR 16,752 mln
Shares Outstanding	120 mln
Free-float	75.9%
12-month ADTV	198,303
Bloomberg Code	JARIR AB

■ Superb 1Q, Challenging 2H2020 Ahead

June 11, 2020

Upside to Target Price 8.9%
 Expected Dividend Yield 5.4%
 Expected Total Return 14.3%

Rating Neutral
 Last Price SAR 139.60
 12-mth target SAR 152.00

Jarir Marketing	1Q2020	1Q2019	Y/Y	4Q2019	Q/Q	RC Estimate
Sales	2,340	1,887	24%	2,394	(2%)	1,566
Gross Profit	328	302	8%	348	(6%)	235
Gross Margins	14%	16%		15%		15%
Operating Profit	272	254	7%	297	(8%)	181
Net Profit	252	234	8%	277	(9%)	169

(All figures are in SAR mln)

- Jarir's topline increased by +24% Y/Y to reach SAR 2.3 bln during the quarter, above our expectations. This is attributed to growth in smartphones and the continued growth in computers segment as consumer buying increased in March because of learning and working remotely although second half of March witnessed store closures.
- Gross margins have contracted by -200 bps Y/Y to 14% due to promotions coupled with a sales mix that is tilted towards lower margin products.
- For 1Q20, Jarir reported a net income of SAR 252 mln (+8% Y/Y) above our SAR 169 mln forecast and market expectations of SAR 205. Most main categories reported decent growth.
- Online sales and huge sales growth in prior months offset any store closure impacts. 2Q would be impacted by store closures but benefit from greater buying of high value products in anticipation of VAT increase from 1st July. Second half may be more subdued. We reduce our target price from SAR 167.00 to SAR 152.00, maintain Neutral.

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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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