Leejam Sports Co.

7 May 2026

INITIATION OF COVERAGE

We initiate coverage on Leejam Sports Co. (LEEJAM) with a target price of SAR 86.6/sh and a 'Neutral' rating. Leejam remains the leading fitness operator in KSA, supported by a diversified and scalable platform. However, utilization has softened, with members per center declining in 1Q26, amid rapid network growth. The number of gyms is expected to expand from 246 in 1Q26 to around 318 by 2030f, which is likely to exert pressure on margins, with gross margins projected to decline to ~36% in 2026e before gradually recovering to ~38% by 2030f. The stock currently trades at a 2026e P/E of 15.5x, above its 5-year historical average of 14.2x.

Network growth to slow down. With the rising industry competition and aggressive expansions by Leejam, the quarter end (QE) male members per center during 1Q26 came at 2.2k, down 10% YoY, while QE female members per center clocked in at 1.4k, down 15% YoY. Company now plans to optimize its gym network expansion and work on cost optimizations in order to support sustained margins. Total centers are expected to increase from 246 in 1Q26 to ~318 by 2030f. The long-term member growth is supported by a growing gym-going population in Saudi Arabia. Total membership is forecasted to grow at a CAGR of ~7% between 2025–2030f, with female members expected to outpace overall growth at a ~10% CAGR over the same period, driven by rising participation and improved accessibility.

Expansion to weigh on margins. Leejam has transformed from a traditional gym operator into a multi-format, integrated fitness and wellness platform, materially diversifying its revenue base and reducing concentration risk. Geographically, Leejam's expansion into the UAE has added a new revenue stream. However, continuous new centers rollout and existing facilities upgrade have diluted members per gym and pressurized margins. Gross margin declined to 38% in 2025, compared to an average of 42% over 2021-2024. We expect margins to contract further to 36% in 2026e, before gradually recovering to around 38% by 2030f.

Strong sector fundamentals and large scale to underpin stability. Leejam's advantage is anchored by its scale, with a presence across 27 cities in KSA. As of 1Q26, the company has the highest number of gyms and avg. members at 246 and 432k, respectively. In response to shifting consumer preferences toward more affordable options, the company is strategically increasing its focus on the mid-tier segment of the primary gym market, alongside a presence across other primary gym segments, enabling access to the broadest member base. Supported by a diversified fitness ecosystem and a well-established brand, Leejam delivers a superior ROE at ~24% and maintains robust a cash position. Collectively, these factors will position the company to defend its market leadership while sustaining growth and returns.

Consistent payout amidst expansion. Leejam has maintained consistent dividend payouts since 2021 despite aggressive network expansion. We expect company to maintain 60% payout ratio going forward. Leejam is the only listed sports sector company currently offering dividends. With a forecasted dividend coverage ratio of 1.6x and an expected increase in dividend yield from 3.9% in 2026e to 6.6% by 2030f.

Valuation: Due to Leejam's contracting margins, we issue a 'Neutral' stance, with an upside of 7.6%. We have valued the company using the FCFF approach, using a terminal growth rate of 2.5% and a WACC of 9.3%.

Risks: The main risks to our thesis include execution delays in expansion plans, lower-than-expected customer retention, potential loss of market leadership due to competition, pricing pressure from increased rivals, unfavorable changes in lease terms, interest rate fluctuations, and import restrictions

RATING SUMMARY	Neutral
Target Price (SAR)	86.6
Upside/Downside	7.6%
Div. Yield	3.9%
Total Exp. Return	11.5%

Source: Company financials, anbc research

ISSUER INFORMATION	
Bloomberg Code	LEEJAM AB
Last Price (SAR)	80.5
No of Shares (mn)	52
Market Cap bn (SAR/USD)	4.2/1.1
52-week High / Low (SAR)	151.7/75.7
12-month ADTV (mn) (SAR/USD)	14.3/3.8
Free Float (%)	47.4%
Foreign Holdings (%)	6.1%

Last price as of May 6th, 2026

VALUATIONS

	2025a	2026e	2027f	2028f
EPS (SAR)	5.8	5.2	6.2	7.1
PER (x)	13.8	15.5	13.0	11.3
PBV (x)	3.5	3.2	2.9	2.7
DPS (SAR)	3.5	3.1	3.7	4.3
Div. Yield (%)	4.4	3.9	4.6	5.3
RoAE (%)	25.0	21.6	23.6	24.6
RoAA (%)	7.9	6.5	7.3	8.0

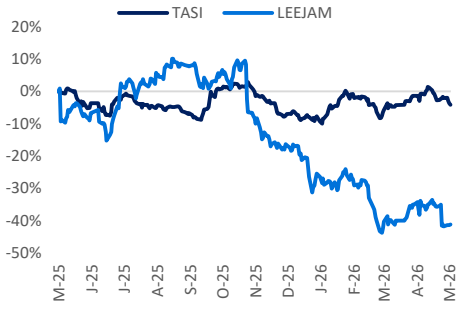
Source: Company financials, anbc research

FINANCIALS (SAR mn)

	2025a	2026e	2027f	2028f
Revenue	1,614	1,664	1,808	1,952
Gross Profit	615	600	660	727
EBITDA	755	785	859	934
Net Income	305	272	324	373

Source: Company financials, anbc research

RELATIVE PRICE PERFORMANCE



Source: Bloomberg, anbc research

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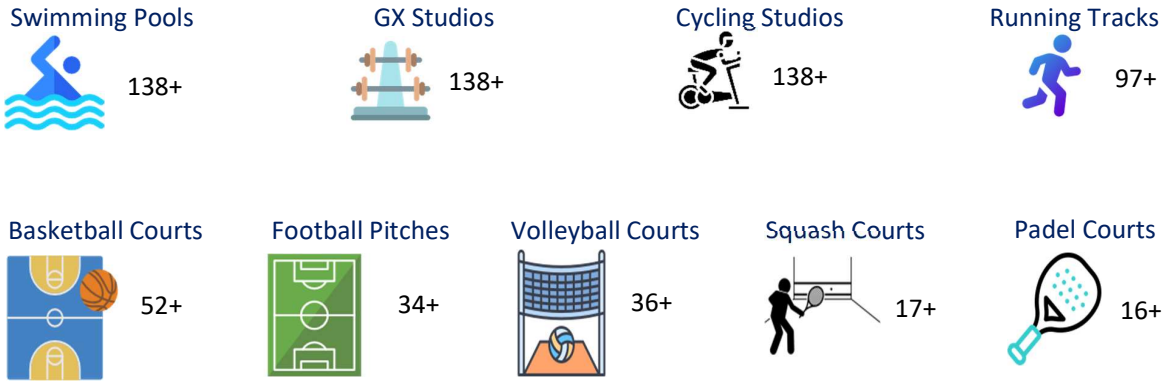
Investment Thesis

Network growth to slow down

Leejam has evolved from a traditional gym operator into a multi-format, integrated fitness and wellness platform, materially enhancing revenue diversification and reducing reliance on a single-format business model. Beyond core gym operations, the company has expanded into concept studios, swimming pools, cycling studios, clinics, and other specialized sports facilities, increasing member engagement and improving asset utilization across its network.

Leejam is offering a number of services other than its core gym portfolio. This breadth of offerings and continuous center expansion has supported consistent top-line growth, with revenues delivering a ~20% CAGR over 2020–2025.

Non-core amenities offered by Leejam



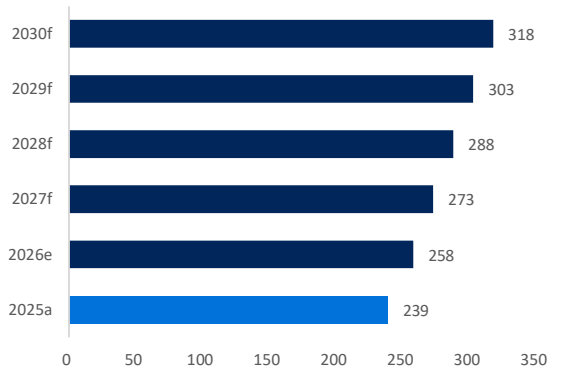
Source: Company website, anbc research

Moreover, amid rising industry competition and an aggressive expansion strategy, Leejam has experienced a moderation in utilization levels. In 1Q26, quarter-end members per center declined to 2.2k for males (-10% YoY) and 1.4k for females (-15% YoY), reflecting dilution as new centers ramp up. In response, the company is recalibrating its strategy by moderating the pace of network expansion and placing greater emphasis on cost optimization to support margin sustainability.

Looking ahead, we expect Leejam's network to expand from 239 centers in 2025 to approximately 318 by 2030f, implying the addition of 19 gyms in 2026e followed by a steady rollout of around 15 gyms annually thereafter. The portfolio mix is projected to include approximately 297 Fitness Time centers alongside 21 concept studios, reflecting a balanced approach between scale-driven growth and targeted, specialized offerings. While this accelerated expansion is likely to weigh on utilization and margins in the near term, as new centers typically require a ramp-up period, it strengthens the company's long-term positioning by enhancing geographic reach and accessibility.

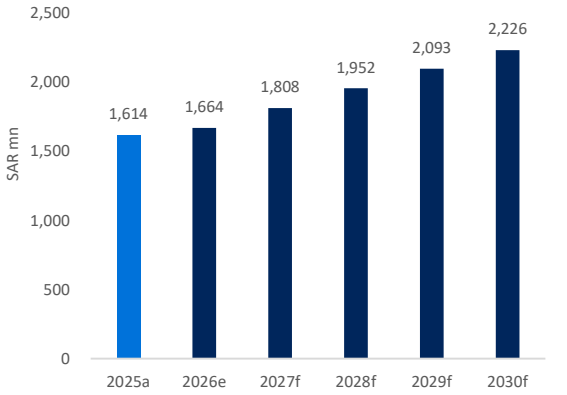
Over the medium to long term, the outlook remains underpinned by favorable structural drivers, particularly the increasing penetration of fitness activities and a growing gym-going population in Saudi Arabia. These dynamics, combined with Leejam's established brand and diversified service offering, are expected to support sustained top-line expansion, with revenue projected to grow at a CAGR of ~7% over 2025-2030f.

Chart 33: Total numbers of centers



Source: Earnings call, anbc research

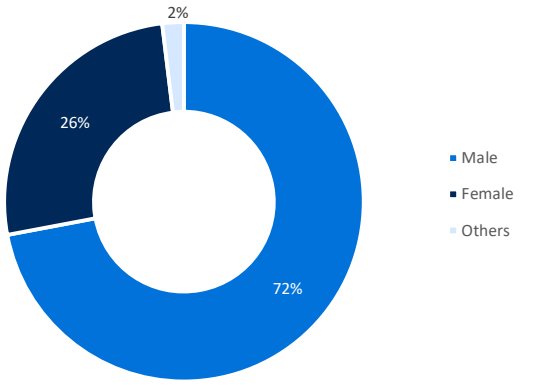
Chart 34: 2025-2030f CAGR of 7% revenue



Source: Company financials, anbc research

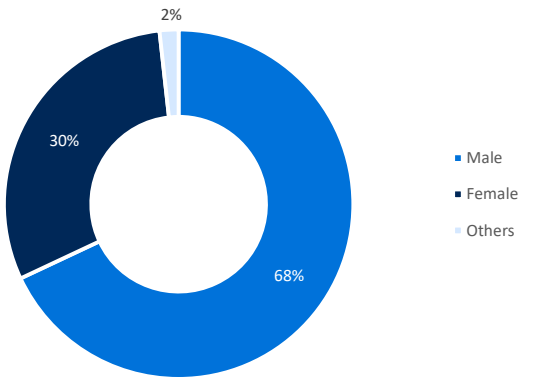
Growth in total members is expected to be driven by the female segment, with female memberships forecasted to grow at a ~10% CAGR over 2025–2030f, outpacing overall membership growth. This outlook is supported by rising female participation in sports, increased availability of female-only facilities, and improving accessibility across regions. As a result, we expect the female segment's contribution to revenue to increase from ~26% in 2025 to ~30% by 2030f, providing a structural uplift to growth and mix.

Chart 35: Revenue contribution 2025



Source: Company financials, anbc research

Chart 36: Revenue contribution 2030f

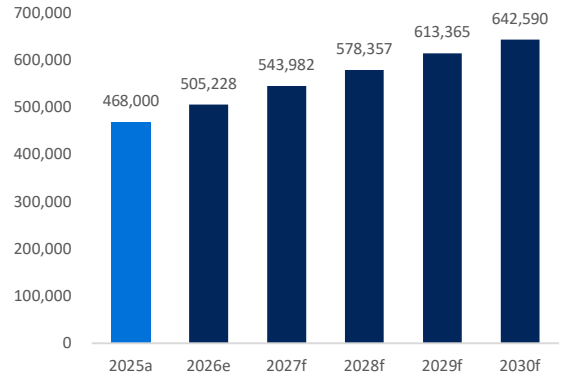


Source: Company financials, anbc research

Expansion to weigh on margins

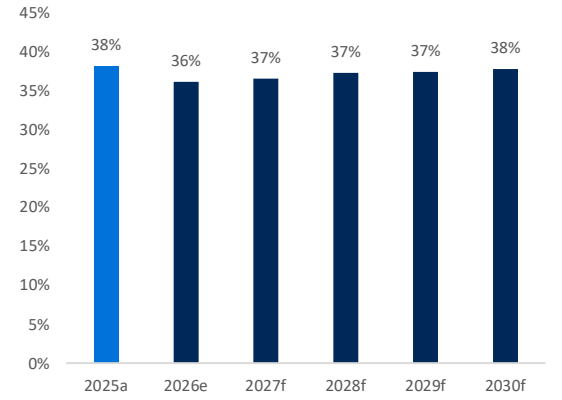
The centers expansion is expected to increase male fitness time centers to ~191 and female fitness time centers to ~106 by 2030f. The accelerated rollout is likely to result in temporary dilution in members per gym, and weigh on the margins. Gross margin declined to 38% in 2025, compared to an average of 42% over 2021-2024. We expect margins to contract further to 36% in 2026e, before gradually recovering to around 38% by 2030f. Supported by the expanding gym going population in Saudi Arabia, we expect total membership to grow at a CAGR of ~7% between 2025–2030f.

Chart 37: Total gym members expected growth



Source: Earnings call, anbc research

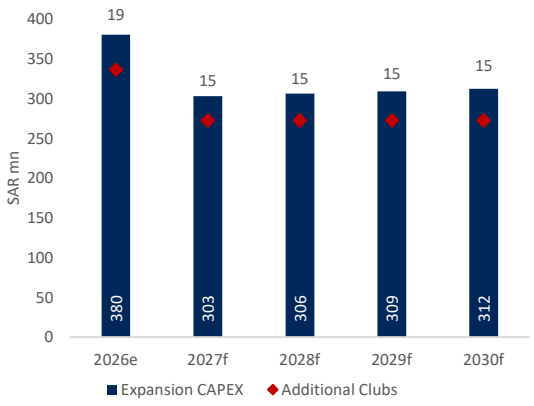
Chart 38: Gross margins to lower down



Source: Earnings call, anbc research

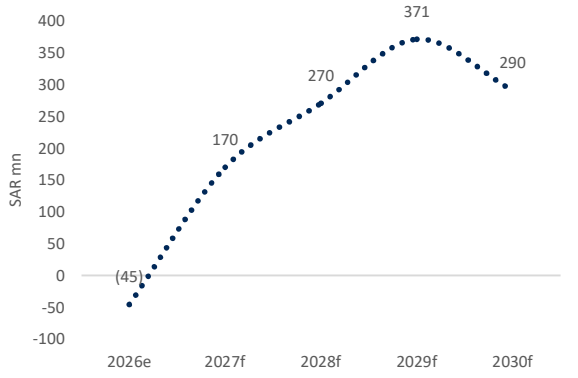
We estimate total expansion capex of approximately SAR 1,610 mn over 2026e–2030f reflecting the opening of 79 new centers. As a result, FCFF is expected to remain constrained in the near term, however, we expect it to stay positive.

Chart 39: Expansion CAPEX vs. additional clubs



Source: Company financials, anbc research

Chart 40: FCFF to stay positive amid expansion



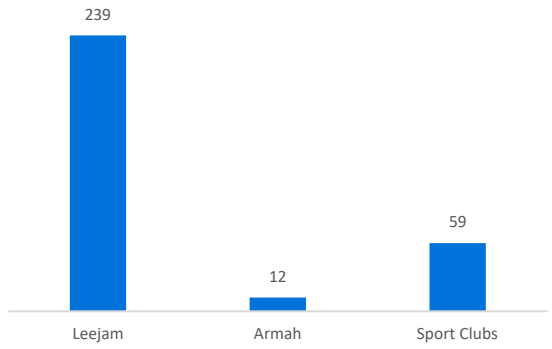
Source: Company financials, anbc research

Strong sector fundamentals and large scale to underpin stability

Leejam maintains a leadership position among listed gym operators in Saudi Arabia. It operates across 27 cities in KSA and with a presence in the UAE, providing it a significant geographic advantage over competitors who operate primarily in selected Saudi cities. Leejam has the largest footprint in terms of total gyms and member base, this wide coverage enables higher brand visibility, stronger customer reach, and greater revenue diversification.

In response to shifting consumer preferences toward more affordable options, the company is strategically increasing its focus on the mid-tier segment of the primary gym market, alongside a presence across other primary gym segments, enabling access to the broadest member base. Furthermore, company is also planning to expand its footprint in the Eastern Province, owing to favorable dynamics of the province.

Chart 41: Number of gyms as of 2025



Source: Earnings call, anbc research

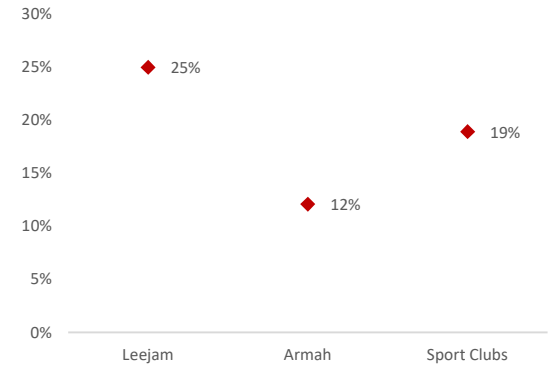
Chart 42: Total gym members as of 2025

Source: Earnings call, anbc research

During 2025, in terms of financial performance, Leejam subscriptions revenue accounted for 84% of total revenues. This scale contributes to the company reporting the highest return on equity (ROE) at 25% and return on assets (ROA) at 8% amongst its peers. The company also has the strongest cash position per share at SAR 3.2/share, which supports operational sustainability, expansion, and resilience against market fluctuations.

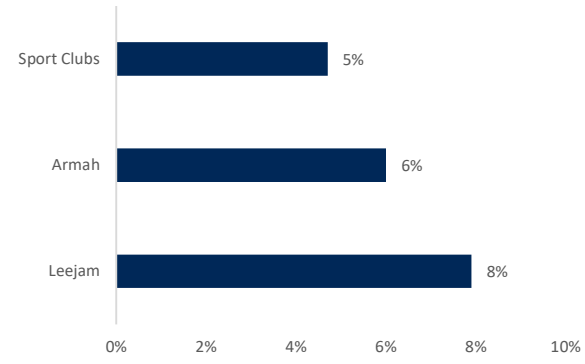
Beyond scale and financial strength, Leejam's competitive advantage is reinforced by its multi-format fitness offerings, including concept studios, swimming pools, clinics, and padel courts. This diversification enhances member engagement, improves retention rates, and creates cross-selling opportunities. Additionally, the company operates primarily in the mid-tier segment, which represents the largest share of the total primary gym market at approximately 42%. This breadth provides access to the largest customer base and supports Leejam's industry-leading membership scale.

Chart 43: ROE 2025



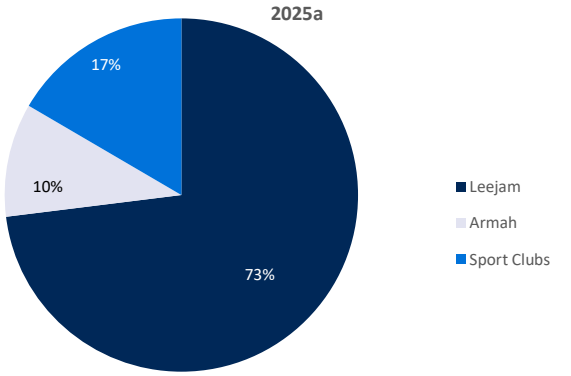
Source: Company financials, anbc research

Chart 44: ROA 2025



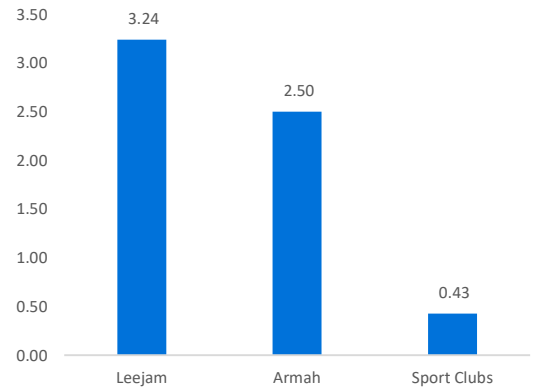
Source: Company financials, anbc research

Chart 45: Listed players subscription revenue share



Source: Company financials, anbc research

Chart 46: Cash per share – 2025 (SAR)



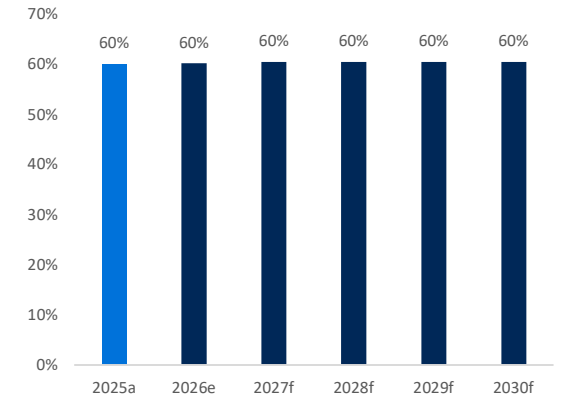
Source: Company financials, anbc research

Consistent payout amidst expansion

Leejam has demonstrated a consistent track record of dividend payouts since 2021, and we expect this trend to continue, with the payout ratio remaining stable at around 60%. This is particularly notable given that the company is currently in an expansionary phase. While both Armah and Sport Clubs are also in expansionary phases, neither company has yet announced its first dividend, making Leejam the only company in the sports sector to offer dividends.

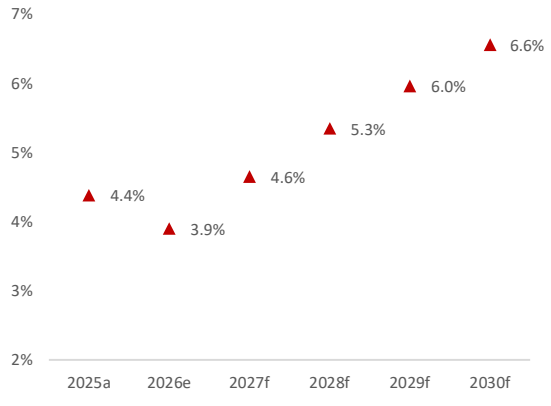
Leejam's ability to sustain dividends while simultaneously investing in growth underscores its strong cash flow generation and financial discipline. We forecast a dividend coverage ratio of 1.6x, indicating ample capacity to maintain payouts. Looking ahead, we expect Leejam's dividend yield to increase to 6.6% by 2030f, from 3.9% in 2026e.

Chart 47: Dividend payout



Source: Company financials, anbc research

Chart 48: Dividend yield



Source: Company financials, anbc research

Valuation

We value Leejam using the FCFF approach, applying a terminal growth rate of 2.5% and a WACC of 9.3%, which results in a target price of SAR 86.6/share, implying an upside potential of 7.6% from current levels. Based on this, we assign a 'Neutral' rating to the stock. At present, Leejam trades at a 2026f P/E of 15.5x and a 2026f P/BV of 3.2x. With a 2026f dividend yield of 3.9%, we expect a total return of 11.5% from current levels.

Valuation table:

SAR mn	2027f	2028f	2029f	2030f	2031f
FCFF	170	270	371	290	408
Terminal Value					6,138
FCFF + Terminal	170	270	371	290	6,546
Discounted FCFF	**155**	**226**	**284**	**203**	**4,192**

Enterprise Value	5,061
Cash	125
Debt	(654)
Equity Value	4,532
Target Price	**86.6**

TP sensitivity:

		Growth rate				
		1.5%	**2.0%**	**2.5%**	**3.0%**	**3.5%**
WACC	**7.30%**	108.4	117.9	129.3	143.5	161.3
	8.30%	90.0	96.6	104.3	113.4	124.5
	9.30%	76.3	81.1	86.6	92.9	100.3
	10.30%	65.8	69.4	73.4	78.0	83.3
	11.30%	57.4	60.2	63.3	66.8	70.7

Source: anbc research

Leejam Company Overview

Leejam Sports Company is a Saudi joint stock company established in May 2008, with a core focus on the management and operation of sports and recreational facilities. Over time, the company has evolved from a pure-play gym operator into the largest integrated sports facility network in the MENA region, holding a leading position across both male and female fitness segments. Geographically, Leejam operates in Saudi Arabia and the UAE. As of 1Q26, the company operated 246 centers, including 20 concept studios and gyms.

Fitness brands operated

Leejam offers a wide range of services covering all segments of the fitness market. It operates its gyms under the 'Fitness Time' (FT) brand.

Premium Tier	Middle Tier	Low Cost, High Value	Concept Studios & Academies
Luxury & a 5-star exclusive experience	Business-class full-service facilities	Digitally enabled no-frills experience with maximum value	Specialized niche activities and sports
FITNESS TIME PLUS	FITNESS TIME FITNESS TIME PRO FITNESS TIME LADIES FITNESS TIME LADIES PRO	FITNESS TIME XPRESS FITNESS TIME LADIES XPRESS	FITNESS TIME POP-UP 3days

Source: Earnings call, anbc research

Sources of revenue

Subscription and membership

The company primarily generates revenue through the sale of club memberships. During 2025, subscription revenue reached SAR 1,364 mn, reflecting a 7% YoY increase. The growth was driven by the addition of 16 new clubs and improved pricing during the year. Subscription revenues accounted for 84% of total revenues during 2025. Subscription offerings plans range from 1 month to 12 months, with the 12-month plan representing approximately 48% of subscriptions sold during 1Q26.

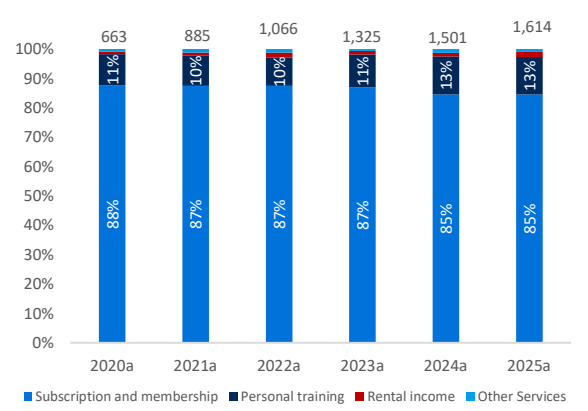
Personal training (PT)

Personal training is a one-on-one coaching service with certified instructors, offering 60-minute sessions sold in packages of 12, 24, or 50 sessions, beginning with three introductory sessions before transitioning to paid plans. In 2025, PT revenues reached SAR 207 mn, depicting an 6% YoY increase. During the period, PT revenues accounted for 13% of total revenues.

Rental income

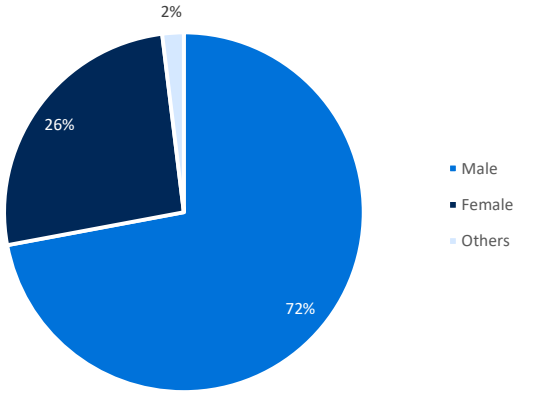
Rental income is earned by leasing space at fitness centers to third-party vendors, primarily food and beverage outlets. In 2025, Leejam generated total rental income of SAR 27 mn (up 36% YoY), representing 2% of total revenues.

Chart 49: Total revenue (SAR mn)



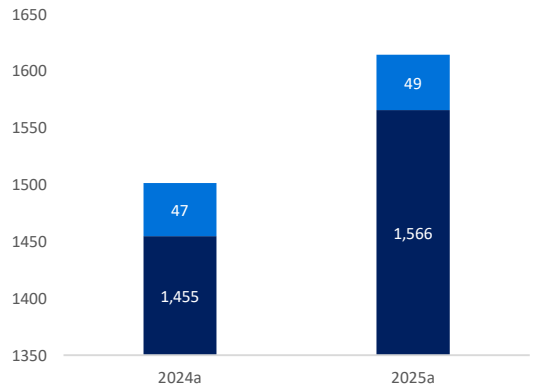
Source: Company financials, anbc research

Chart 50: Segmental revenues – 2025a



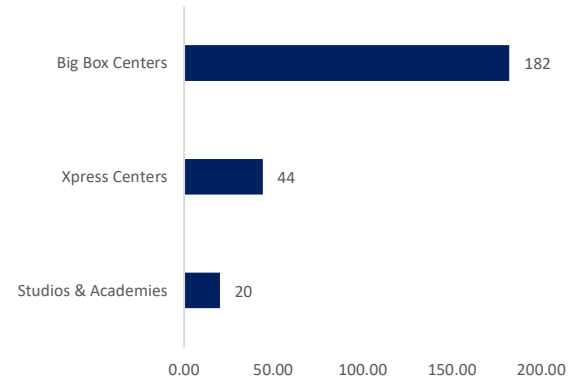
Source: Company financials, anbc research

Chart 51: Revenue by geographical region (SAR mn)



Source: Company financials, anbc research

Chart 52: Distribution of outlets by type as of 1Q26



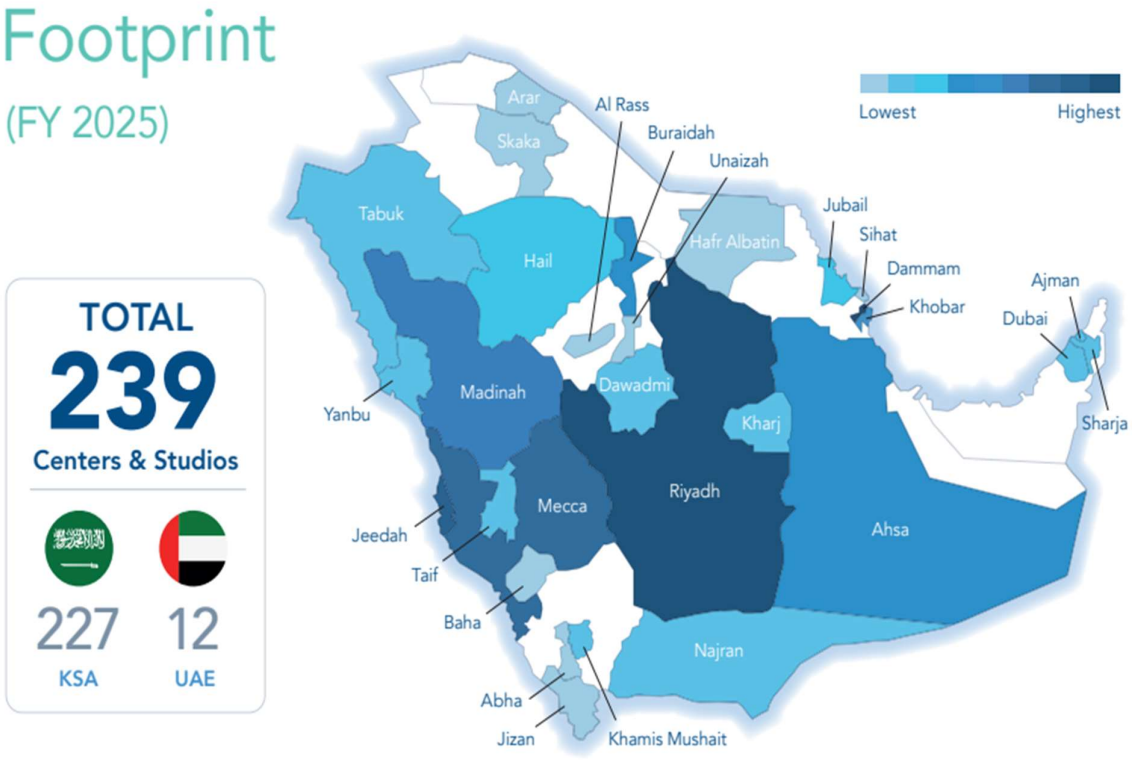
Source: Earnings call, anbc research

Subsidiaries

Name	Country of Incorporation	Ownership % (Direct)	Ownership % (Indirect)
Sports Hive Limited Company	KSA		100%
Altathir Al-Riyadiyeh Company	KSA		100%
Padel X Sports Company	KSA		51%
Champs Sports and Fitness Club LLC Company	UAE		60%
Sports Hub Sports Company	KSA		55%
Leejam Investments Company	KSA	100%	
Al-Nemw Al-Murrakb Real Estate Company	KSA		100%
Leejam Real Estate Company	KSA		100%
Tattweer Al-Omaiyez Sports Company	KSA		60%
Service Sport Company	KSA		100%
Riada Raqmiyah For Technologies	KSA		100%
Kafaat Alisad Lilmawarid Albashariyya Company	KSA		100%

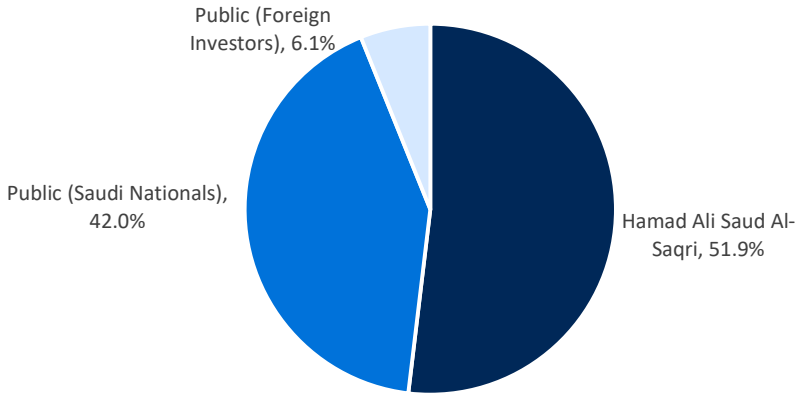
Source: Company financials, anbc research

Geographic footprint of the Leejam



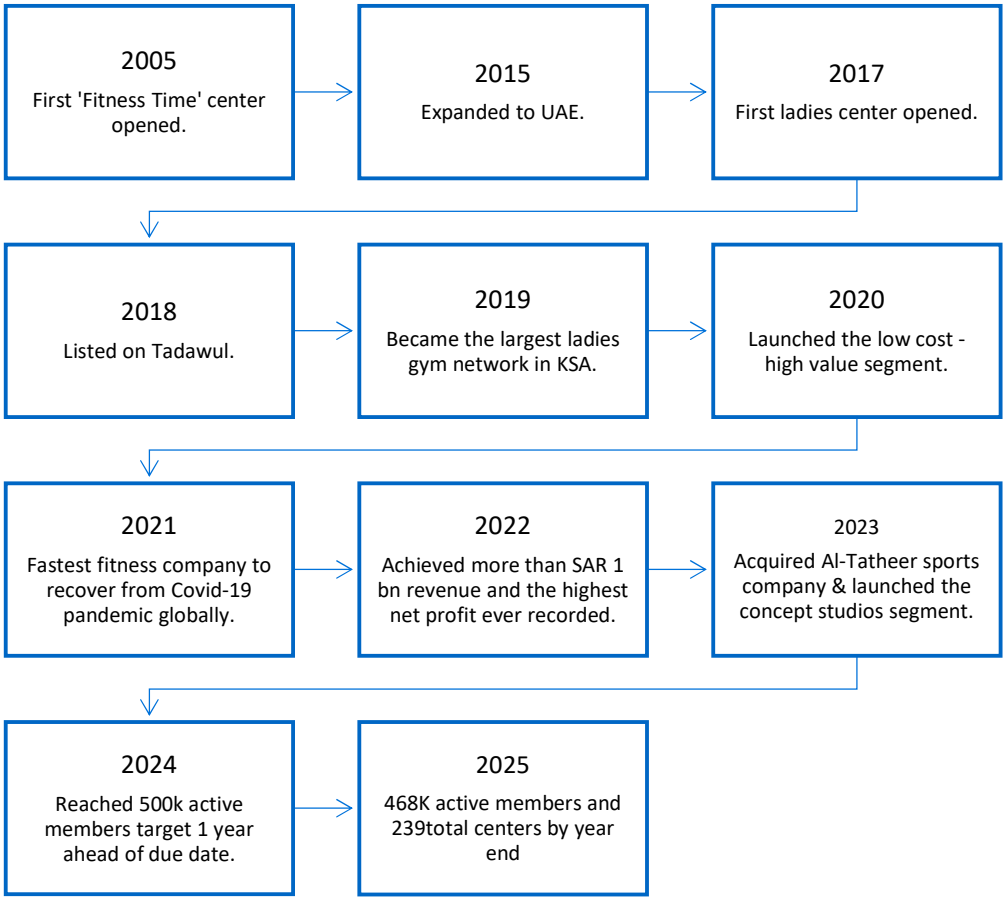
Source: Company financials, anbc research

Shareholding pattern



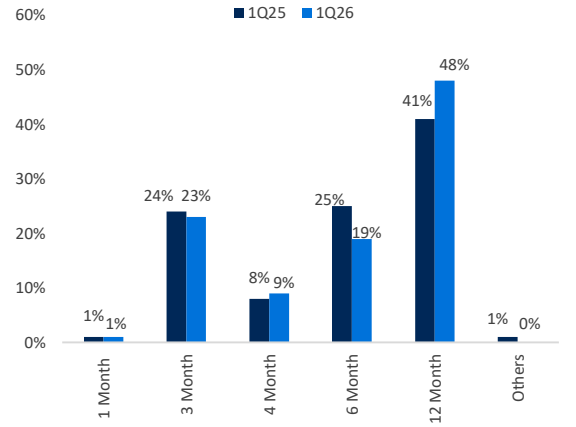
Source: Tadawul, anbc research

History of Leejam



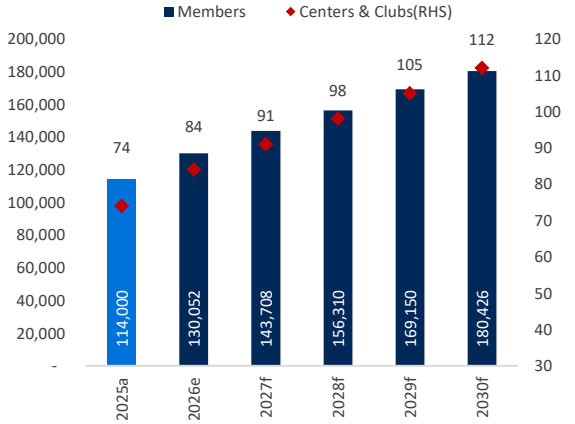
Leejam's chart bank:

Chart 53: Subscription mix (% of total units sold)



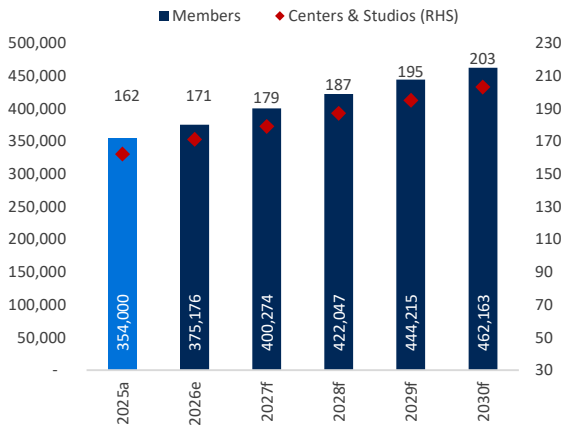
Source: Earnings call, anbc research

Chart 54: Female members, centers & studios



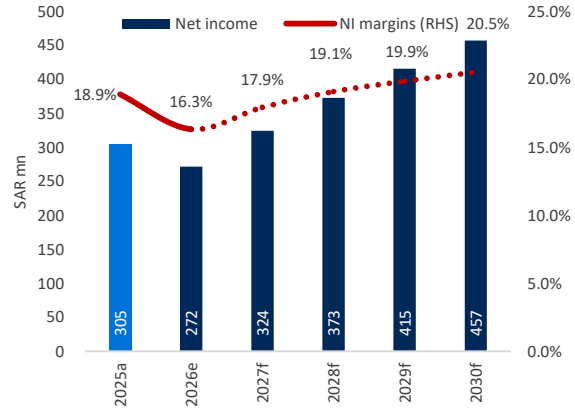
Source: Earnings call, anbc research

Chart 55: Male members, centers & studios



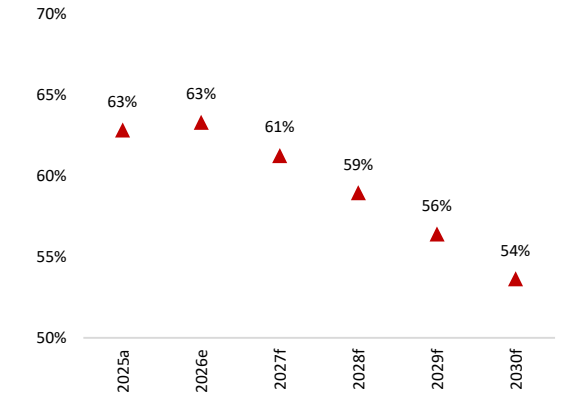
Source: Earnings call, anbc research

Chart 56: Net margins to reach 21% by 2029f



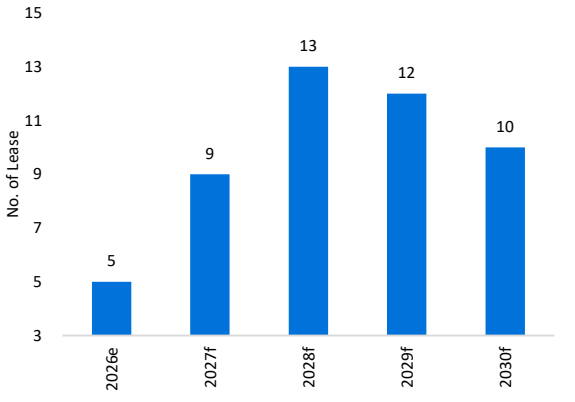
Source: Company financials, anbc research

Chart 57: Debt to capital to ease off going forward



Source: Company financials, anbc research

Chart 58: Lease expiry profile for the next 5 years



Source: Earnings call, anbc research

Financial Summary

Income Statement (SAR mn)	2024a	2025a	2026f	2027f	2028f	2029f	2030f	CAGR 2025-2030f
Revenue	1,501	1,614	1,664	1,808	1,952	2,093	2,226	7%
Cost of revenue	(878)	(999)	(1,064)	(1,148)	(1,225)	(1,311)	(1,387)	7%
Gross Profit	**623**	**615**	**600**	**660**	**727**	**782**	**840**	**6%**
Operating expenses	(176)	(192)	(197)	(211)	(228)	(240)	(256)	6%
EBIT	**447**	**423**	**404**	**449**	**499**	**542**	**584**	**7%**
Dep & amort	290	332	382	409	434	471	499	8%
EBITDA	**737**	**755**	**785**	**859**	**934**	**1,013**	**1,083**	**7%**
Finance cost	-91	-109	-128	-129	-129	-126	-125	3%
Other exp./income	109	-6	2	5	6	9	12	-214%
Profit Before Tax	**464**	**307**	**278**	**325**	**376**	**425**	**471**	**9%**
Zakat tax	-10	-5	-2	-7	-10	-13	-18	28%
Profit After Tax	**454**	**302**	**275**	**319**	**366**	**412**	**453**	**8%**
Profit from disc. operation	2	0	0	0	0	0	0	-100%
Non-Controlling interest	-1	-3	-2	-3	-3	-4	-4	7%
Equity holders PAT	**457**	**305**	**272**	**324**	**373**	**415**	**457**	**8%**
Number of Share	52	52	52	52	52	52	52	
EPS	8.7	5.8	5.2	6.2	7.1	7.9	8.7	
Balance Sheet	**2024a**	**2025a**	**2026f**	**2027f**	**2028f**	**2029f**	**2030f**	**2025-2030f**
Property & equipment	2,058	2,296	2,481	2,571	2,641	2,677	2,695	3%
Right to use asset	141	189	175	158	158	158	158	-4%
Others	1,233	1,191	1,330	1,401	1,452	1,502	1,550	5%
Intangible asset	8	8	7	6	5	5	4	-11%
Non-current assets	**3,440**	**3,683**	**3,993**	**4,136**	**4,256**	**4,342**	**4,408**	**4%**
Trade receivables	26	23	33	36	44	55	58	20%
Prepayment & others	124	113	143	141	147	155	163	8%
Cash & cash equivalents	106	170	125	174	315	537	669	32%
Inventories	24	22	29	29	31	33	35	10%
Current Asset	**281**	**328**	**331**	**381**	**536**	**779**	**924**	**23%**
Total Assets	**3,721**	**4,011**	**4,324**	**4,516**	**4,792**	**5,121**	**5,332**	**6%**
Share capital	524	524	524	524	524	524	524	0%
Retained earnings	732	837	944	1,073	1,220	1,385	1,566	13%
Others	-18	-158	-158	-157	-157	-157	-157	0%
Total Equity	**1,238**	**1,203**	**1,311**	**1,439**	**1,587**	**1,752**	**1,933**	**10%**
Lease liabilities	1,276	1,366	1,478	1,518	1,540	1,541	1,519	2%
Borrowings	226	426	440	420	408	400	395	-2%
Employees' serv. benefit	66	76	76	76	76	76	76	0%
Non-current liabilities	**1,568**	**1,868**	**1,994**	**2,014**	**2,024**	**2,016**	**1,990**	**1%**
Trade payables	68	52	61	64	68	72	76	8%
Loans and borrowings	105	122	214	204	198	194	192	9%
Lease liabilities	101	117	127	130	132	132	130	2%
Accruals & other liabilities	630	640	609	656	775	946	1,002	9%
Zakat payables	11	9	9	9	9	9	9	0%
Current Liabilities	**915**	**939**	**1,020**	**1,063**	**1,181**	**1,353**	**1,410**	**8%**
Total Liabilities & Equity	**3,721**	**4,011**	**4,324**	**4,516**	**4,792**	**5,121**	**5,332**	**6%**

Source: Company financials, anbc research

Valuation Ratios	2024a	2025a	2026f	2027f	2028f	2029f	2030f
EPS (SAR)	8.7	5.8	5.2	6.2	7.1	7.9	8.7
DPS (SAR)	5.2	3.5	3.1	3.7	4.3	4.8	5.3
BVPS (SAR)	23.7	23.0	25.0	27.5	30.3	33.5	36.9
PER (x)	9.2	13.8	15.5	13.0	11.3	10.1	9.2
DY (%)	6.5	4.4	3.9	4.6	5.3	6.0	6.6
PBV (x)	3.4	3.5	3.2	2.9	2.7	2.4	2.2
EV/Sales (x)	3.9	3.8	3.8	3.5	3.2	2.8	2.6
Price/Sales (x)	2.8	2.6	2.5	2.3	2.2	2.0	1.9
EV/EBITDA (x)	7.9	8.0	8.1	7.3	6.6	5.9	5.3
Price/CF (x)	5.2	6.4	7.2	5.4	4.6	4.0	4.2
EV/Gross Profit (x)	9.3	9.9	10.6	9.6	8.5	7.6	6.9
Margins (%)	**2024a**	**2025a**	**2026f**	**2027f**	**2028f**	**2029f**	**2030f**
Gross Margins	41.5	38.1	36.1	36.5	37.2	37.4	37.7
EBITDA Margins	49.1	46.8	47.2	47.5	47.8	48.4	48.6
Operating Margins	29.8	26.2	24.3	24.9	25.6	25.9	26.2
Pretax Margins	30.9	19.0	16.7	18.0	19.3	20.3	21.1
Net Margins	30.4	18.9	16.3	17.9	19.1	19.9	20.5
Returns (%)	**2024a**	**2025a**	**2026f**	**2027f**	**2028f**	**2029f**	**2030f**
ROA	12.8	7.9	6.5	7.3	8.0	8.4	8.7
ROTA	16.8	15.3	13.9	14.6	15.2	15.3	15.7
ROE	39.2	25.0	21.6	23.6	24.6	24.9	24.8
Health Ratios	**2024a**	**2025a**	**2026f**	**2027f**	**2028f**	**2029f**	**2030f**
Cash/share	2.0	3.2	2.4	3.3	6.0	10.2	12.8
Cash as a % of Market Cap	2.5%	4.0%	3.0%	4.1%	7.5%	12.7%	15.9%
Debt to Asset	45.9%	50.7%	52.2%	50.3%	47.5%	44.3%	41.9%
Debt to Equity	137.9%	168.9%	172.4%	157.9%	143.6%	129.4%	115.7%
Debt to Capital	58.0%	62.8%	63.3%	61.2%	58.9%	56.4%	53.6%
EBIT/ Interest (x)	4.9	3.9	3.1	3.5	3.9	4.3	4.7
Activity Ratio	**2024a**	**2025a**	**2026f**	**2027f**	**2028f**	**2029f**	**2030f**
Current Ratio	0.3	0.3	0.3	0.3	0.4	0.5	0.6
Days Sales Outstanding	6.3	5.3	6.2	7.1	7.5	9.5	9.5
Days Sales in Inventory	10.1	8.0	10.0	9.3	9.2	9.2	9.2
Days Payable Outstanding	28.3	18.9	21.0	20.4	20.1	20.1	20.1
Cash Conversion Cycle	-11.8	-5.6	-4.7	-4.1	-3.5	-1.5	-1.5
Growth Ratios (%)	**2024a**	**2025a**	**2026f**	**2027f**	**2028f**	**2029f**	**2030f**
Revenue Growth	13.3	7.5	3.1	8.6	8.0	7.2	6.4
Gross Profit Growth	6.6	-1.3	-2.4	10.0	10.1	7.5	7.4
EBITDA Growth	5.1	2.5	4.0	9.3	8.8	8.4	6.9
Operating Profit Growth	-0.7	-5.4	-4.6	11.3	11.1	8.5	7.8
Pretax Profit Growth	26.7	-33.8	-9.6	17.2	15.6	13.0	10.8
Net Profit Growth	28.2	-33.8	-8.8	15.7	14.8	12.5	10.0

Source: Company financials, anbc research

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