

Company

Leejam Sports Co.
1Q25 Result Review

Rating

UR

Bloomberg Ticker

LEEJAM AB

Date

7 May 2025

Results

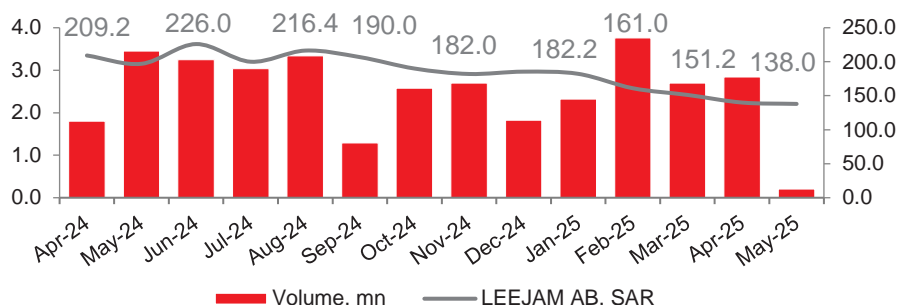
Target Price SAR	UR
Upside/ Downside	---

Current Market Price (SAR)	138.00
52wk High / Low (SAR)	238/127
12m Average Vol. (000)	131.7
Mkt. Cap. (USD/SAR bn)	1,787/6,705
Shares Outstanding (mn)	52.4
Free Float (%)	47%
3m Av. Daily Turnover (000)	23,914.4
6m Av. Daily Turnover (000)	21,391.7
P/E'25e (x)	19.4
EV/EBITDA'25e (x)	10.6
Dividend Yield '25e (%)	3.3%
Price Perf. (1m/3m) (%)	-6.8/-28.1

Research Department

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For our
last report

**1Q25 revenue matches Bloomberg's and U Capital's estimate**

Leejam's revenue climbed by 8.5% YoY in 1Q25, matching both the Bloomberg consensus and our estimate. A 10% YoY increase in subscriptions & membership segment's revenue drove overall top line higher, offsetting the weakness resulting from Ramadan and a shifting subscription mix towards the smaller size Xpress centers.

Net income falls sharply, missing Bloomberg's and our estimate

Leejam's net profit in 1Q25 declined 24.5% YoY, missing Bloomberg's consensus (-7% variance) as well as our estimate (-12% variance). A one-off gain of SAR 18mn in 1Q24, an 18% YoY jump in direct costs, a 3% rise in G&A and S&M expenses resulting from higher number of centers, spending on talent acquisition and other development activities, and lower profit from short-term Murabaha primarily weighed on net profit.

Place on UR

While Leejam has continued to boost its presence in the Kingdom, generating healthy revenue growth in the process, a more than expected pressure on costs concerns us. Hence, we place our rating on Leejam under review (UR). Currently, the stock trades at FY25e P/E of 19.4x, below its 3-year daily average 12-month forward P/E of 20.7x.

Financial Statements

SAR mn	1Q24	2Q24	3Q24	4Q24	1Q25	1Q25e	YoY	QoQ	Var.
P&L									
Revenue	340.0	343.7	405.7	408.4	369.0	375.4	8.5%	-9.6%	-1.7%
Gross profit	138.0	135.4	173.3	174.0	130.0	150.4	-5.8%	-25.3%	-13.6%
Operating profit	98.0	100.4	129.2	119.0	89.0	108.5	-9.2%	-25.2%	-18.0%
Net profit	94.0	73.2	187.1	102.0	71.0	81.1	-24.5%	-30.4%	-12.4%
BS									
Sh. Equity	1,113.9	1,135.7	1,255.9	1,233.3	1,238.0	1,265.7	11.1%	0.4%	-2.2%
Ratios									
NPM	27.6%	21.3%	46.1%	25.0%	19.2%	21.6%			
ROE	33.8%	25.8%	59.6%	33.1%	22.9%	25.6%			
EPS, SAR	1.80	1.40	3.57	1.96	1.36	1.55			
TTM P/E (x)					16.7				
Current P/B (x)					5.8				

Source: Financials, Tadawul, Bloomberg, U Capital Research; NA - Not available, NM - Not meaningful



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Recommendation

BUY	ACCUMULATE	HOLD	REDUCE	SELL
Greater than 20%	Between +10% and +20%	Between +10% and -10%	Between -10% and -20%	Lower than -20%

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