

# Saudi Fitness Centers Sector

## Entering the Big Leagues: Through fitness, demographics, and reforms

A global shift toward healthier and more active lifestyles underpins the expansion of Saudi Arabia's sports sector. The sector is valued at ~USD 8 bn (SAR 30 bn) in 2024 and is projected to grow to USD 22 bn (SAR 84 bn) by 2030f, implying a near threefold increase. Growth is increasingly being driven by the primary fitness segment, which sits within the broader sports ecosystem and is expected to expand from SAR 7.7 bn in 2024 to SAR 15.5 bn by 2030f. Favorable demographics, elevated obesity levels, regulatory support, and rising female participation reinforce demand visibility across the sector. We initiate coverage with a Neutral rating on all three stocks - Leejam, Armah, and Sport Clubs. We believe these companies are well positioned to benefit from the continued expansion of the Kingdom's primary fitness and gym market.

**Physical activity participation targets support sports sector growth.** Saudi Arabia's shift toward a more physically active population has materially accelerated the development of its sports sector, increasing its relevance within the Kingdom's non-oil economy. The sector's contribution to GDP is expected to rise to ~1.5% by 2030f from ~0.6% in 2024, supported by sustained public investment and rising private-sector involvement. Participation targets further reinforce sector visibility, with physical activity participation expected to reach 64% among adults and 21% among youth by 2030f. As of 2025, participation levels stand at 59% for adults and 19% for youth, up from 49% and 6% in 2022, respectively.

**Fitness sector as a key growth engine.** Within the broader sports ecosystem, the fitness segment represents a key driver of sector growth. The primary gym market is expected to expand at a 2024–2030f CAGR of ~13%, reaching SAR 15.5 bn by 2030f. Over the same period, the number of primary gym members is projected to increase from 1.9 mn in 2024 to 3.1 mn by 2030f, reflecting rising penetration.

**Demographic tailwinds and health-led demand.** Saudi Arabia's demographic and health profile provides strong structural support for long-term sports and fitness demand. Around 63% of the population is aged 18–54, the core cohort for gym and recreational sports participation. Moreover, the Kingdom ranks 20<sup>th</sup> globally for obesity, highlighting the growing need for fitness and structured physical activity. Together, these factors support continued expansion across gyms, sports facilities, and wellness programs.

**Regulatory reform expanding participation.** Government intervention remains a key driver of fitness sector expansion. Regulatory reforms like Nafes have streamlined licensing across sports and fitness facilities, while targeted initiatives have supported private investment and broader access to community sports. A major structural shift has been the introduction of female gym licensing in 2017. Since then, female physical activity participation has increased by 40 percentage points, rising from 3% in 2017 to 43% in 2025, materially expanding the sector's addressable market and supporting sustained demand growth.

**Leejam, Armah, and Sport Clubs:** Leejam's dominant position as multi-format fitness and wellness operator in the Kingdom and ongoing expansion supports our target price of SAR 86.6/share. Armah's niche positioning, rising demand, strong growth momentum, and ongoing expansion support our target price of SAR 66.5/share. Sport Clubs refurbishment and expansion strategy back our target price of SAR 8.1/share. We assign a 'Neutral' rating to all three stocks, given their limited upside potential.

**Risks:** Main sector challenges include dependency on imported machinery, skilled labor constraints, substitution risk from home-based fitness programs, decline in consumer affordability causing a shift in consumer preferences, regulatory and licensing risk, rising competition from secondary gym market.

### SECTOR COVERAGE

	Bloomberg Code	Last Price (SAR)	Rating	Target Price (SAR)
Leejam	LEEJAM AB	80.5	Neutral	86.6
Armah	ARMAH AB	60.4	Neutral	66.5
Sport Clubs	SPORTCLU AB	7.2	Neutral	8.1

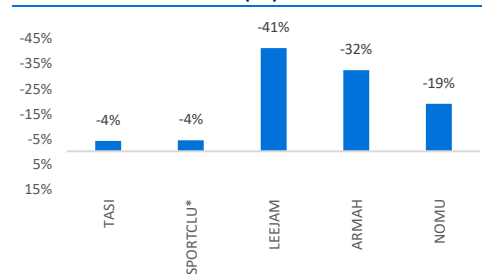
Last price as of May 6<sup>th</sup>, 2026

### VALUATIONS (2026e)

	PBV (x)	PER (x)	RoE (%)	Div. Yield (%)
Leejam	3.2	15.5	21.6	3.9
Armah	3.2	31.9	10.7	-
Sport Clubs	2.8	16.1	19.1	-

Source: Company financials, anbc research

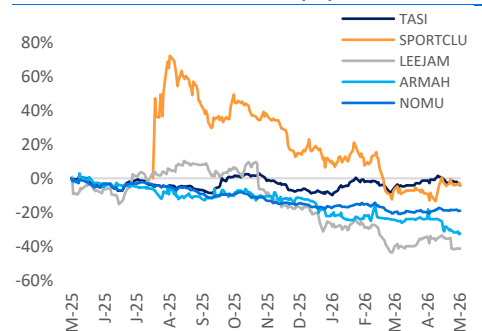
### RELATIVE PERFORMANCE (1Y)



Source: Bloomberg, anbc research

\*since 7<sup>th</sup> July 2025

### RELATIVE PRICE PERFORMANCE (1Y)



Source: Bloomberg, anbc research

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## Executive Summary

- **Building momentum across the sports economy.** Saudi Arabia's sports sector is going through an expansion phase, supported by a structural shift toward healthier lifestyles and sustained policy support. Valued at USD 8 bn (SAR 30 bn) in 2024, the sector is projected to grow to USD 22 bn (SAR 84 bn) by 2030f, raising its contribution to GDP to 1.5% by the end of the decade, from ~0.6% in 2024. Growth is driven by initiatives to raise participation, develop large-scale infrastructure, and crowd in private investment across fitness, recreation, and professional sports. Physical activity participation metrics continue to trend positively, with adult physical activity reaching 59% and youth participation 19% in 2025, up from 49% and 6% in 2022, respectively. The physical activity levels for adults and youth are steadily moving towards their 2030f targets of 64% and 21%, respectively.
- **Primary gym market anchoring fitness growth.** Within Saudi Arabia's broader sports ecosystem, the fitness sector represents a fast-growing and increasingly institutionalized segment. Since 2017, the primary gym market has more than doubled in size, expanding from SAR 3.6 bn to SAR 7.7 bn by 2024, reflecting structural shift towards a more active lifestyle. Growth is expected to remain robust, with the market projected to reach ~SAR 15.5 bn by 2030f, supported by lifestyle shifts toward health and wellness, young population, rising participation of women in sports, and sustained policy support. In parallel, primary gym memberships are forecast to increase from 1.9 mn in 2024 to 3.1 mn by 2030f, indicating both wider market penetration and deepening consumer engagement.
- **Demographics skewing demand-positive.** Saudi Arabia's youthful demographic profile provides a durable demand base for fitness and recreational sports. Globally, around 61% of gym members fall within the 18–54 age cohort, in Saudi Arabia 63% of the population lies within this age bracket, providing high demand base. Participation data supports this demographic advantage, with physical activity levels reaching 71% among individuals aged 18–29 in 2025, followed by 63% for the 30–39 age group.
- **Health pressures driving participation.** Elevated obesity levels reinforce structural demand for fitness and wellness services. Globally, overweight and obesity affect 43% of the adult population, highlighting the scale of the health challenge and market potential for fitness and wellness services. Saudi Arabia sits at the higher end of this spectrum, ranking 20<sup>th</sup> globally with an obesity rate of 42.5% in 2022, according to the Global Obesity Observatory. While more recent National Health Survey 2024 data points to lower prevalence of 22.8% among adult males and 23.5% among adult females, obesity remains a key demand driver for gyms, structured fitness programs, and preventative health initiatives.
- **Policy support expanding the addressable market.** Policy reform has been a critical catalyst for participation and market expansion. Regulatory initiatives have streamlined licensing across sports and fitness facilities while encouraging private-sector investment and broader access to community sports. The launch of the NAFES platform in 2021 created a unified licensing framework for private clubs, academies, and fitness centers, coinciding with a 29 percentage points increase in adult physical activity participation to 59% by 2025. Another structural inflection point was the introduction of female gym licensing in 2017, which has driven a 40 percentage points increase in female participation, from 3% in 2017 to 43% in 2025, materially expanding the sector's addressable market and reinforcing long-term demand visibility.
- **Domestic gym demand is resilient amid geopolitical volatility:** Saudi gym demand has high defensibility during geopolitical turmoil, supported by structurally shifting consumer behavior and subscribers' demographics. Fitness awareness has risen significantly over the last few years, with 59% of adults in Saudi working out over 150 mins per week. Rising fitness awareness has also driven a sustained increase in gym

members, with the market growing at a CAGR of 12% between 2024a to 2030f. Moreover, citizens continue to engage further in fitness activities as evidenced by the +121% YoY increase in community sports participation. This points to a clear shift toward fitness as a habitual, non-discretionary spend rather than a cyclical one. Importantly, demand remains firmly domestic, with a predominantly citizen/resident member base, as reflected in the widespread uptake of long-duration memberships (6–12 months) across operators, supporting recurring revenues and visibility and reinforcing the sector's defensive positioning during periods of geopolitical stress.

- **Rental controls curbing rent inflation:** In September 2025, the Real Estate General Authority (REGA) implemented a five-year freeze on rent increases for properties within Riyadh's urban boundaries, including commercial properties. This meant rents will remain unchanged for gym locations in Riyadh region. But, it has led to a nationwide shift in pricing dynamics of gym leases going forward. The reduced rate increases mean lesser costs for gyms in rent than were, otherwise, projected.
- **Key risk to sector growth.** The pace of expansion in the fitness industry could be moderated by constraints in skilled labor availability, particularly certified trainers and coaches, as the number of licensed facilities continues to rise. The sector's reliance on imported fitness equipment exposes operators to supply-chain disruptions, cost inflation, and potential rollout delays. Substitution risk from home-based and self-guided fitness programs may cap membership growth over time, while changes to the regulatory or licensing environment could slow new openings as the market matures. In addition, fitness spending remains discretionary for a large segment of consumers, making demand vulnerable to economic downturns and reduced household purchasing power. Finally, the continued expansion of secondary gym market may limit conversion rates into paid primary gym memberships.
- **Leejam: Leveraging scale and diversification to maintain market leadership.** As the largest multi-format fitness and wellness operator in Saudi Arabia with 246 gyms by 1Q26, Leejam leverages scale, a diversified service offering, and geographic reach to drive sustainable growth. With plans to expand its network to ~318 centers by 2030f up from 239 in 2025, and strong penetration across male and female segments, the company is well positioned to benefit from a growing gym-going population in KSA. We expect the topline to grow at a 2025-2030f CAGR of 7%. However, the accelerated pace of network expansion is expected to dilute utilization levels and exert pressure on margins, as newly opened facilities typically require a ramp-up period. We initiate coverage on the stock with a target price of SAR 86.6/share and a 'Neutral' rating.
- **Armah: Leading earnings growth through premium positioning.** Armah is a premium, technology-enabled gym operator focused on the fastest-growing segment of the primary gym market, benefiting from strong demand dynamics and a disciplined expansion strategy. The company is positioned to deliver sector-leading growth, with revenues and net income projected to grow at a 2025–2030f CAGR of ~30% and ~26%, respectively. Growth will be driven by network expansion and sector-leading operating efficiency, with gross margins expected to remain above 45% throughout the forecast period. As part of its long-term strategy, Armah has announced a plan to reach 50 branches by 2030, reinforcing its premium positioning and scale ambitions. Despite its attractive growth profile, we believe much of the near-term upside is already priced in, limiting return potential to 10.0% from current levels. We initiate coverage on Armah Sports Company with a 'Neutral' rating and a target price of SAR 66.5/share.
- **Sport Clubs: Earnings inflection driven by refurbishment and expansion.** Sport Clubs is transitioning from a legacy gym operator into a higher-return, format-led fitness platform, supported by a successful rebranding and refurbishment strategy and a portfolio shift towards higher margin clubs. Modernized clubs are materially outperforming legacy formats, with new-identity Body Master clubs generating EBITDA margins of 64% versus

43% for classic clubs in 2025. With operations across 19 cities and exposure to the mid-tier primary gym segment, which represents ~42% of the market, the company is well positioned to deliver double-digit revenue growth and net income 2025–2030f CAGR of ~12% and ~24%, respectively. We initiate coverage with a 'Neutral' rating and a target price of SAR 8.1/share.

Key players in the fitness industry comparison



2025A	LEEJAM	ARMAH	SPORT CLUBS COMPANY
Revenue/Member (M)	3,286	N/A	2,108
Revenue/Member (F)	3,682	N/A	3,328
Total Revenue/Member	<b>3,449</b>	<b>5,918</b>	<b>2,551</b>
Revenue/Center (M)	7.0 mn	N/A	5.8 mn
Revenue/Center (F)	5.7 mn	N/A	6.2 mn
Total Revenue/Center	<b>6.8 mn</b>	<b>18.7 mn</b>	<b>6.4 mn</b>
No. of Centers (M)	162	6	42
No. of Centers (F)	74	6	17
No. of Centers (K)	3	0	0
Total	<b>239</b>	<b>12</b>	<b>59</b>
Members (M)	354,000	N/A	105,600
Members (F)	114,000	N/A	31,900
Total	<b>468,000</b>	<b>38,000</b>	<b>147,500</b>
Planned New Openings (In 2026)	<b>25</b>	<b>6</b>	<b>10</b>
Revenue Growth	<b>8%</b>	<b>27%</b>	<b>15%</b>
Gross Margin	<b>38%</b>	<b>49%</b>	<b>30%</b>
Operating Margin	<b>26%</b>	<b>36%</b>	<b>21%</b>
EBITDA Margin	<b>47%</b>	<b>55%</b>	<b>41%</b>
Net Margin	<b>19%</b>	<b>28%</b>	<b>11%</b>

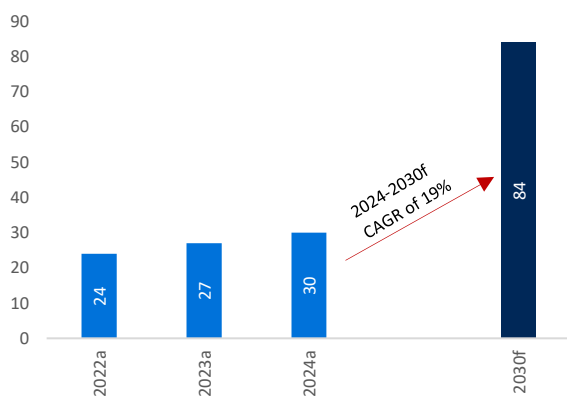
## Sports Sector Overview

### Sports in Saudi Arabia: expansion, participation, and investment momentum

Saudi Arabia’s shift toward a healthier and more active population has accelerated the growth of the sports sector, positioning it as one of the most strategically important segments under Vision 2030. Valued at USD 8 bn (SAR 30 bn) in 2024, the sector is projected to nearly triple to USD 22 bn (SAR 84 bn) by 2030f, raising its contribution to GDP to 1.5% by the end of the decade, from ~0.6% in 2024. Growth is underpinned by government-led initiatives aimed at increasing participation, improving accessibility, developing world-class infrastructure, and encouraging private sector investment across fitness, recreation, and professional sports.

The Ministry of Sport has structured sector development around four strategic pillars that collectively drive participation, infrastructure, and competitive excellence. These pillars encompass regulatory development, empowerment of the sports ecosystem, quality enhancement, and organizational modernization.

Chart 01: Saudi sports sector market size (SAR bn)



Source: Surj, anbc research

Chart 02: Strategic pillars of KSA’s sports sector

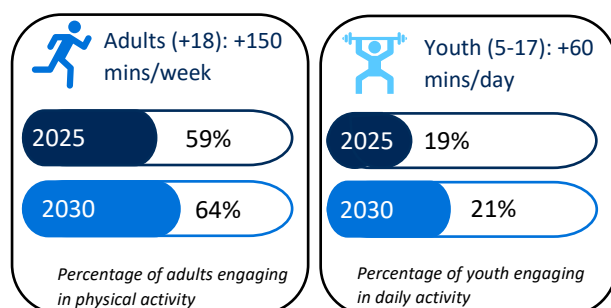


Source Gov.sa, anbc research

### Quality of life program

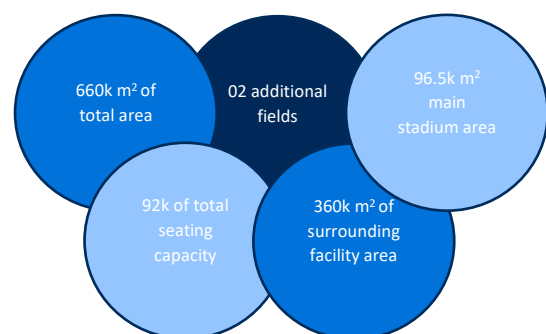
Launched in 2018 under Vision 2030, the Quality of Life Program has emerged as a key catalyst for the development of Saudi Arabia’s sports ecosystem, with a mandate to expand participation and elevate the Kingdom’s position on the global sporting stage. The program targets raising the share of adults (+18 age) engaging in 150 minutes/week of physical activity to 64% and youth (ages 5–17) achieving 60 minutes/day of physical activity to 21%. In 2025, adult participation under the program rose to 59% and youth participation reached 19%. Beyond participation metrics, the program is also supporting infrastructure development, including the refinement of King Salman stadium.

Chart 03: Vision 2030 targets for physical activity



Source: Vision 2030, anbc research

Chart 04: King Salman stadium key information



Source: Quality of life 2024, anbc research

### Infrastructure and flagship projects

To further support sector growth, the government continues to invest heavily in developing dedicated zones and areas for fitness, wellness, and sports-centered experiences. Projects such as Sports Boulevard in Riyadh, integrate extensive sports, outdoor, and entertainment facilities that aim to elevate participation and position fitness as a central component of community life.

These investments are complemented by Saudi Arabia’s rapid emergence as a global sports destination. In the upcoming years, the Kingdom is preparing to host several international events such as AFC Asian Cup, WWE Wrestle Mania, Riyadh Expo 2030, and the Men’s FIFA World Cup. This is expected to drive visitation, sector growth, and monetization.

**Chart 05: Sports Boulevard investment destinations**



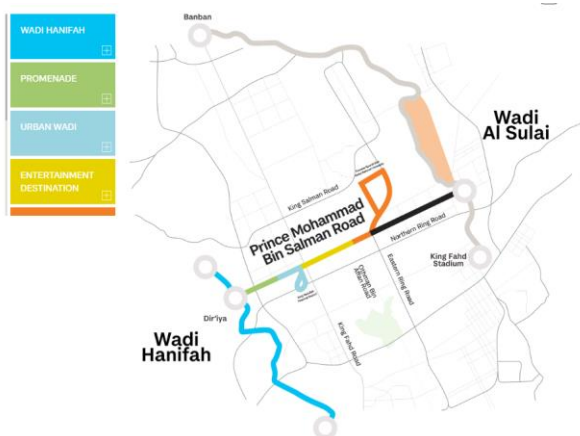
Source: Sports boulevard, anbc research

**Chart 06: Upcoming sports events in KSA**



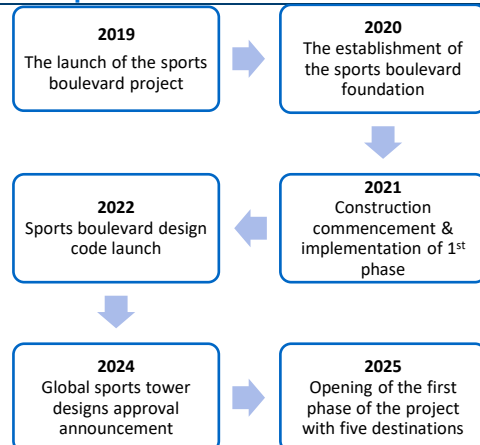
Source: anbc research

**Chart 07: Sports Boulevard map**



Source: Sports boulevard, anbc research

**Chart 08: Sports Boulevard timeline**



Source: Sports boulevard, anbc research

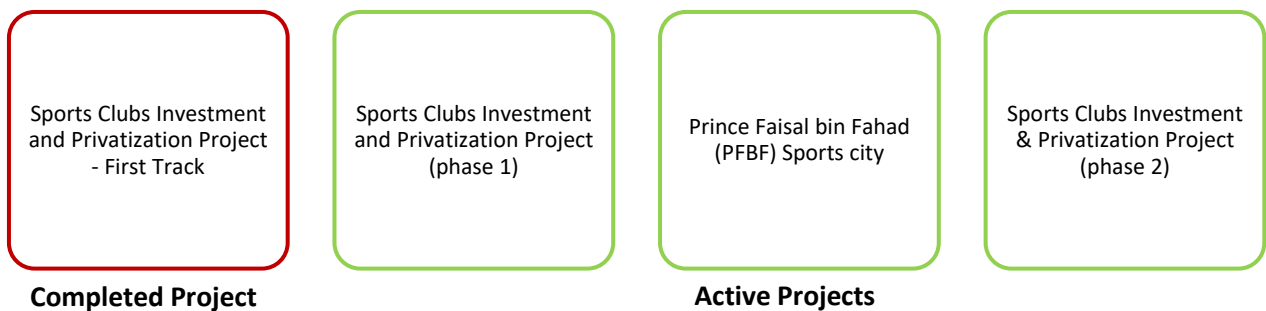
### Privatization in the sports sector

Privatization remains a key structural driver of long-term sector development. Historically, the sports sector relied on government funding but following the vision 2030’s reforms, the government is accelerating the growth of sports industry by increasing the role of private sector within it. At the Sports Investment Forum in Riyadh, Deputy Minister Badr Al-Qadhi reaffirmed the Ministry’s commitment to raising private sector participation to 25%, up from 15% currently. Under the direction of His Royal Highness, Prince Mohammed bin Salman bin Abdulaziz Al Saud, Crown Prince and Prime Minister, the Kingdom launched the Sports Clubs Investment and Privatization Project, enabling the transfer of clubs to private ownership.

The initiative is being implemented across multi-phase tracks. The first track focuses on attracting major investment firms and developers to invest in club infrastructure and operations. The second track includes 14 sports clubs offered for privatization, available to both domestic and international investors.

A centerpiece project under this framework is the Prince Faisal bin Fahad (PFBF) Sports City, developed via a public-private partnership (PPP). Located in Al-Malaz, Riyadh, the stadium will feature a capacity of 47,000 spectators and host major international sporting events, including matches associated with the 2034 FIFA World Cup.

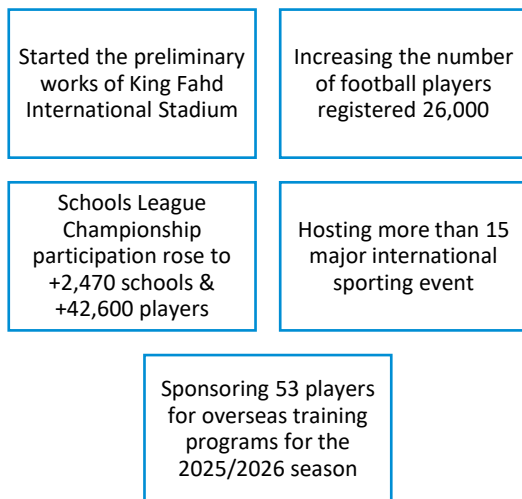
**Privatization and PPP projects in sports**



Source: National Center for privatization & PPP, anbc research

Looking ahead to 2026f, the government has outlined a series of near-term priorities aimed at sustaining momentum.

**Chart 09: Key targets achieved in 2025**



Source: Budget 2026, anbc research

**Chart 10: Major projects & initiatives aimed for 2026**



Source: Budget 2026, anbc research

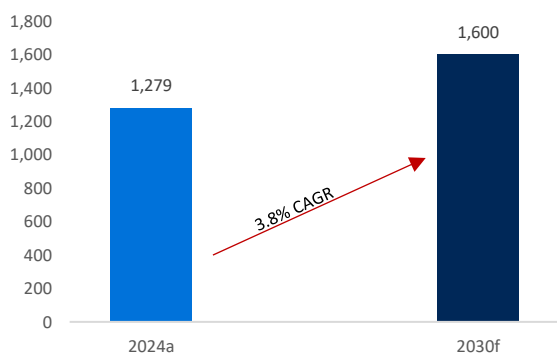
## Fitness sector Overview

### Fitness sector: structure, scale, and growth drivers

Within Saudi Arabia’s broader sports ecosystem, the fitness sector represents a fast-growing and increasingly institutionalized segment, encompassing gyms, personal training services, and ancillary wellness facilities. The Kingdom’s fitness landscape can be broadly segmented into primary and secondary facilities. Primary gyms operate on a paid-membership model and offer structured fitness services, while secondary facilities provide fitness access with minimal or no membership requirements. Secondary gyms typically include hotel gyms, university gyms, military facilities, and fitness centers embedded within residential compounds.

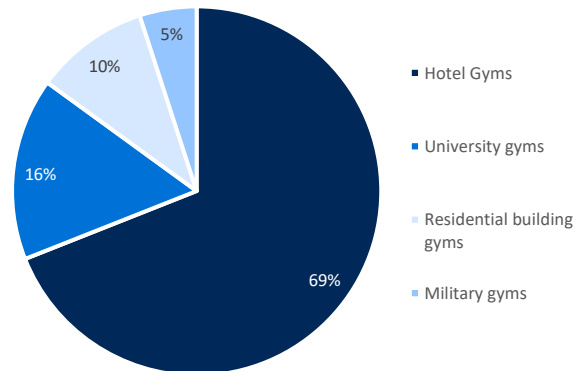
As of 2024, the secondary gym market consists of an estimated 1,279 gyms, with hotel gyms accounting for ~69%. Growth in this segment is expected to track broader expansion in hospitality and tourism, residential development, and rising university enrollment, all of which structurally increase the availability of fitness infrastructure across the Kingdom.

Chart 11: Secondary gyms growth



Source: Sport Clubs prospectus, anbc research

Chart 12: Secondary gym market share 2024



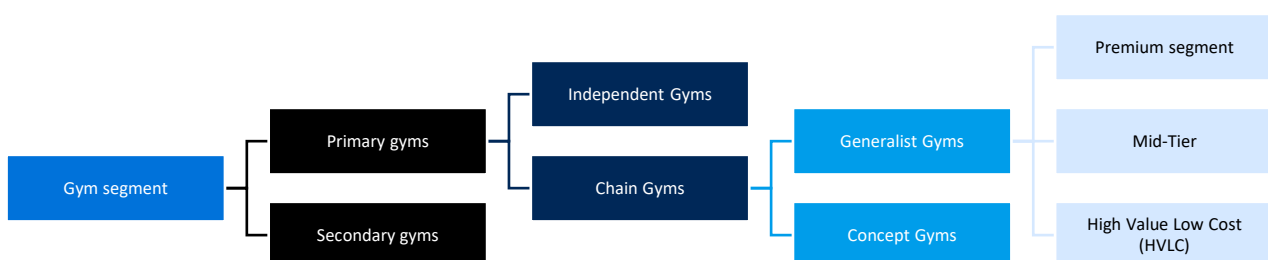
Source: Sport Clubs prospectus, anbc research

### Primary gym market structure and segmentation

The primary gym segment is the main focus of our report. The primary gym market is segmented into independent gyms and chain gyms. Independent gyms consist of single or limited locations and are often owner-operated. Chain gyms, operate multiple branches under centralized management or franchise structures.

Chain gyms are further divided into concept gyms and generalist gyms. Concept gyms focus on one or two specialized fitness disciplines, while generalist gyms offer broader, full-service fitness facilities, often complemented by amenities such as swimming pools or premium wellness services. Generalist chain gyms are commonly segmented by pricing tier: High Value Low Cost (HVLC) facilities have membership fees below SAR 300/month; Mid-Tier gyms are priced between SAR 300–700/month, while premium are priced above SAR 700/month.

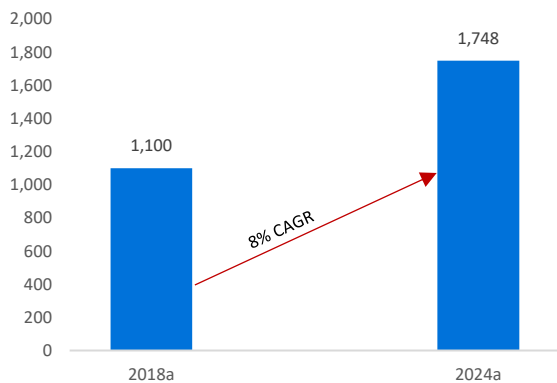
### Gym market segmentation



Source: Sport Clubs prospectus, anbc research

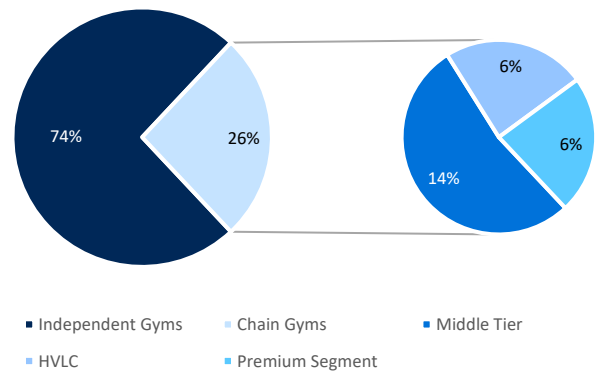
As of 2024, KSA has an estimated 1,748 primary market gyms, out of which 74% (1,294) gyms are independent, while the remaining 26% are chain gyms. Within the chain segment, mid-tier gyms dominate, accounting for 53% of the total, HVLC follows, with a share of 24% of chain market. Riyadh represents the largest concentration of primary gyms, hosting 501 facilities (29% of the market), followed by the Makkah region with 390 gyms (22%) and the Eastern Province with 354 gyms (20%).

**Chart 13: Historical growth of primary gyms**



Source: Sport Clubs prospectus, anbc research

**Chart 14: Primary gym segmentation 2024**

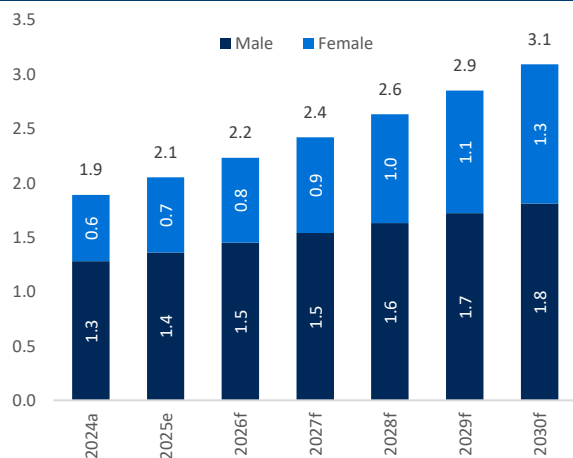


Source: Sport Clubs prospectus, anbc research

Overall, the primary gym market is dominated by middle-tier gyms, which made up about 42% of the market equivalent to SAR 3,213 mn in 2024. The Kingdom hosts around 239 mid-tier gyms, each serving an average of 2,196 members. The middle-tier gym segment is closely followed by independent gyms which make up about 38% of the market.

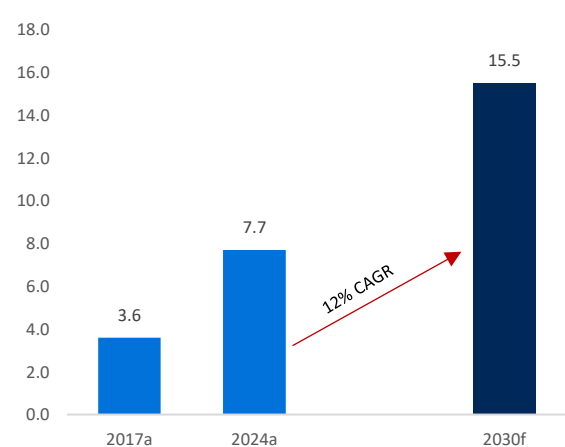
Since 2017, Saudi Arabia’s primary gym market has demonstrated strong growth momentum, expanding from SAR 3.6 bn to SAR 7.7 bn by 2024. The market is expected to continue scaling, reaching ~SAR 15.5 bn by 2030f, supported by increased focus on health and lifestyle (globally and locally), government’s active support for sports, and broader cultural acceptance of structured fitness. In parallel, primary gym membership is projected to increase from 1.9 mn members in 2024 to 3.1 mn members by 2030f.

**Chart 15: Primary gym market member growth (mn)**



Source: Sport Clubs prospectus, anbc research

**Chart 16: Primary gym market size (SAR bn)**

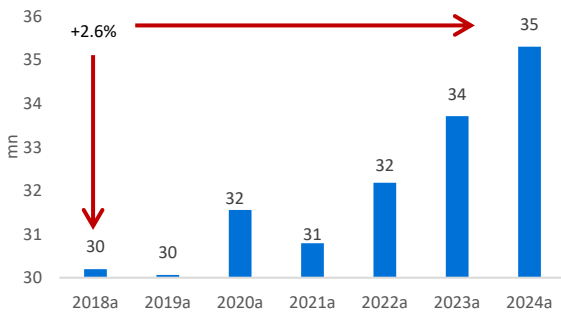


Source: Sport Clubs prospectus, anbc research

### Demographic tailwinds strengthening fitness demand

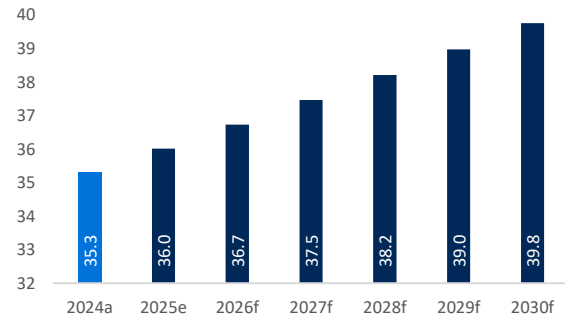
Saudi Arabia’s demographic profile represents a key structural demand driver for the fitness sector. Since 2021, the Kingdom’s population has grown at a 2018–2024 CAGR of 2.6%, reflecting both natural growth and inward migration. Looking ahead, the IMF projects population growth of approximately 2% per annum through 2030f, taking the population to nearly 40 mn, thereby expanding the addressable market for gyms, sports facilities, and recreational services.

**Chart 17: Population grew at a 3% 2018-2024 CAGR**



Source: GASTAT, anbc research

**Chart 18: Population to grow 2% annually (mn)**

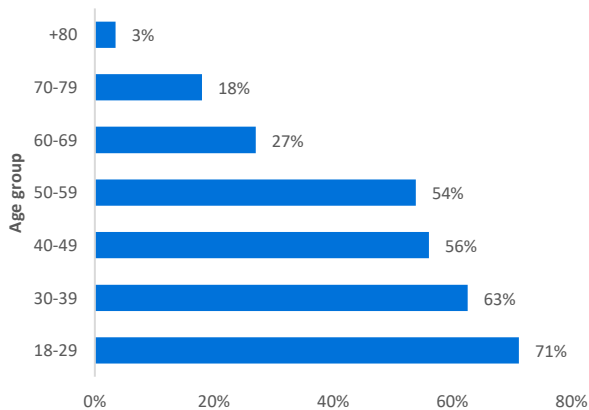


Source: IMF, anbc research

International benchmarks indicate that approximately 61% of gym members globally fall within the 18–54 age group. In Saudi Arabia, 63% of the population lies within 18-54 age bracket, underscoring a naturally high participation potential. Among males, who account for 61% of the total population, ~68% fall within the 18–54 cohort, representing a core demand base for gyms and organized sports. Females, who comprise 39% of the population, exhibit a similarly supportive profile, with 56% within the preferred age group.

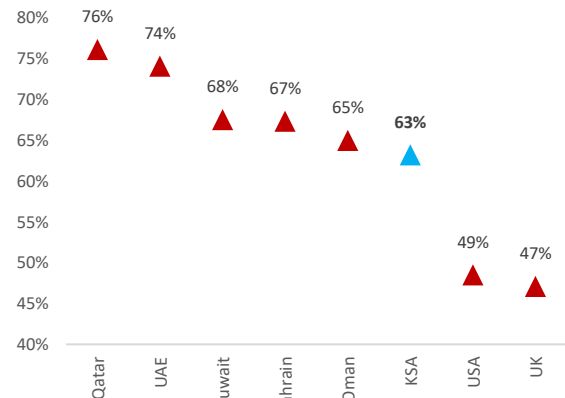
Regionally, Saudi Arabia ranks last in the GCC in terms of the share of population aged 18–54, although exceeding key global countries such as the United States (49%) and the United Kingdom (47%). This population structure strengthens the Kingdom’s long-term fitness demand outlook, as 18-54 age group typically demonstrate higher engagement with gym memberships, recreational sports, and active lifestyle spending. Physical activity data further reinforces this demographic advantage. In 2025, the highest activity levels were recorded among individuals aged 18–29, with participation reaching 71%, followed by the 30–39 age group at 63%.

**Chart 19: Adult physical activity participation 2025**



Source: GASTAT, anbc research

**Chart 20: Share of total population aged 18–54**



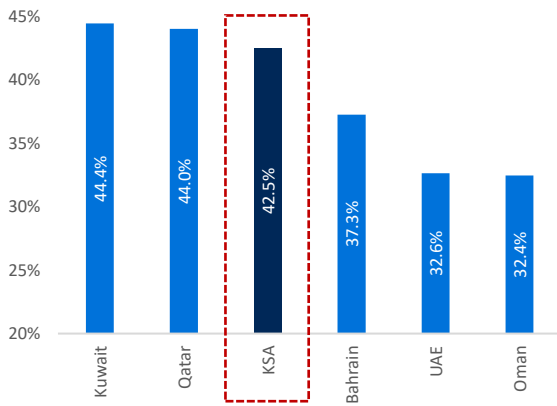
Source: World bank, anbc research

### High obesity rates reinforcing structural demand

Globally, overweight and obesity remain significant health challenges. In 2022, approximately 2.5 bn adults (+18) were overweight, representing 43% of the global adult population (43% men and 44% women). Saudi Arabia reflects this global trend acutely, with obesity prevalence positioned at the higher end both internationally and regionally, reinforcing the structural case for fitness and wellness demand.

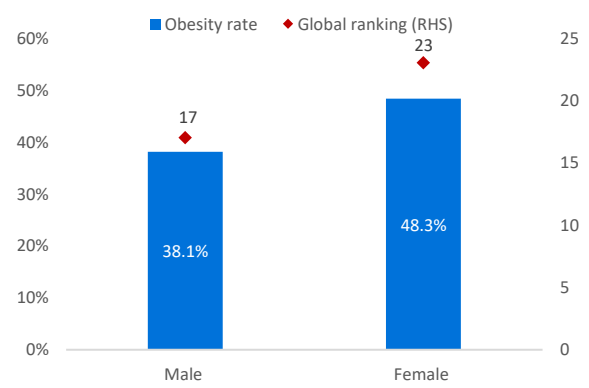
The World Health Organization (WHO) and the Global Obesity Observatory (GOO) define obesity as a body mass index (BMI)  $\geq 30$  kg/m<sup>2</sup>. According to GOO data for 2022, Saudi Arabia ranks as the 20<sup>th</sup> most obese country globally (out of 200), with an overall obesity rate of 42.5%. Male obesity stands at 38.1% (17<sup>th</sup> globally), while female obesity is notably higher at 48.3% (23<sup>rd</sup> globally). Within the GCC, the Kingdom ranks third in overall, male, and female segments.

**Chart 21: KSA ranks 3<sup>rd</sup> in GCC in the obesity index**



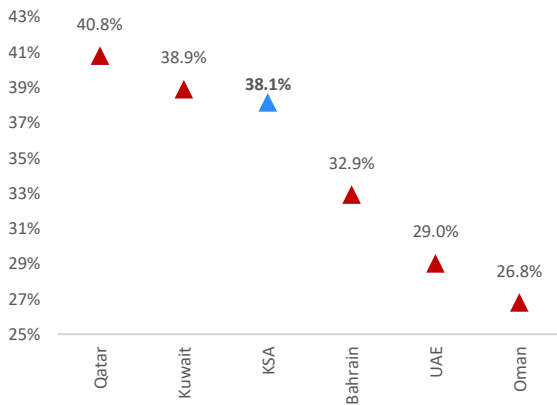
Source: GOO, anbc research

**Chart 22: KSA global ranking as per gender**



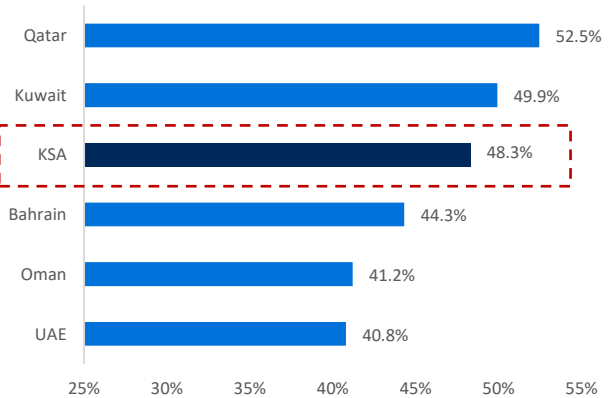
Source: GOO, anbc research

**Chart 23: KSA ranks 3<sup>rd</sup> in male obesity within GCC**



Source: GOO, anbc research

**Chart 24: KSA ranks 3<sup>rd</sup> in female obesity within GCC**

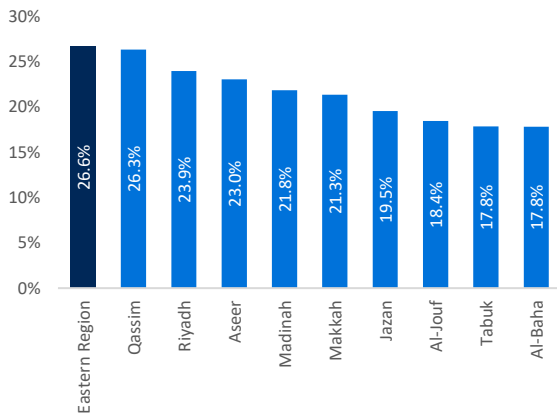


Source: GOO, anbc research

More recent data from the National Health Survey 2024 indicates slightly lower prevalence rates, with 22.8% of adult males and 23.5% of adult females classified as obese. Regional disparities are notable: the Eastern Region records the highest male obesity rate at 26.6%, while Qassim has the highest female obesity prevalence at 31.0%. In terms of physical activity, the Makkah region recorded the highest adult participation rate in 2025 at 68%, followed by Tabuk at 64%.

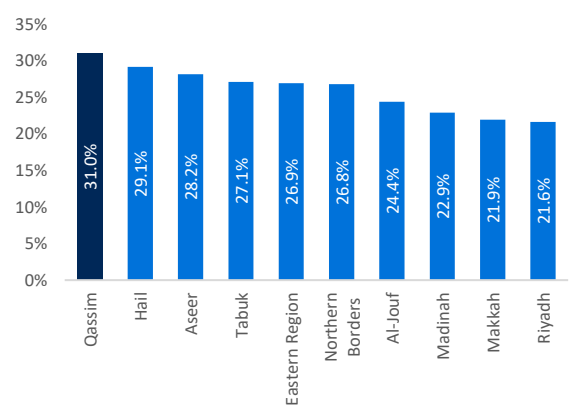
These variations highlight strategic areas where fitness operators can focus expansion efforts, targeting regions with high demand.

**Chart 25: Top 10 regions with highest male obesity**



Source: GASTAT, anbc research

**Chart 26: Top 10 regions with highest female obesity**



Source: GASTAT, anbc research

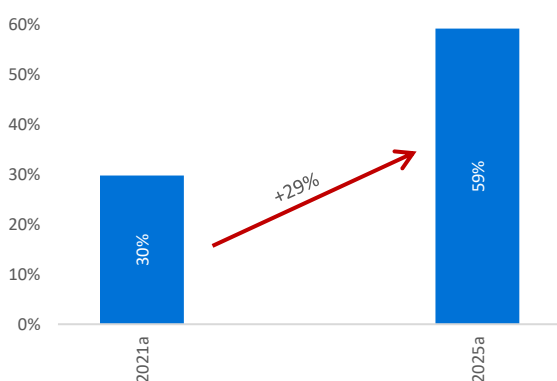
## Government support and regulatory enablement

Government support remains a cornerstone of fitness sector development in Saudi Arabia. The Kingdom currently hosts 17 sports cities, 8 major stadiums, and 3 green halls, with long-term ambitions to further expand competitive sports infrastructure and participation. To accelerate sector growth, authorities have streamlined licensing requirements, eased regulatory barriers, and introduced incentives to attract private investment.

In 2021, the Ministry of Sport launched the NAFES platform, a unified licensing system for private sports clubs, academies, and fitness centers. Since its introduction, adult physical activity participation has increased by 29 percentage points, reaching 59% in 2025. Regulatory reforms have further enabled market expansion; the introduction of female gym licenses in 2017 led to roughly 500 licenses issued by 2022.

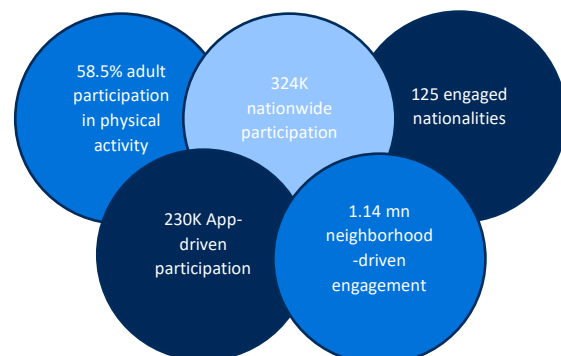
In parallel, the government established the Saudi Sports for All Federation (SFA) in 2018, tasked with developing community-level sports participation and supporting the Vision 2030 objective of increasing nationwide physical activity levels. Together, these initiatives have materially lowered barriers to entry and supported the professionalization of the fitness market.

**Chart 27: Adults physical activity participation**



Source: GASTAT, anbc research

**Chart 28: Key highlights of SFA - 2024**



Source: SFA, anbc research

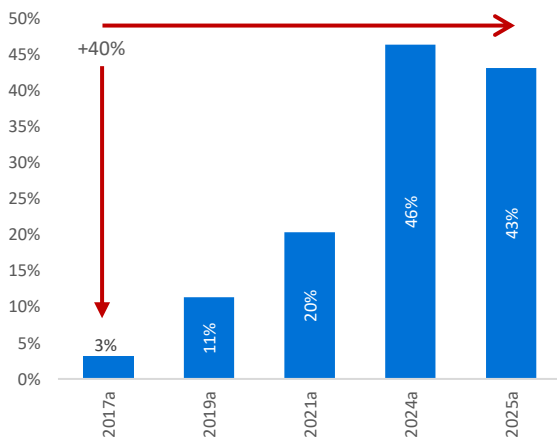
### Increasing participation of women in sports and fitness

Women represent approximately 39% of Saudi Arabia’s population as of 2024. The increasing female participation in sports and fitness has become a central pillar of sector development. A major inflection point occurred in 2017, when the Kingdom introduced a dedicated licensing framework for women-only gyms, unlocking private-sector investment and significantly expanding access to fitness facilities for women.

Since the introduction of female gym licenses, adult female participation in physical activity has increased by 40 percentage points, reaching 43% in 2025. This shift has been reinforced by broader reforms across the sports ecosystem, including the introduction of sports programs for girls in schools in 2017 and increased representation of women in organized sports. As of 2024, women account for approximately 30% of federation board members across 17 sports federations, reflecting rising institutional inclusion alongside grassroots participation.

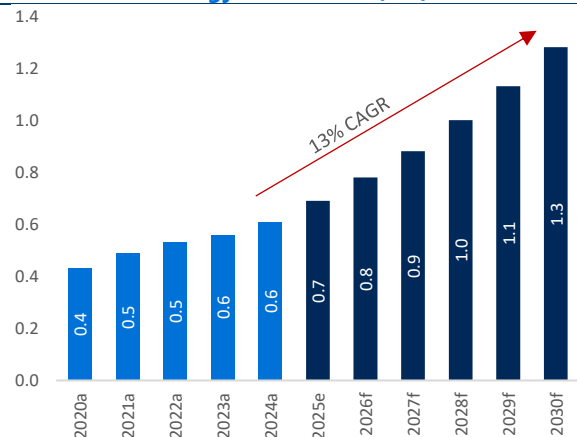
Demographically, 56% of Saudi Arabia’s female population fall within the 18-54 cohort, as the core gym-going demographic, this age profile provides a strong foundation for sustained growth in women-focused fitness offerings. Female gym membership expanded from 0.43 mn in 2020 to 0.61 mn in 2024, representing a 2020–2024 CAGR of 9%, outpacing overall market growth. Looking ahead, female memberships are expected to grow at a 2024–2030f CAGR of 13%, significantly faster than the 6% CAGR projected for male memberships. This acceleration reflects both rising participation rates and the continued rollout of women-focused fitness infrastructure.

**Chart 29: Female participation in physical activity**



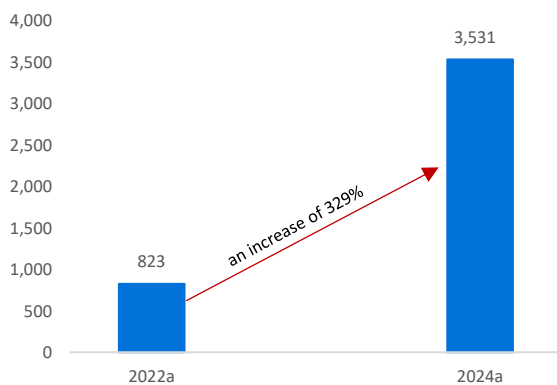
Source: GASTAT, anbc research

**Chart 30: Female gym members (mn)**



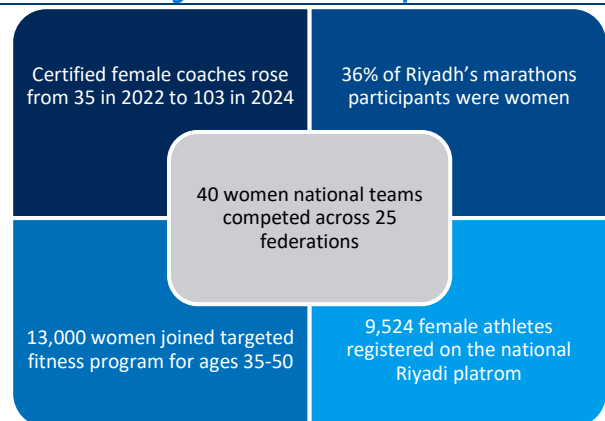
Source: Sport clubs prospectus, anbc research

**Chart 31: Female participation - athletes**



Source: Vision 2030, anbc research

**Chart 32: Rising role of women in sports in 2024**



Source: Vision 2030, anbc research

Taken together, Saudi Arabia's population scale, youthful demographic profile, high obesity prevalence, strong government commitment, and accelerating female participation create a compelling structural foundation for long-term fitness sector expansion. These dynamics, combined with increasing infrastructure development and regulatory support, position the Kingdom as one of the most attractive and scalable fitness markets in the region.

### Key players in the fitness industry

- **Leejam Sports Company:** Leejam is the largest organized fitness operator in Saudi Arabia, offering comprehensive sports and recreation facilities across the Kingdom. The company operates 246 clubs under the Fitness Time brand and is primarily engaged in the management of sports and recreation facilities, while also offering select sports-related services beyond traditional gyms. Leejam has a regional presence in Saudi Arabia and the UAE. By the end of 2025, Leejam total members reached 468,000.
- **Armah Sports Company:** Armah was the first professional fitness center chain established in Saudi Arabia. The company operates gyms under two brands, B\_Fit and Optimo, catering to different customer segments in premium primary gym market. Armah currently operates 12 clubs with 38,000 members across the Kingdom.
- **Sport Clubs company:** Established in 1994, Sport Clubs Company owns and operates one of the largest fitness center networks in Saudi Arabia. The company operates across 19 cities under the brands Body Masters, Body Motions, and Body Experts, with a total of 59 fitness centers and approximately 147,500 average active members for 2025.
- **KUN Sports:** Established in 2019, KUN Sports is a fast-growing player in the sports and wellness industry, focused on fitness activation across the Kingdom. The company operates 70 iN2Fitness gym branches, comprising 33 female-only and 37 male-only facilities, with a presence in 10 cities.
- **PureGym:** PureGym is a multinational fitness operator that entered Saudi Arabia through a franchise agreement with Ektimal, bringing international gym standards to the Kingdom. Since launching its first gyms in Riyadh in 2021, PureGym has expanded to approximately 21 branches nationwide and plans to open 40 clubs by end-2025.
- **Gold's Gym:** Founded in 1965, Gold's Gym is a global fitness brand operating over 550 locations across six continents. In Saudi Arabia, the brand is present in four cities, with approximately 11 gyms, comprising four male and seven female facilities.

## Key risks of the fitness industry

The fitness industry faces several structural risks that could moderate the pace of sector growth.

- **Skilled labor constraints:** Shortages of qualified fitness professionals, including certified trainers and coaches, could constrain the industry's ability to scale capacity and maintain service quality, particularly as the number of licensed facilities expands.
- **Import dependency and supply-chain disruptions:** A significant portion of fitness equipment is imported. Regional developments, logistics disruptions, or changes in trade policies could delay equipment availability, increase costs, and disrupt gym rollout and refurbishment plans.
- **Substitution risk from home-based fitness:** The growing adoption of home workout programs and self-guided training presents a structural substitution risk, moderating demand growth for gym memberships.
- **Regulatory and licensing risk:** Changes to the regulatory framework, licensing requirements, or approval timelines could slow new gym openings and constrain sector expansion, particularly if regulatory support moderates as the market matures.
- **Consumer affordability risk:** Fitness remains a discretionary spending category for a large segment of the population. Any pressure on household disposable incomes or shifts in consumer spending priorities could adversely affect membership demand and renewal rates.
- **Secondary market competition:** Secondary gyms (hotel, residential, university, and employer-provided facilities) continue to expand alongside primary gyms. These facilities offer low- or no-cost alternatives that may limit conversion rates into paid memberships.



## Leejam Sports Co.

7 May 2026

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 FCF 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%

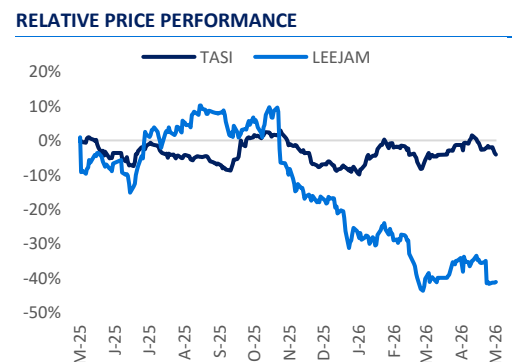
Last price as of May 6<sup>th</sup>, 2026

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



Source: Bloomberg, anbc research

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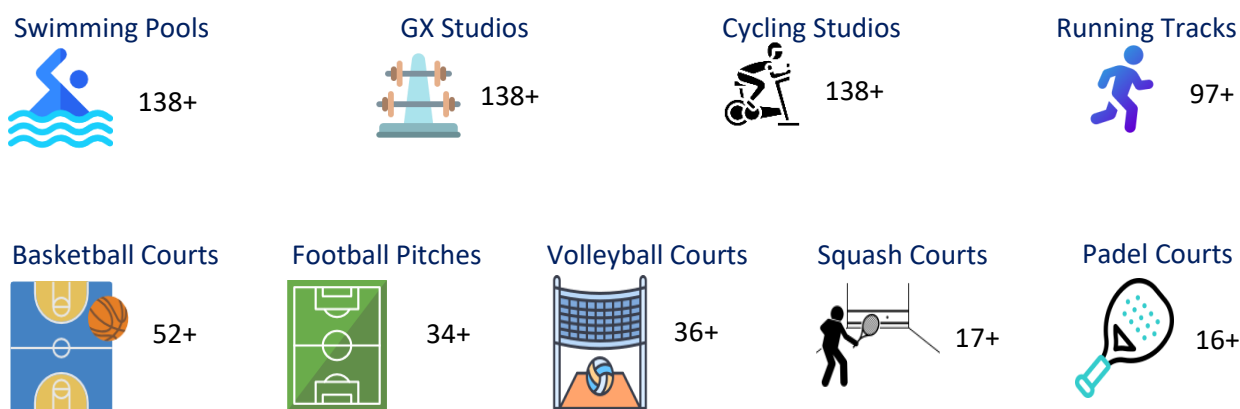
## Investment Thesis

### 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



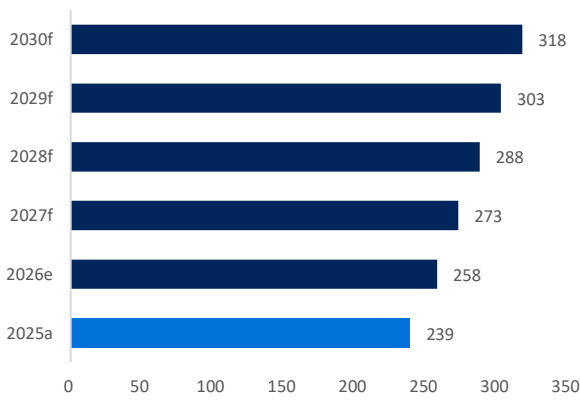
Source: Company website, anbc research

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.

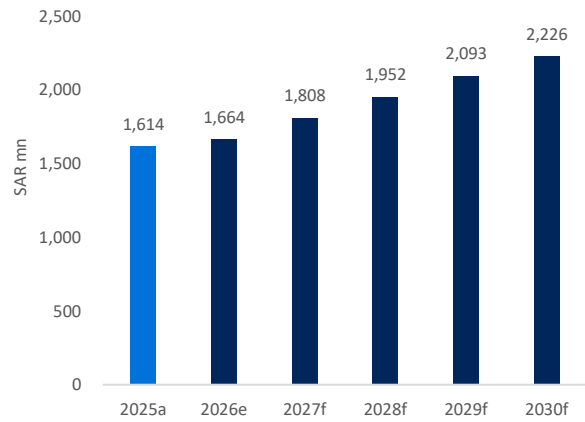
Over the medium to long term, the outlook remains underpinned by favorable structural drivers, particularly the increasing penetration of fitness activities and a growing gym-going population in Saudi Arabia. These dynamics, combined with Leejam’s established brand and diversified service offering, are 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

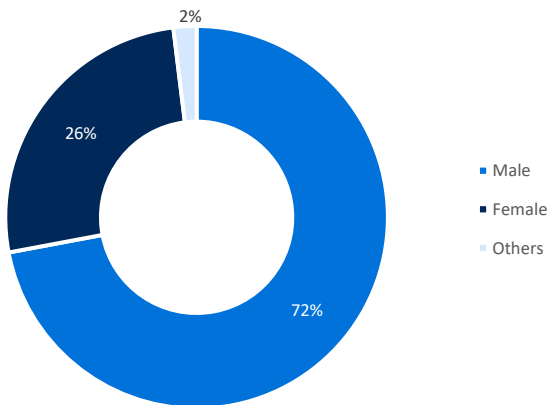
**Chart 34: 2025-2030f CAGR of 7% revenue**



Source: Company financials, anbc research

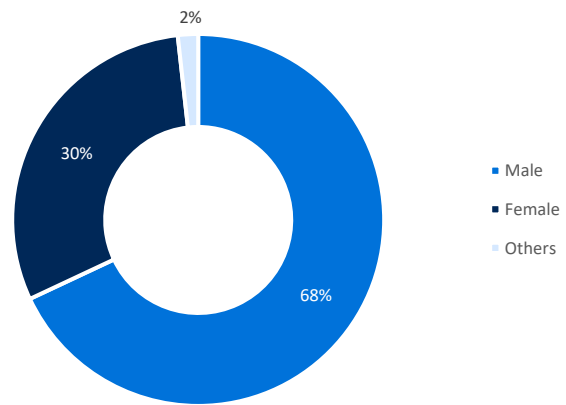
Growth in total members is expected to be driven by the female segment, with female memberships forecasted to grow at a ~10% CAGR over 2025–2030f, outpacing overall membership growth. This outlook is supported by rising female participation in sports, increased availability of female-only facilities, 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**

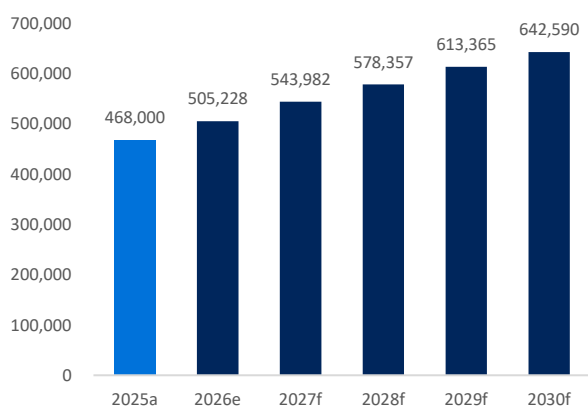


Source: Company financials, anbc research

### Expansion to weigh on margins

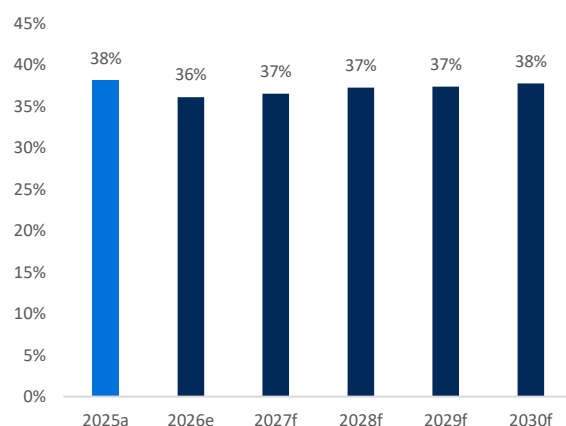
The centers expansion is expected to increase male fitness time centers to ~191 and female fitness time centers to ~106 by 2030f. The accelerated rollout is likely to result in temporary dilution in members per gym, and weigh on the margins. Gross margin declined to 38% in 2025, compared to an average 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

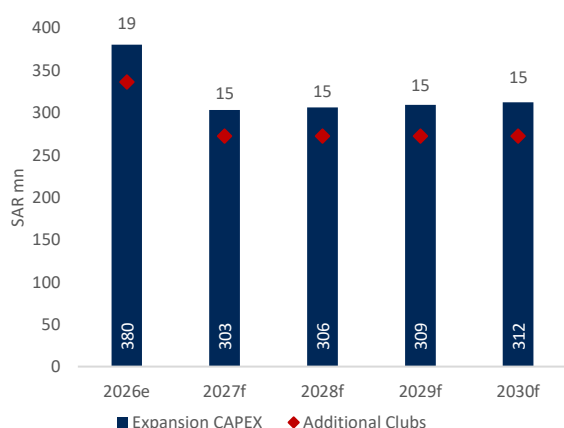
**Chart 38: Gross margins to lower down**



Source: Earnings call, anbc research

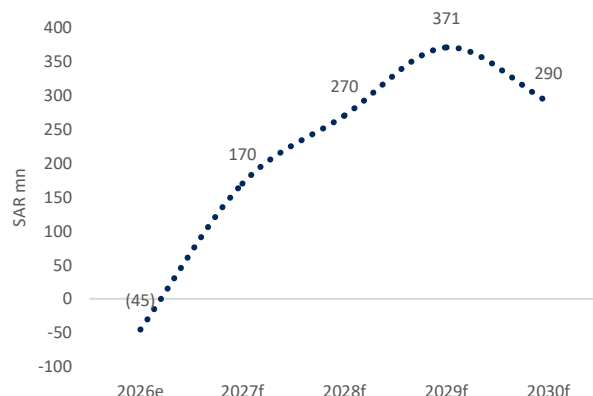
We estimate total expansion capex of approximately SAR 1,610 mn over 2026e–2030f reflecting the opening of 79 new centers. As a result, FCFF is expected to remain constrained in the near term, however, we expect it to stay positive.

**Chart 39: Expansion CAPEX vs. additional clubs**



Source: Company financials, anbc research

**Chart 40: FCFF to stay positive amid expansion**



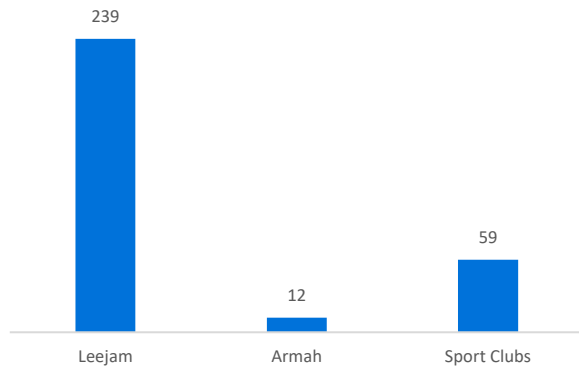
Source: Company financials, anbc research

### 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.

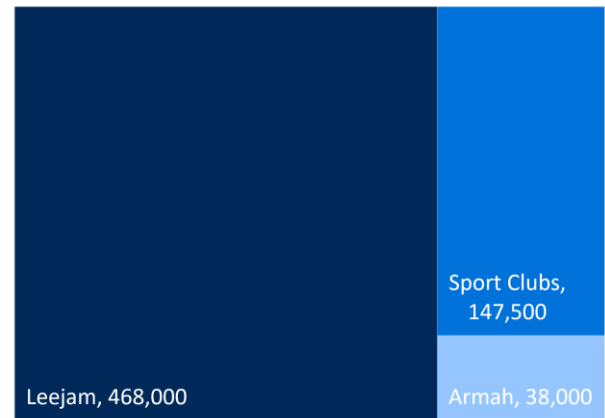
In response to shifting consumer preferences toward more affordable options, the company is strategically increasing its focus on the mid-tier segment of the primary gym market, alongside a presence across other primary gym segments, enabling access to the broadest member base. Furthermore, company is 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

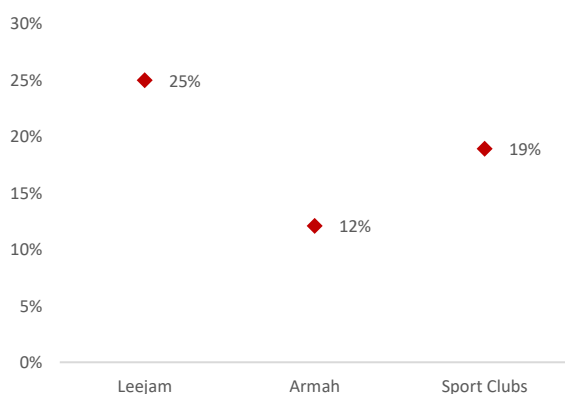


Source: Earnings call, anbc research

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.

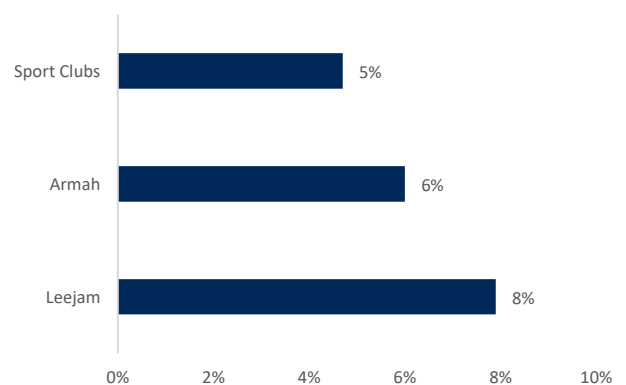
Beyond scale and financial strength, Leejam’s competitive advantage is reinforced by its multi-format fitness offerings, including concept studios, swimming pools, clinics, and padel courts. This diversification enhances member engagement, improves retention rates, and creates cross-selling opportunities. 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



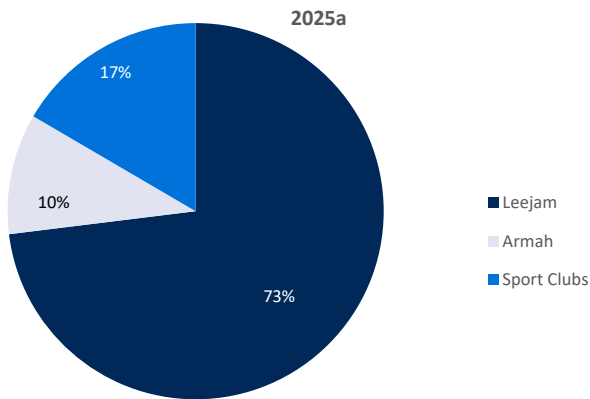
Source: Company financials, anbc research

Chart 44: ROA 2025



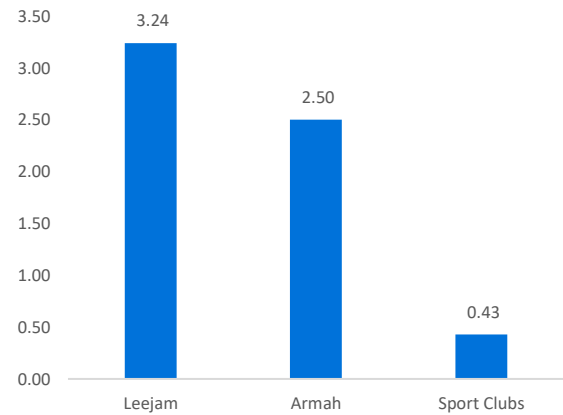
Source: Company financials, anbc research

Chart 45: Listed players subscription revenue share



Source: Company financials, anbc research

Chart 46: Cash per share – 2025 (SAR)



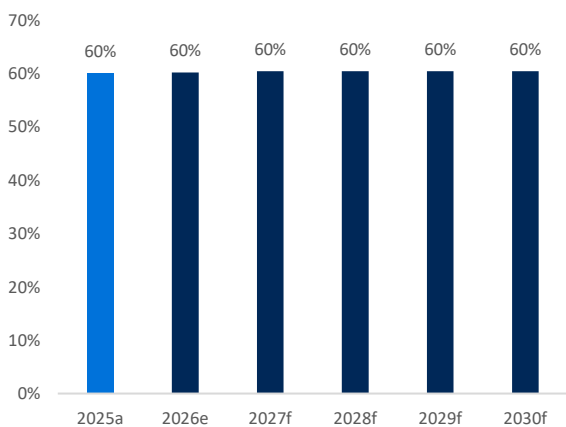
Source: Company financials, anbc research

### 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.

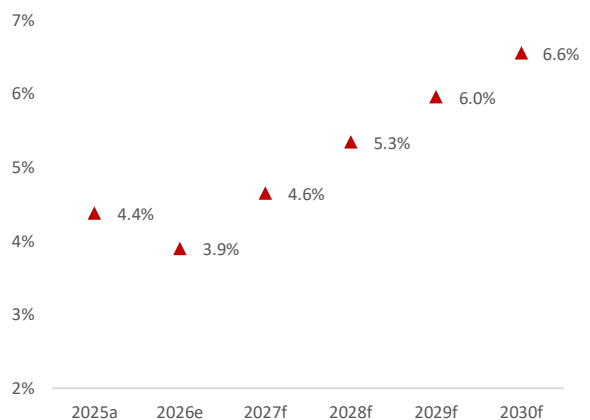
Leejam’s ability to sustain dividends while simultaneously investing in growth underscores its strong cash flow generation and financial discipline. We forecast a dividend coverage ratio of 1.6x, indicating ample capacity to maintain payouts. Looking ahead, we expect Leejam’s dividend yield to increase 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
<b>Discounted FCFF</b>	<b>155</b>	<b>226</b>	<b>284</b>	<b>203</b>	<b>4,192</b>
Enterprise Value	5,061				
Cash	125				
Debt	(654)				
Equity Value	4,532				
<b>Target Price</b>	<b>86.6</b>				

### TP sensitivity:

W A C C	Growth rate				
	1.5%	2.0%	2.5%	3.0%	3.5%
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
	   	 	 

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.

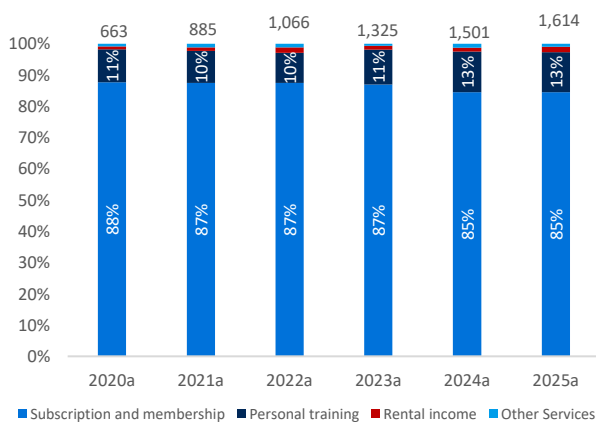
**Personal training (PT)**

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**

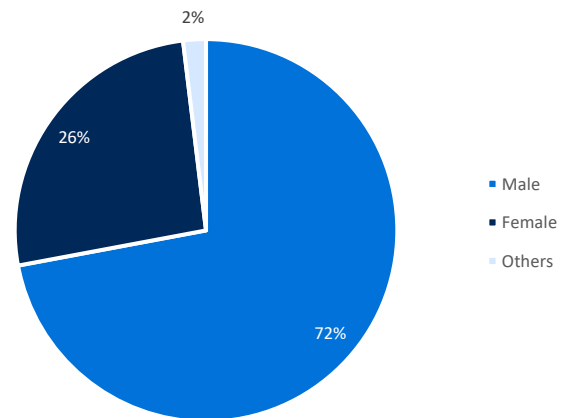
Rental income is earned by leasing space at fitness centers to third-party vendors, primarily food and beverage outlets. In 2025, Leejam generated total rental income of SAR 27 mn (up 36% YoY), representing 2% of total revenues.

Chart 49: Total revenue (SAR mn)



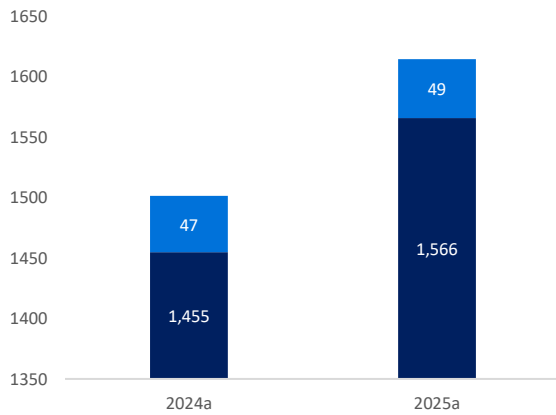
Source: Company financials, anbc research

Chart 50: Segmental revenues – 2025a



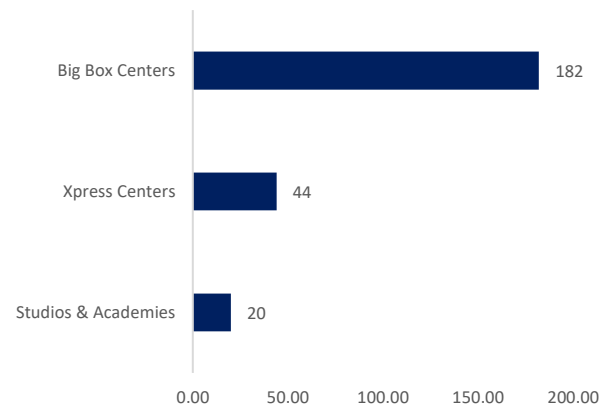
Source: Company financials, anbc research

**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

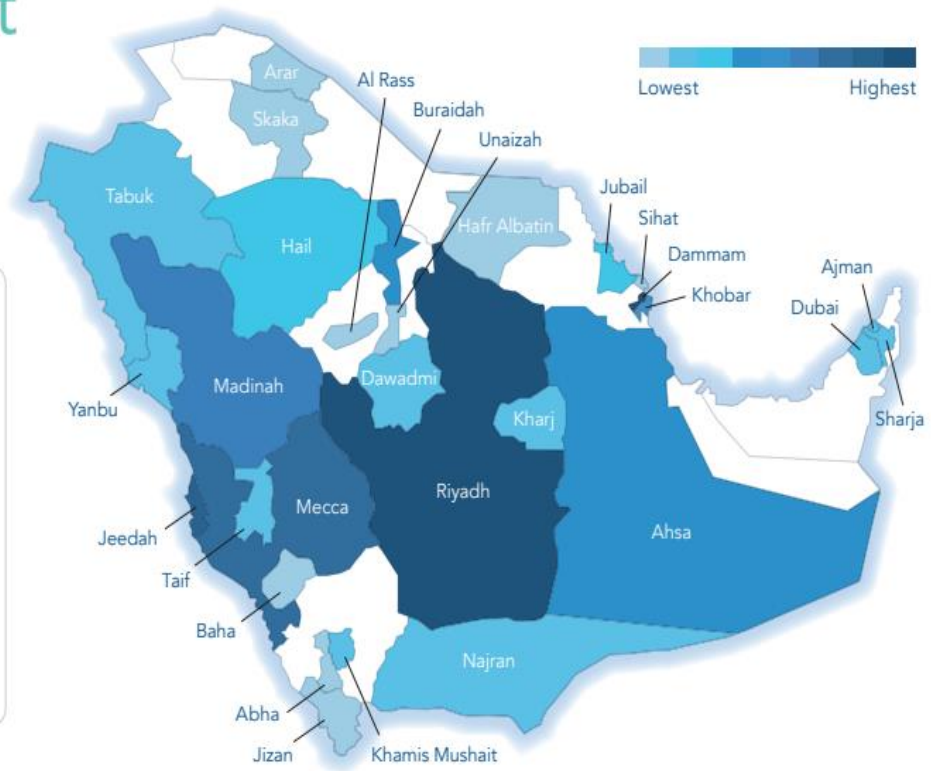
**Subsidiaries**

Name	Country of Incorporation	Ownership % (Direct)	Ownership % (Indirect)
Sports Hive Limited Company	KSA		100%
Altathir Al-Riyadiyah 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 Raqmiah For Technologies	KSA		100%
Kafaat Alisad Lilmawarid Albashariyya Company	KSA		100%

Source: Company financials, anbc research

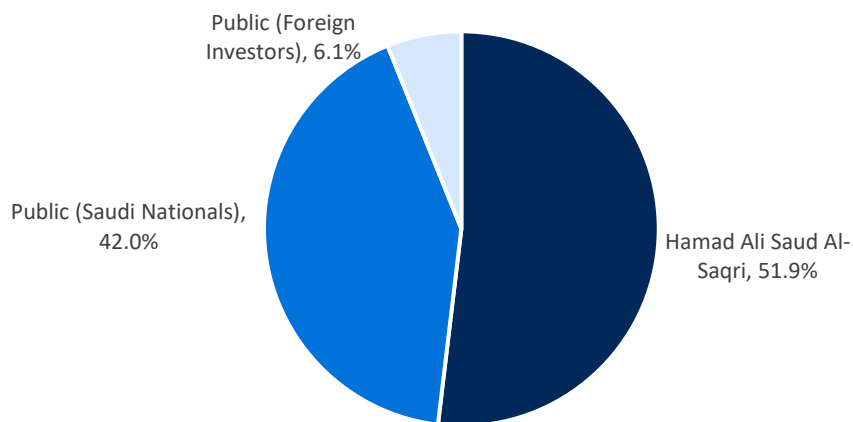
Geographic footprint of the Leejam

Footprint  
(FY 2025)



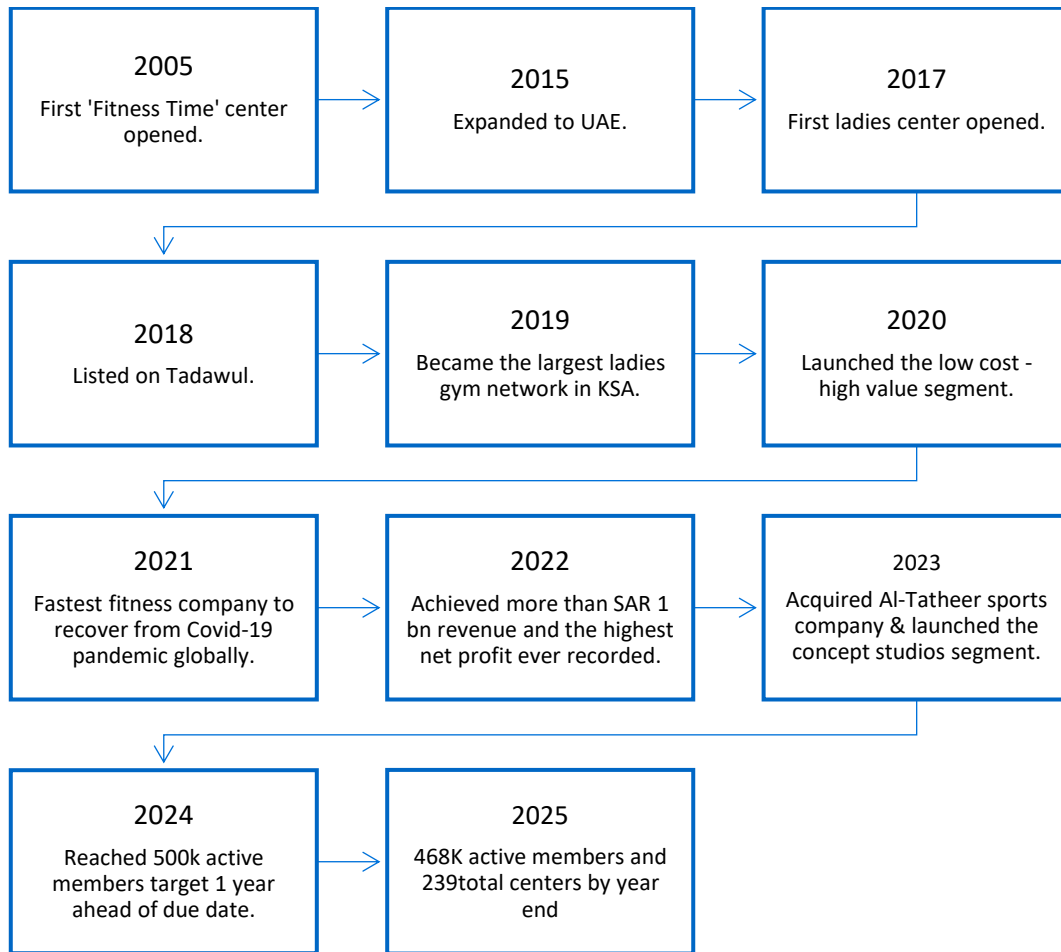
Source: Company financials, anbc research

Shareholding pattern



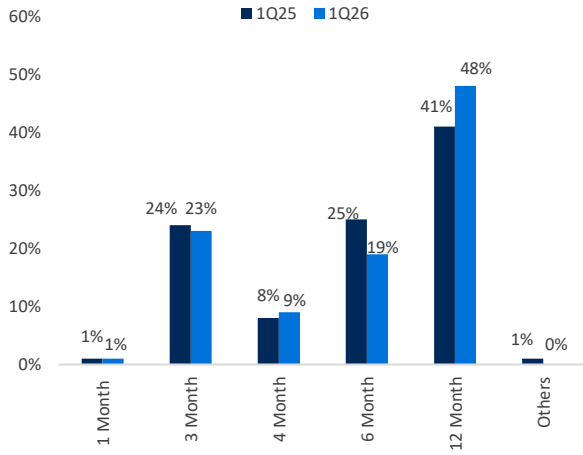
Source: Tadawul, anbc research

History of Leejam



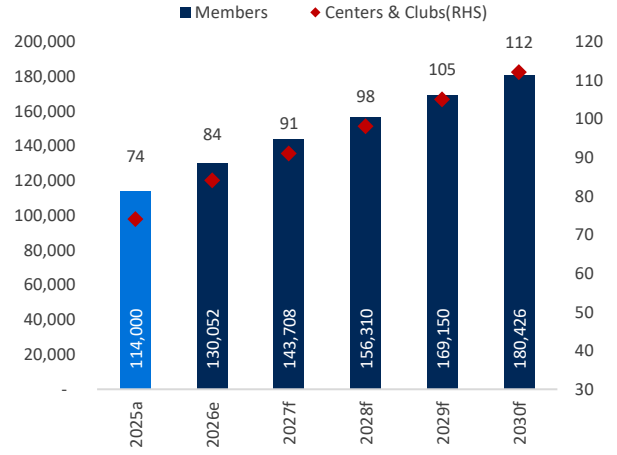
Leejam's chart bank:

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



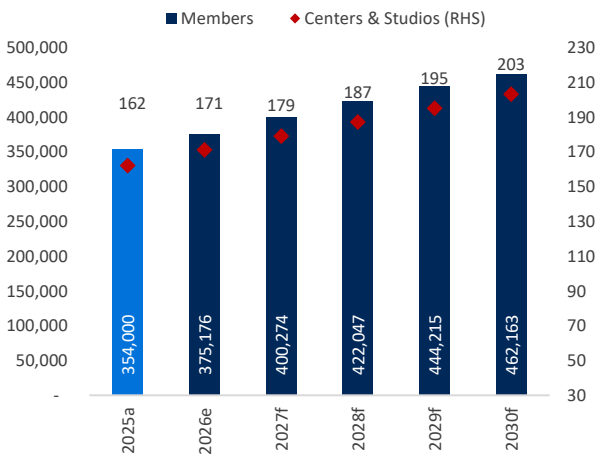
Source: Earnings call, anbc research

**Chart 54: Female members, centers & studios**



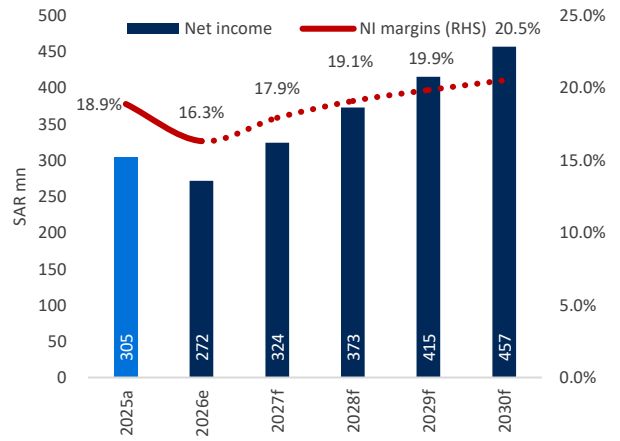
Source: Earnings call, anbc research

**Chart 55: Male members, centers & studios**



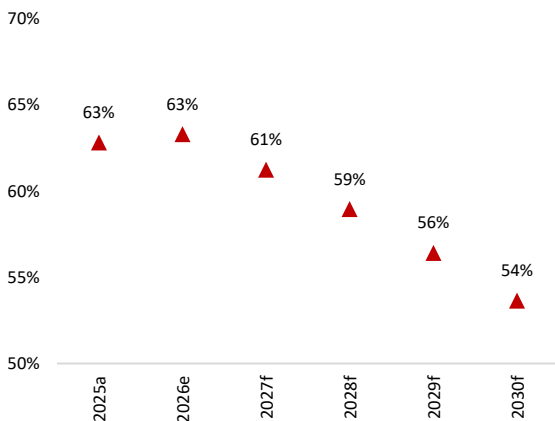
Source: Earnings call, anbc research

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



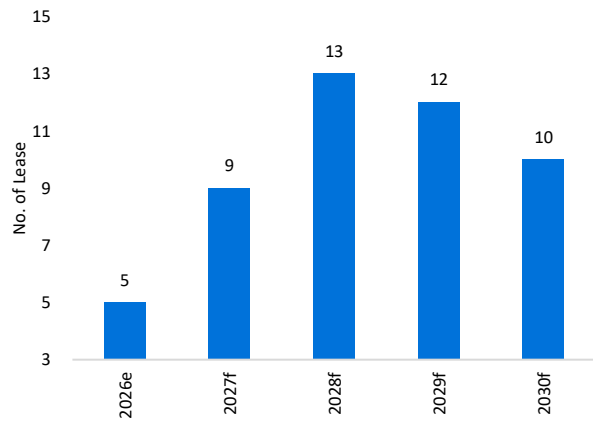
Source: Company financials, anbc research

**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
<b>Revenue</b>	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%
<b>Gross Profit</b>	<b>623</b>	<b>615</b>	<b>600</b>	<b>660</b>	<b>727</b>	<b>782</b>	<b>840</b>	<b>6%</b>
Operating expenses	(176)	(192)	(197)	(211)	(228)	(240)	(256)	6%
<b>EBIT</b>	<b>447</b>	<b>423</b>	<b>404</b>	<b>449</b>	<b>499</b>	<b>542</b>	<b>584</b>	<b>7%</b>
Dep & amort	290	332	382	409	434	471	499	8%
<b>EBITDA</b>	<b>737</b>	<b>755</b>	<b>785</b>	<b>859</b>	<b>934</b>	<b>1,013</b>	<b>1,083</b>	<b>7%</b>
Finance cost	-91	-109	-128	-129	-129	-126	-125	3%
Other exp./income	109	-6	2	5	6	9	12	-214%
<b>Profit Before Tax</b>	<b>464</b>	<b>307</b>	<b>278</b>	<b>325</b>	<b>376</b>	<b>425</b>	<b>471</b>	<b>9%</b>
Zakat tax	-10	-5	-2	-7	-10	-13	-18	28%
<b>Profit After Tax</b>	<b>454</b>	<b>302</b>	<b>275</b>	<b>319</b>	<b>366</b>	<b>412</b>	<b>453</b>	<b>8%</b>
Profit from disc. operation	2	0	0	0	0	0	0	-100%
Non-Controlling interest	-1	-3	-2	-3	-3	-4	-4	7%
<b>Equity holders PAT</b>	<b>457</b>	<b>305</b>	<b>272</b>	<b>324</b>	<b>373</b>	<b>415</b>	<b>457</b>	<b>8%</b>
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	
<b>Balance Sheet</b>	<b>2024a</b>	<b>2025a</b>	<b>2026f</b>	<b>2027f</b>	<b>2028f</b>	<b>2029f</b>	<b>2030f</b>	<b>2025-2030f</b>
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%
<b>Non-current assets</b>	<b>3,440</b>	<b>3,683</b>	<b>3,993</b>	<b>4,136</b>	<b>4,256</b>	<b>4,342</b>	<b>4,408</b>	<b>4%</b>
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%
<b>Current Asset</b>	<b>281</b>	<b>328</b>	<b>331</b>	<b>381</b>	<b>536</b>	<b>779</b>	<b>924</b>	<b>23%</b>
<b>Total Assets</b>	<b>3,721</b>	<b>4,011</b>	<b>4,324</b>	<b>4,516</b>	<b>4,792</b>	<b>5,121</b>	<b>5,332</b>	<b>6%</b>
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%
<b>Total Equity</b>	<b>1,238</b>	<b>1,203</b>	<b>1,311</b>	<b>1,439</b>	<b>1,587</b>	<b>1,752</b>	<b>1,933</b>	<b>10%</b>
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%
<b>Non-current liabilities</b>	<b>1,568</b>	<b>1,868</b>	<b>1,994</b>	<b>2,014</b>	<b>2,024</b>	<b>2,016</b>	<b>1,990</b>	<b>1%</b>
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%
<b>Current Liabilities</b>	<b>915</b>	<b>939</b>	<b>1,020</b>	<b>1,063</b>	<b>1,181</b>	<b>1,353</b>	<b>1,410</b>	<b>8%</b>
<b>Total Liabilities &amp; Equity</b>	<b>3,721</b>	<b>4,011</b>	<b>4,324</b>	<b>4,516</b>	<b>4,792</b>	<b>5,121</b>	<b>5,332</b>	<b>6%</b>

Source: Company financials, anbc research

<b>Valuation Ratios</b>	<b>2024a</b>	<b>2025a</b>	<b>2026f</b>	<b>2027f</b>	<b>2028f</b>	<b>2029f</b>	<b>2030f</b>
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
<b>Margins (%)</b>	<b>2024a</b>	<b>2025a</b>	<b>2026f</b>	<b>2027f</b>	<b>2028f</b>	<b>2029f</b>	<b>2030f</b>
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
<b>Returns (%)</b>	<b>2024a</b>	<b>2025a</b>	<b>2026f</b>	<b>2027f</b>	<b>2028f</b>	<b>2029f</b>	<b>2030f</b>
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
<b>Health Ratios</b>	<b>2024a</b>	<b>2025a</b>	<b>2026f</b>	<b>2027f</b>	<b>2028f</b>	<b>2029f</b>	<b>2030f</b>
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
<b>Activity Ratio</b>	<b>2024a</b>	<b>2025a</b>	<b>2026f</b>	<b>2027f</b>	<b>2028f</b>	<b>2029f</b>	<b>2030f</b>
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
<b>Growth Ratios (%)</b>	<b>2024a</b>	<b>2025a</b>	<b>2026f</b>	<b>2027f</b>	<b>2028f</b>	<b>2029f</b>	<b>2030f</b>
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

## ARMAH Sports Co.

7 May 2026

We initiate coverage on Armah Sports Co. (Armah) with a 'Neutral' rating and a target price of SAR 66.5/share. Armah is a premium, technology-enabled gym operator positioned in the fastest-growing niche of the primary gym market, offering high-end fitness experiences through its B\_Fit and Optimo brands. Its sector-leading growth profile is underpinned by strong demand and an expansion strategy that will increase its network from 12 clubs in 2025 to 50 by 2030f, driving a revenue CAGR of ~30% and net income CAGR of ~26% over 2025–2030f, the highest among its listed peers. The stock trades at a 2026f P/E of 31.9x, and P/B of 3.2x.

**Premium positioning in a fast-growing niche segment.** Armah operates in the premium primary gym segment through its B\_Fit and Optimo brands, offering technology-enabled, high-end fitness experiences. While the premium segment represents only ~7% of the primary gym market, it is the fastest-growing niche, with demand expected to expand at a ~22% CAGR over 2024–2030f, materially outpacing the broader market which tends to grow with CAGR of ~12% during similar period. Strong demand has already translated into capacity constraints, waitlists, and subscription rationalization at selected clubs. To address this, Armah plans to expand its network from 12 clubs in 2025 to 50 by 2030f, supporting member growth to ~154k and underpinning a robust ~30% revenue CAGR over 2025–2030f.

**Sector-leading earnings growth at 2025-2030f CAGR of 26%.** Armah is set to be the fastest-growing gym operator among its listed peers, driven by a premium, technology-enabled operating model. We forecast revenues to grow at a ~30% CAGR over 2025–2030f, outpacing both Leejam and Sport Clubs. The revenue growth is supported by strong demand visibility, sustained capacity utilization, and ongoing network expansion. While Armah operates the smallest network in the sector, it already commands the highest gross margins and superior operational efficiency. Despite this rapid top-line growth, margins are expected to decline, reflecting the trade-off between newly opened clubs and maturing refurbished assets. Overall, net income is projected to grow at a 2025-2030f CAGR of ~26%, with net margins stabilizing from ~28% to ~20%, positioning Armah as a leader in both growth and profitability within the primary gym segment.

**Strong balance sheet to support growth.** Armah's strong balance sheet provides meaningful downside protection while supporting its high-growth strategy. The company operates with the lowest leverage among listed peers, with a debt-to-capital ratio of 43.7% in 2025, alongside the highest current ratio in the sector. Looking ahead, leverage is expected to increase to 54.9% by 2030f to fund new club openings. Consequently, cash per share is projected to decline from 2.5 in 2025 to 2.1 by 2030f, reflecting capital deployment toward expansion. However, rising operating cash flows from maturing clubs and the absence of a dividend payout policy are expected to partially offset balance sheet pressures.

**Valuation:** We value Armah using a FCFF approach with a 2.5% terminal growth rate and 8.3% WACC, resulting in a target price of SAR 66.5/share and a 'Neutral' rating. Although Armah exhibits the highest earnings growth among its peers, we believe much of this growth is already priced in, rendering the stock fairly valued at current levels.

**Risk:** Key risk to our thesis involves challenges in developing new clubs, including securing suitable locations, managing construction timelines, and controlling expenses. Operating costs may also rise due to change in interest rate and regional disruptions. In addition, the company faces rising competition and the risk of potential shifts in consumer affordability. Furthermore, Armah's geographic footprint remains narrow, with operations in Riyadh and Jeddah compared to peers with broader regional presence. However, company is looking forward to expand its footprint into Eastern Province.

### RATING SUMMARY

Target Price (SAR)	66.5
Upside/Downside	10.0%
Div. Yield	-
Total Exp. Return	10.0%

Source: Company financials, anbc research

### ISSUER INFORMATION

Bloomberg Code	ARMAH AB
Last Price (SAR)	60.4
No of Shares (mn)	32.9
Market Cap bn (SAR/USD)	2.0/0.5
52-week High / Low (SAR)	94.0/58.0
12-month ADTV (mn) (SAR/USD)	0.6/0.1
Free Float (%)	59.58%
Foreign Holdings (%)	0.09%

Last price as of May 6<sup>th</sup>, 2026

### VALUATIONS

	2025a	2026f	2027f	2028f
EPS (SAR)	1.9	1.9	2.7	3.4
PER (x)	32.0	31.9	22.1	17.5
PBV (x)	3.6	3.2	2.8	2.4
RoAE (%)	12.1	10.7	13.6	14.9
RoAA (%)	6.0	5.2	5.8	5.9

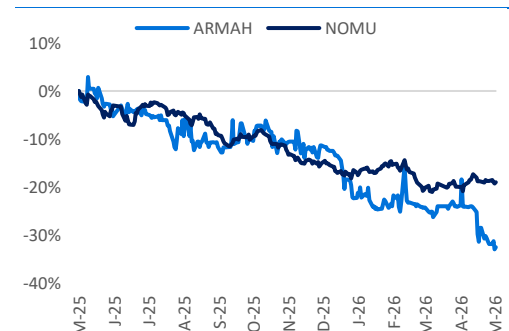
Source: Company financials, anbc research

### FINANCIALS (SAR mn)

	2025a	2026f	2027f	2028f
Revenue	225	276	417	570
Gross Profit	111	134	190	254
EBITDA	124	130	166	220
Net Income	53	62	90	113

Source: Company financials, anbc research

### RELATIVE PRICE PERFORMANCE



Source: Bloomberg, anbc research

### Raed N. Alshalhoub

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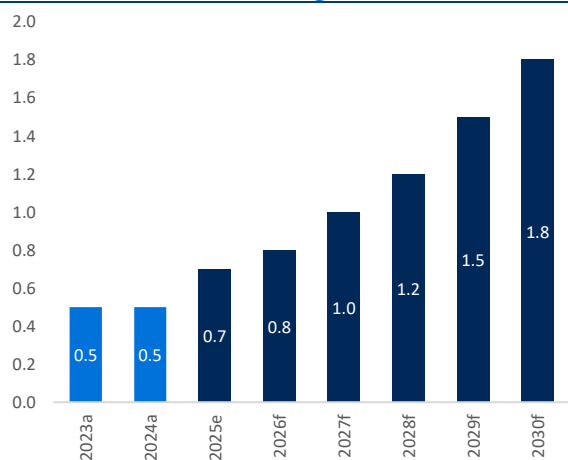
## Investment Thesis

### Premium positioning in a fast-growing niche segment

Armah Sports Company operates exclusively in the premium segment of the primary gym market, offering high-end, technology-led fitness experiences through its B\_Fit and Optimo brands. The company’s clubs integrate AI-powered coaching, smart fitness tracking, and immersive digital experiences. In 2025 Armah successfully handled more than 60% of call center interactions through AI. As of end-2025, Armah operated 12 premium gyms, with two facilities holding LEED Gold certification, making them the only fitness clubs of their kind in the Kingdom and reinforcing the brand’s differentiation on quality, sustainability, and customer experience.

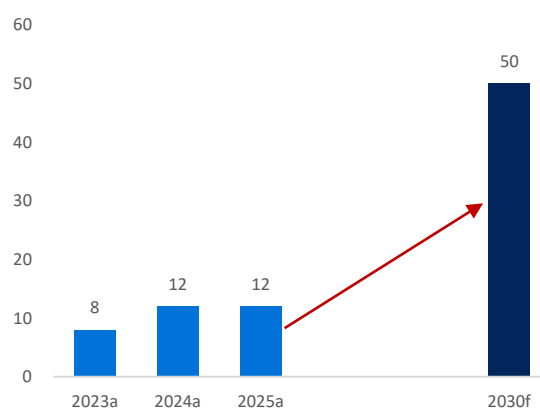
Although the premium segment represents a relatively small portion of the primary gym market, valued at approximately SAR 542 mn in 2024 and accounting for ~7% of total market size, it is projected to be the fastest-growing segment. The premium segment is expected to grow at a 2025–2030f CAGR of ~22%, significantly outpacing the overall primary gym market growth of ~12% over the same period. Strong demand dynamics are already evident with some Optimo clubs having waiting lists for up to 18 months. When memberships reopened, the waiting lists were quickly filled, and some clubs reached capacity again soon after. The company carefully controls the number of members by limiting new sign-ups or offering only longer-term plans in busy locations to maintain service quality. Overall, this indicates high demand, with several clubs operating near full capacity.

**Chart 59: Premium market growth (SAR bn)**



Source: Sport Clubs prospectus, anbc research

**Chart 60: Total numbers of centers**

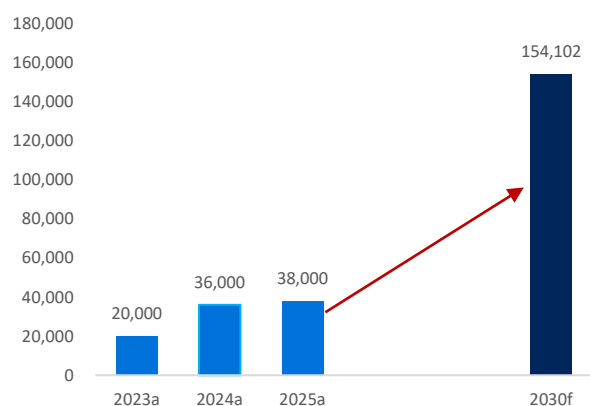


Source: Company financials, anbc research

In light of the rising demand, Armah’s expansion plans are well timed. From a base of 12 clubs in 2025, the company plans to expand its network to 50 clubs by 2030f, supporting continued membership growth. Demand for niche, premium fitness offerings has already translated into strong member growth, with Armah’s active members increasing by 80% YoY in 2024 and 6% in 2025, reaching ~38.0k members by year end. We expect this momentum to continue, with active members forecast to reach ~154K by 2030f.

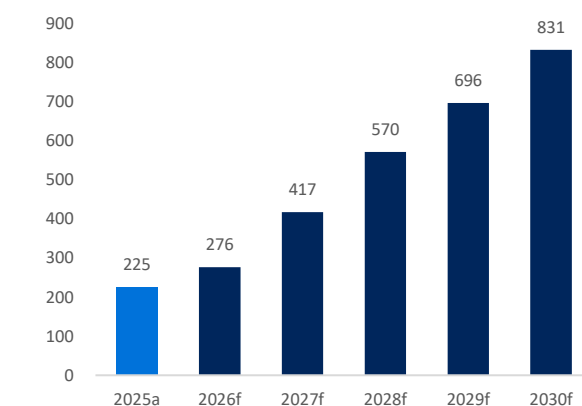
High demand, combined with rapid network expansion, is expected to drive revenue growth at a 2025–2030f CAGR of 29.9%. To support this rollout, we estimate total expansion capex of approximately SAR 1,444 mn over 2026f–2030f for the opening of 38 new clubs.

Chart 61: Total gym members



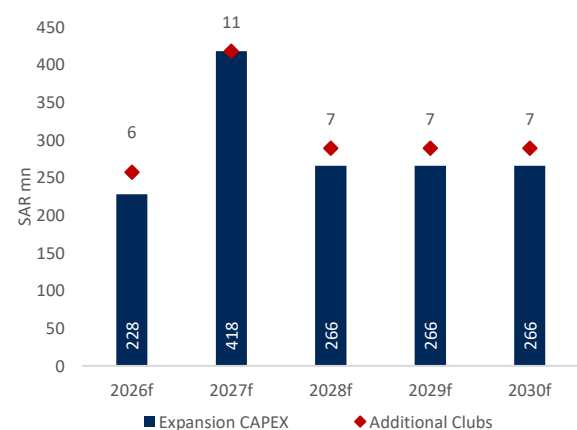
Source: Company financials, anbc research

Chart 62: Revenue growth (SAR mn)



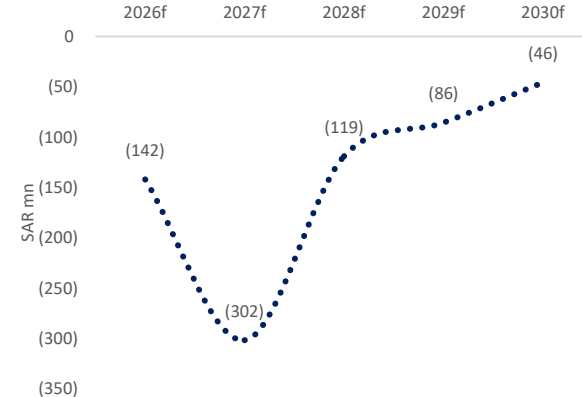
Source: Company financials, anbc research

Chart 63: Expansion CAPEX vs. additional gyms



Source: Company financials, anbc research

Chart 64: FCFF amid expansion



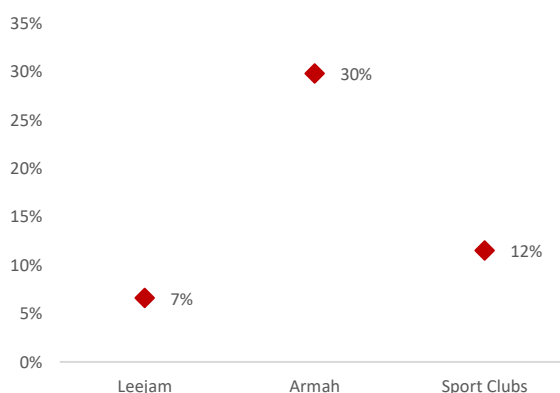
Source: Company financials, anbc research

### Sector-leading earnings growth at 2025-2030f CAGR of 26%

Armah is set to deliver the fastest earnings growth among listed primary gym operators, underpinned by robust demand visibility and a disciplined expansion strategy. We project revenues to increase at a 2025–2030f CAGR of 30%, surpassing both Leejam and Sport Clubs. This growth is driven by sustained capacity utilization, premium pricing, and continued network expansion.

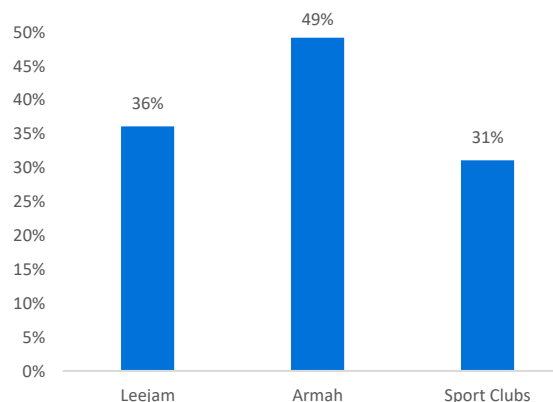
Despite this rapid top-line growth, margin expansion is expected to be gradual, reflecting the trade-off between newly opened clubs and maturing refurbished assets. Gross margins are forecast to normalize from ~49% in 2025 to ~45% by 2030f, as the ramp-up phase of new clubs temporarily limits operating efficiency. Notably, even with the smallest network among listed peers, Armah already commands the highest gross margins in the sector, highlighting the strength of its premium, technology-enabled operating model.

Chart 65: 2025-2030f revenue CAGR



Source: Company financials, anbc research

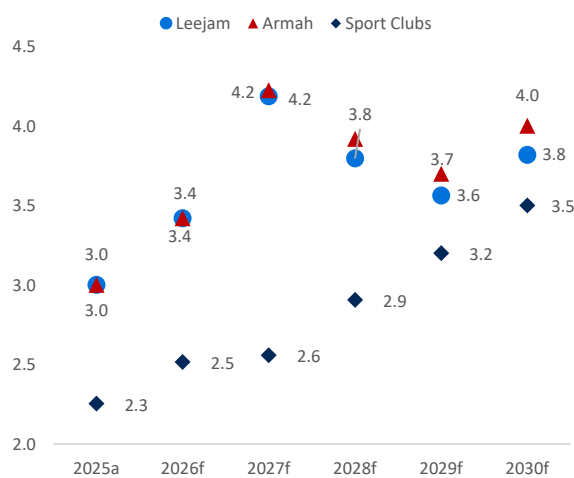
Chart 66: Gross margins 2026f



Source: Company financials, anbc research

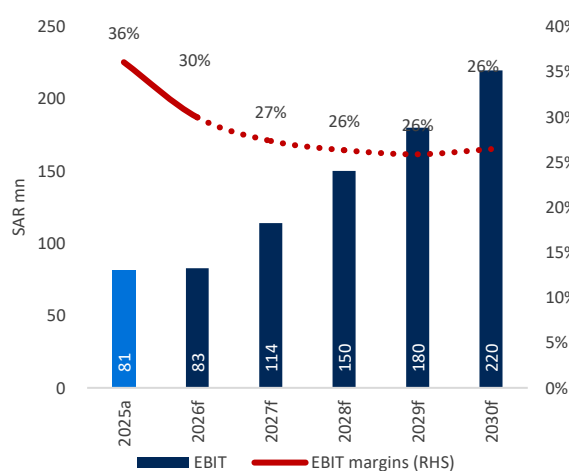
We expect EBIT to grow at a 25% CAGR over 2025–2030f, with margins expected to stabilize at 26% by 2030f. This operating leverage is projected to drive a substantial improvement in the EBIT/Interest coverage ratio, from 3.0x in 2025 to 3.8x in 2030f.

Chart 67: EBIT/interest to improve going forward



Source: Company financials, anbc research

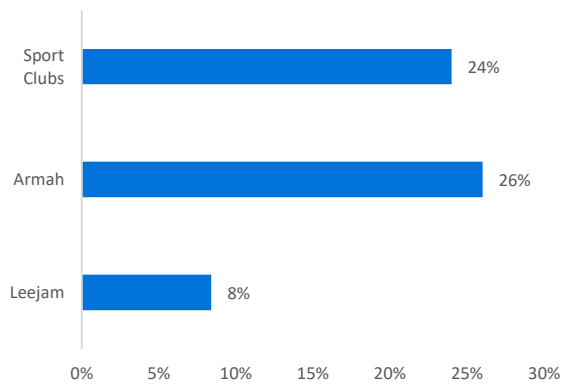
Chart 68: EBIT margins to come at 26% by 2030f



Source: Company financials, anbc research

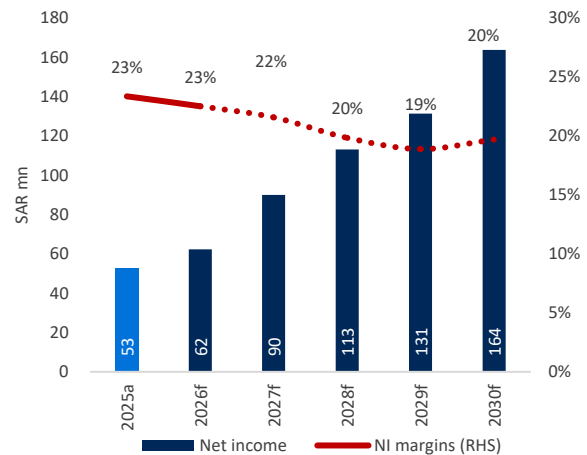
Overall, the rapid revenue growth and operating efficiency is expected to support 2025-2030f CAGR of ~26% adjusted net income (adjusted net income excludes gain on commencement of sublease and lease modification), with adjusted net margins normalizing from 23% to ~20%, positioning Armah to outperform peers in both top-line and bottom-line growth.

Chart 69: 2025-2030f net income CAGR



Source: Company financials, anbc research  
Net incomes are adjusted for non-recurring items

Chart 70: Adjusted net income to grow

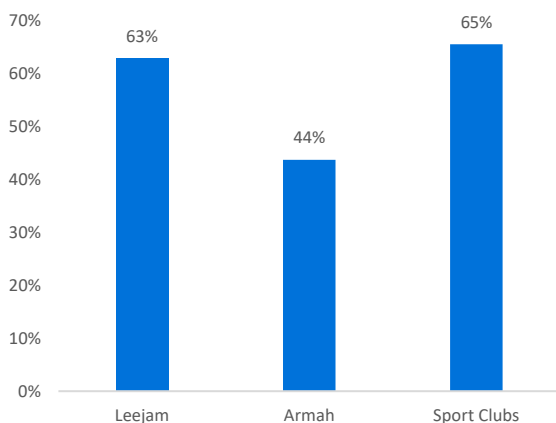


Source: Company financials, anbc research

### Strong balance sheet to support growth

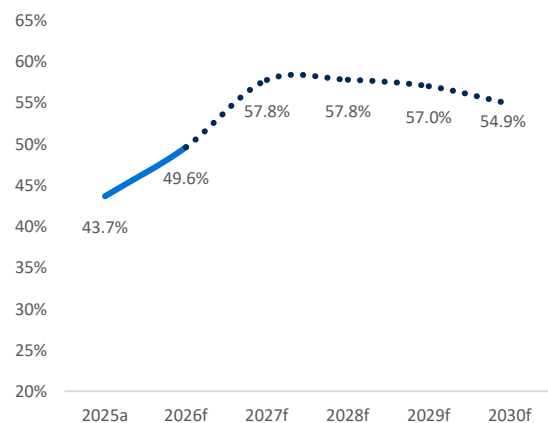
Armah maintains one of the strongest balance sheets among listed primary gym operators, providing both financial resilience and strategic flexibility. On a comparative basis, the company has historically operated with the lowest debt-to-capital ratio, a position that is expected to further improve over our forecast period. As of 2025, Armah’s total debt stands at SAR 428 mn, representing 44% of total capital and 77% of equity, a manageable level given the company’s strong earnings trajectory and margin profile.

Chart 71: Debt to capital ratio (DCR) 2025



Source: Company financials, anbc research

Chart 72: DCR\* to normalize post expansion



DCR\*: Debt-to-Capital Ratio  
Source: Company financials, anbc research

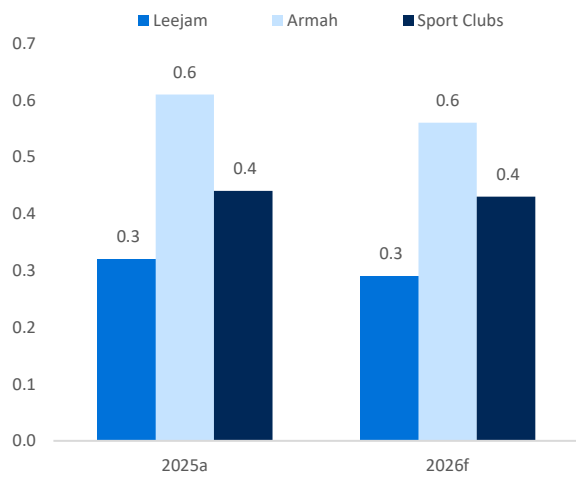
Armah’s strong balance sheet provides meaningful downside protection while enabling the execution of its high-growth strategy. During 2025, company operates with the lowest leverage among listed peers, while also maintaining the highest current ratio of 0.61x in the sector, reflecting ample liquidity.

Looking ahead, leverage is expected to increase to 54.9% by 2030f, primarily to fund an accelerated pipeline of new club openings. As a result, cash per share is projected to decline from 2.5 in 2025 to 2.1 by 2030f, indicating the deployment of internal resources toward expansion. However, this impact is expected to be partly mitigated by rising operating cash flows from maturing clubs, which typically generate stronger and more stable cash

generation over time, as well as the absence of a dividend payout policy, allowing the company to retain earnings and support its growth initiatives.

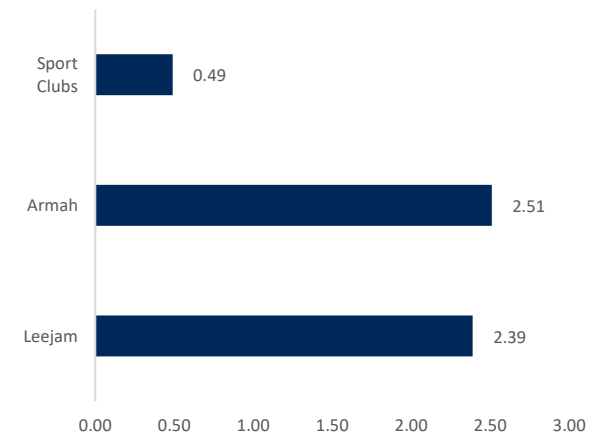
Overall, while balance sheet metrics are expected to normalize as expansion progresses, Armah is likely to retain sufficient financial flexibility to fund growth without materially compromising its financial stability.

**Chart 73: Current ratio**



Source: Company financials, anbc research

**Chart 74: Cash per share 2026f (SAR)**



Source: Company financials, anbc research

## Valuation

We value Armah using the FCFF approach, incorporating a terminal growth rate of 2.5% and a WACC of 8.3%, which yields a target price of SAR 66.5/share. We maintain a 'Neutral' rating on the stock, implying a total upside of 10.0% from current levels. Although Armah exhibits the highest earnings growth among its peers, we believe much of this growth is already priced in, rendering the stock fairly valued at current levels. The stock currently trades at a premium 2026f P/E of 31.9x as compared to its peer, reflecting its higher growth profile, niche market positioning, and upcoming transition to the TASI market. The company does not currently have a dividend policy.

### Valuation Table:

SAR MN	2027f	2028f	2029f	2030f	2031f
FCFF	(302)	(119)	(86)	(46)	236
Terminal Value					4,146
FCFF + Terminal	(302)	(119)	(86)	(46)	4,382
<b>Discounted FCFF</b>	<b>(279)</b>	<b>(102)</b>	<b>(67)</b>	<b>(33)</b>	<b>2,936</b>
Enterprise Value	2,455				
Cash	83				
Debt	(354)				
Equity Value	2,184				
<b>Target Price</b>	<b>66.5</b>				

### TP Sensitivity:

W A C C	Growth rate					
		1.5%	2.0%	2.5%	3.0%	3.5%
6.3%	92.8	106.3	123.2	145.2	175.0	
7.3%	69.6	78.3	88.8	101.7	118.0	
8.3%	53.4	59.4	66.5	74.8	85.0	
9.3%	41.5	45.8	50.8	56.7	63.5	
10.3%	32.4	35.7	39.4	43.6	48.4	

## ARMAH Company Overview

Armah Sports Company, launched in 2019, is a Saudi-based company engaged in construction, operation, management, and maintenance of fitness clubs for men and women in Saudi Arabia. Through its flagship brands Optimo and B\_FIT, the company offers high-end, full-service smart clubs, combining advanced digital infrastructure with luxury hospitality-style environments. As of 2025, the company operated 12 fitness clubs across Riyadh and Jeddah, entertaining 38,000 members.

### Fitness brands operated

The Company operates two smart fitness brands, Optimo and B\_FIT, offering differentiated premium club concepts targeted at business-oriented and younger, lifestyle-driven customers, respectively.

B_FIT	OPTIMO
<ul style="list-style-type: none"> <li>Tech-enabled, full-service smart club</li> <li>Designed for Gen Z</li> <li>Holistic total fitness experience</li> </ul>	<ul style="list-style-type: none"> <li>Ultra-private, luxury smart fitness</li> <li>Five-star hotel-level interiors</li> <li>Executive-focused holistic wellness</li> </ul>
	

Source: Company prospectus, anbc research

### Sources of revenue

#### Subscription and membership

Monthly subscriptions comprise fixed-term fitness membership packages offered in one-month, three-month, six-month, and twelve-month formats, each with predefined freeze allowances. Subscription revenues accounted for 86% of the total revenues and rose 24% YoY to SAR 194 mn in 2025.

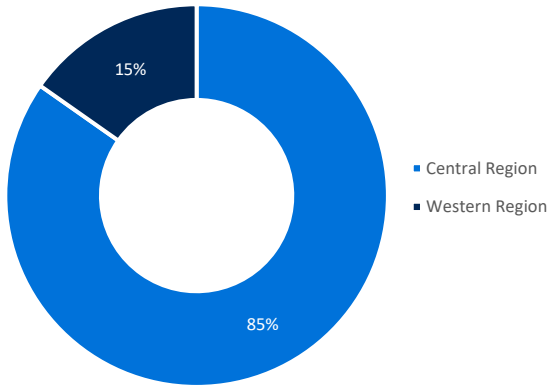
#### Personal training (PT)

Personal training fees consist of revenues generated from individual, trainer-led fitness sessions delivered on a one-to-one basis and monetized based on the number of sessions conducted. PT revenues accounted for 11% of the total revenues and rose 51% YoY to SAR 25 mn in 2025.

#### Other Income

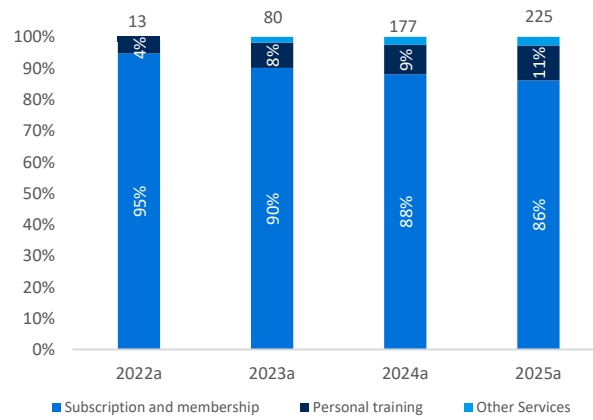
Other fitness centers' revenue is generated from ancillary offerings, including juice stand services, retail commodities, and shared services. Other fitness centers accounted for 3% of the total revenues and rose 35% YoY to SAR 6 mn in 2025.

Chart 75: Region wise revenue contribution 2025



Source: Company financials, anbc research

Chart 76: Revenue by type (SAR mn)



Source: Company financials, anbc research

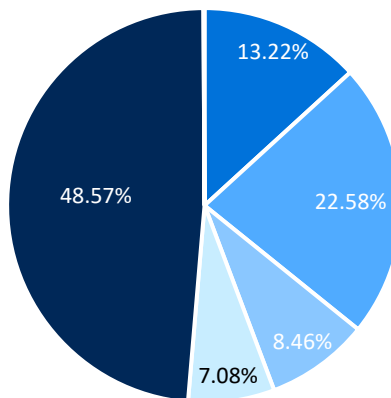
Geographic footprint of the Armah



Source: Company report, anbc research

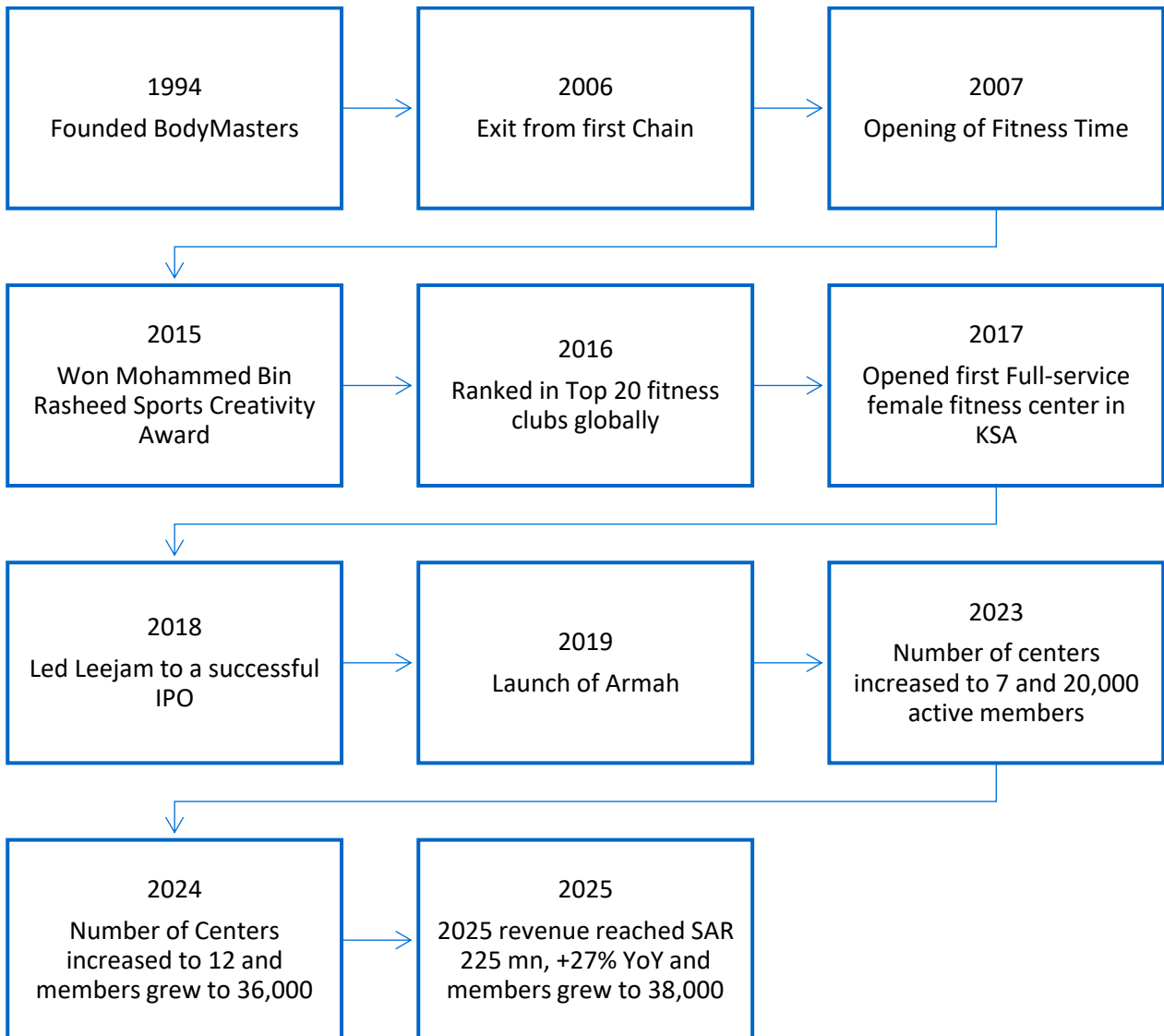
Shareholding pattern

- Abdulmohsen Ali Mohammed Alhagbani
- Jiad United For Real Estate Development Company
- Nahla Ali Mohammad Alhaqbani
- Latifa Mohammad Saleh Alhaqbani
- Public (Saudi Nationals)
- Public (Foreign Investors)



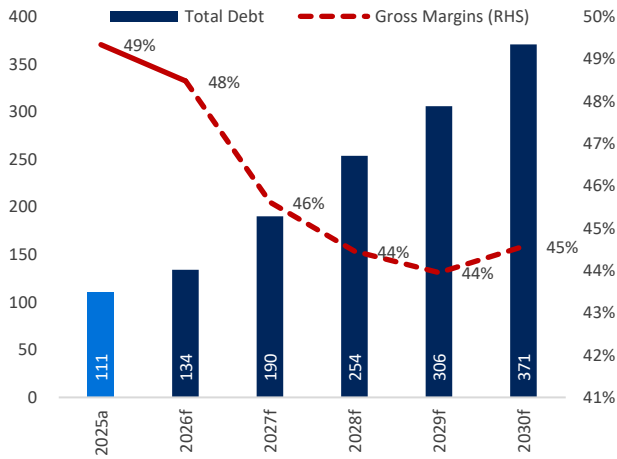
Source: Tadawul, anbc research

History of Armah



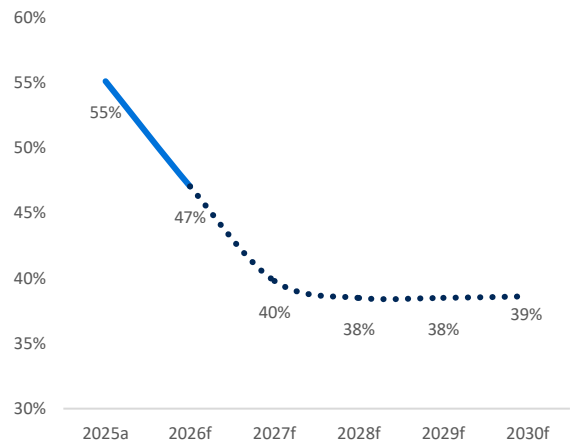
ARMAH's chart bank:

**Chart 77: Gross margins to normalize at 40%+**



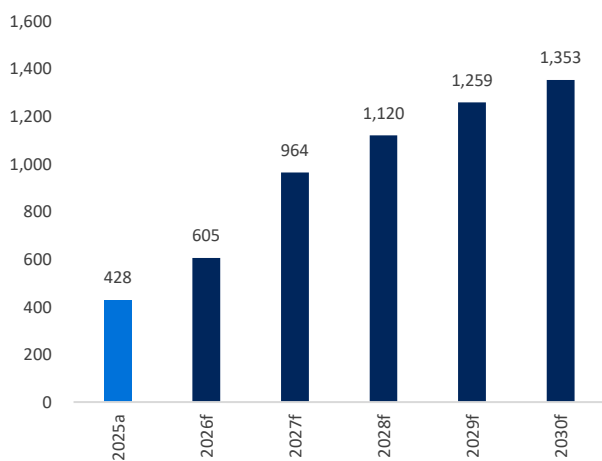
Source: Company financials, anbc research

**Chart 78: EBITDA margins**



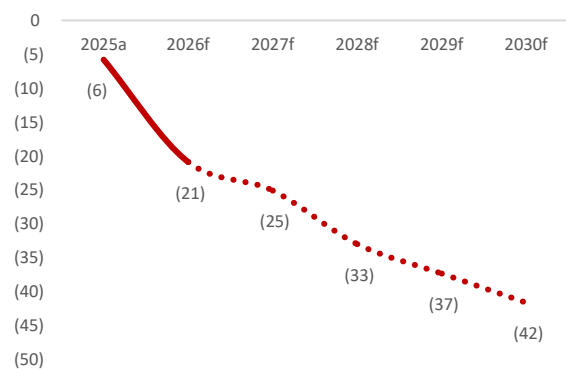
Source: Company financials, anbc research

**Chart 79: Total debt (SAR mn)**



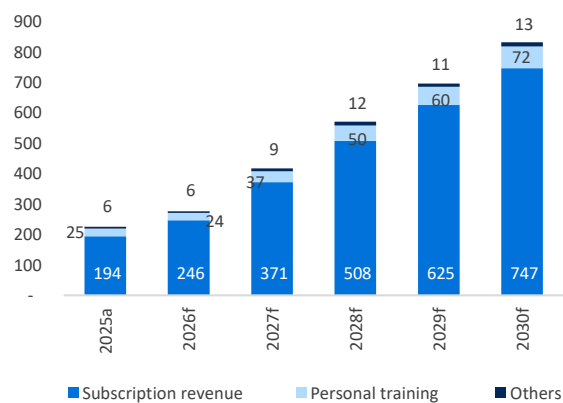
Source: Company financials, anbc research

**Chart 80: Lease payments (SAR mn)**



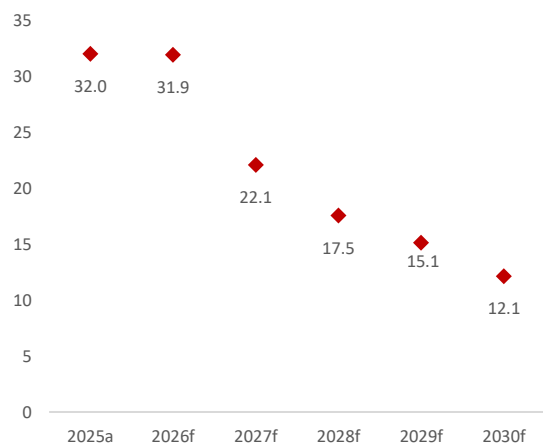
Source: Company financials, anbc research

**Chart 81: Segmental revenue (SAR mn)**



Source: Company financials, anbc research

**Chart 82: PER (x)**



Source: Company financials, anbc research

## Financial Summary

Income Statement (SAR mn)	2024a	2025a	2026f	2027f	2028f	2029f	2030f	CAGR 2025 -2030f
<b>Revenue</b>	177	225	276	417	570	696	831	30%
Cost of revenue	(93)	(114)	(142)	(227)	(317)	(390)	(461)	32%
<b>Gross Profit</b>	<b>84</b>	<b>111</b>	<b>134</b>	<b>190</b>	<b>254</b>	<b>306</b>	<b>371</b>	<b>27%</b>
Operating expenses	(30)	(39)	(51)	(77)	(105)	(128)	(153)	31%
<b>EBIT</b>	<b>54</b>	<b>72</b>	<b>83</b>	<b>114</b>	<b>149</b>	<b>178</b>	<b>217</b>	<b>25%</b>
Dep & amort	38	52	47	52	71	90	104	15%
<b>EBITDA</b>	<b>92</b>	<b>124</b>	<b>130</b>	<b>166</b>	<b>220</b>	<b>268</b>	<b>321</b>	<b>21%</b>
Finance cost	-23	-24	-24	-27	-39	-50	-57	19%
Other exp./income	7	6	6	5	5	5	5	-4%
<b>Profit Before Tax</b>	<b>39</b>	<b>54</b>	<b>64</b>	<b>92</b>	<b>115</b>	<b>133</b>	<b>165</b>	<b>25%</b>
Zakat tax	-1	-2	-2	-2	-2	-2	-2	2%
<b>PAT</b>	<b>38</b>	<b>53</b>	<b>62</b>	<b>90</b>	<b>113</b>	<b>131</b>	<b>164</b>	<b>25.53%</b>
Number of Share	33	33	33	33	33	33	33	0%
EPS	1.2	1.9	1.9	2.7	3.4	4.0	5.0	21%
<b>Balance Sheet</b>	<b>2024a</b>	<b>2025a</b>	<b>2026f</b>	<b>2027f</b>	<b>2028f</b>	<b>2029f</b>	<b>2030f</b>	<b>1%</b>
Property & equipment	725	763	965	1,357	1,591	1,816	2,036	22%
Right to use asset	192	127	164	243	286	324	361	23%
Others	9	83	84	84	85	85	86	1%
Intangible asset	2	1	1	1	1	1	1	-10%
<b>Non-current assets</b>	<b>926</b>	<b>975</b>	<b>1,215</b>	<b>1,685</b>	<b>1,963</b>	<b>2,227</b>	<b>2,483</b>	<b>21%</b>
Trade receivables	0	0	0	0	0	0	0	0%
Prepayment & others	7	9	9	9	9	9	9	0%
Cash & cash equivalents	45	82	83	64	58	65	67	-4%
Inventories	3	4	5	7	10	12	15	32%
<b>Current Asset</b>	<b>55</b>	<b>95</b>	<b>97</b>	<b>81</b>	<b>77</b>	<b>87</b>	<b>92</b>	<b>-1%</b>
<b>Total Assets</b>	<b>981</b>	<b>1,070</b>	<b>1,311</b>	<b>1,766</b>	<b>2,040</b>	<b>2,314</b>	<b>2,575</b>	<b>19%</b>
Share capital	329	329	329	329	329	329	329	0%
Retained earnings	-24	38	100	190	303	434	598	74%
Others	166	186	186	186	186	186	186	0%
<b>Total Equity</b>	<b>471</b>	<b>553</b>	<b>615</b>	<b>705</b>	<b>818</b>	<b>949</b>	<b>1,113</b>	<b>15%</b>
Lease liabilities	191	192	231	304	344	383	422	17%
Borrowings	176	163	287	513	604	682	724	35%
Employees' serv. benefit	3	5	5	5	5	5	5	0%
Others	0	1	1	1	1	1	1	0%
<b>Non-current liabilities</b>	<b>370</b>	<b>362</b>	<b>524</b>	<b>823</b>	<b>954</b>	<b>1,072</b>	<b>1,152</b>	<b>26%</b>
Trade payables	4	3	5	11	16	19	23	48%
Loans and borrowings	49	56	67	121	142	160	170	25%
Lease liabilities	9	17	20	26	30	33	36	17%
Accruals & other liabilities	18	16	16	16	16	16	16	0%
Others	60	63	63	63	63	63	63	0%
Zakat payables	1	1	1	1	1	1	1	0%
<b>Current Liabilities</b>	<b>141</b>	<b>156</b>	<b>172</b>	<b>238</b>	<b>267</b>	<b>293</b>	<b>310</b>	<b>15%</b>
<b>Total Liabilities &amp; Equity</b>	<b>981</b>	<b>1,070</b>	<b>1,311</b>	<b>1,766</b>	<b>2,039</b>	<b>2,313</b>	<b>2,575</b>	<b>19%</b>

Source: Company financials, anbc research

Valuation Ratios	2024a	2025a	2026f	2027f	2028f	2029f	2030f
EPS (SAR)	1.2	1.9	1.9	2.7	3.4	4.0	5.0
DPS (SAR)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BVPS (SAR)	14.3	16.8	18.7	21.4	24.9	28.9	33.9
PER (x)	52.4	32.0	31.9	22.1	17.5	15.1	12.1
DY (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PBV (x)	4.2	3.6	3.2	2.8	2.4	2.1	1.8
EV/Sales (x)	13.3	10.4	9.1	6.9	5.3	4.6	3.9
Price/Sales (x)	11.2	8.8	7.2	4.8	3.5	2.9	2.4
EV/EBITDA (x)	25.7	18.8	19.3	17.4	13.9	11.9	10.2
Price/CF (x)	24.2	65.2	18.1	13.7	10.7	8.9	7.4
EV/Gross Profit (x)	28.2	21.0	18.7	15.2	12.0	10.4	8.8
Margins	2024a	2025a	2026f	2027f	2028f	2029f	2030f
Gross Margins (%)	47.3	49.3	48.5	45.6	44.5	43.9	44.6
EBITDA Margins (%)	51.9	55.1	47.0	39.8	38.5	38.5	38.6
Operating Margins (%)	30.6	36.1	29.9	27.3	26.1	25.6	26.1
Pretax Margins (%)	21.9	28.3	23.2	22.0	20.1	19.1	19.9
Net Margins (%)	21.3	27.6	22.5	21.6	19.8	18.9	19.7
Returns (%)	2024a	2025a	2026f	2027f	2028f	2029f	2030f
ROA (%)	4.2	6.0	5.2	5.8	5.9	6.0	6.7
ROTA (%)	8.6	10.4	10.2	10.8	12.4	13.2	14.4
ROE (%)	8.9	12.1	10.7	13.6	14.9	14.9	15.9
Health Ratios	2024a	2025a	2026f	2027f	2028f	2029f	2030f
Cash/share	1.4	2.5	2.5	2.0	1.8	2.0	2.0
Cash as a % of Market Cap (%)	2.3	4.1	4.2	3.2	2.9	3.3	3.4
Debt to Asset (x)	0.4	0.4	0.5	0.5	0.5	0.5	0.5
Debt to Equity (x)	0.9	0.8	1.0	1.4	1.4	1.3	1.2
Debt to Capital (x)	0.5	0.4	0.5	0.6	0.6	0.6	0.5
EBIT/ Interest (x)	2.4	3.0	3.4	4.2	3.8	3.6	3.8
Activity Ratio	2024a	2025a	2026f	2027f	2028f	2029f	2030f
Current Ratio	0.4	0.6	0.6	0.3	0.3	0.3	0.3
Days Sales Outstanding	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Days Sales in Inventory	13.1	11.7	11.7	11.7	11.7	11.7	11.7
Days Payable Outstanding	15.9	10.3	13.1	18.1	18.1	18.1	18.1
Cash Conversion Cycle	-2.8	1.3	-1.4	-6.4	-6.4	-6.4	-6.4
Growth Ratios (%)	2024a	2025a	2026f	2027f	2028f	2029f	2030f
Revenue Growth (%)	121.5	26.7	22.9	50.9	36.8	22.0	19.5
Gross Profit Growth (%)	194.8	32.1	20.8	42.0	33.3	20.6	21.2
EBITDA Growth (%)	179.2	34.5	4.9	27.6	32.3	22.0	19.9
Operating Profit Growth (%)	345.7	49.2	2.1	37.4	31.0	19.4	22.0
Pretax Profit Growth (%)	nm	63.7	1.1	42.8	24.9	15.9	24.4
Net Profit Growth (%)	nm	63.9	0.3	44.6	25.8	16.1	24.6

Source: Company financials, anbc research



## Sport Clubs Co.

7 May 2026

We initiate coverage on Sport Clubs Co. with a 'Neutral' rating and a target price of SAR 8.1/share. The company is benefiting from its rebranding and refurbishment program, alongside a shift toward higher-margin club formats, which is translating into stronger club-level economics and member retention of 60%. With operations across 19 cities and exposure to the mid-tier primary gym segment, which represents ~42% of the market and is expected to grow at a ~12% 2025-2030f CAGR, Sport Clubs is well positioned to deliver double-digit revenue and net income CAGR of ~12% and ~24%, respectively over 2025–2030f. The stock trades at a 2026e P/E of 16.1x, below its four-year historical average P/E of ~31x.

**Rebranding Strategy paying off.** Sport Clubs' rebranding and refurbishment strategy is delivering tangible operational and financial benefits. Modernized, technology enabled clubs under the new identity are materially outperforming legacy formats, with significantly higher active members, stronger revenue per club, and structurally improved margins. In 2025, new identity Body Master clubs generated EBITDA margins of 64% versus 43% for classic clubs, while new identity Body Motion clubs showed 4 percentage points improvement. Improved personal training penetration and a healthy 60% retention rate as of 2025 further reinforce the durability of these improvements, positioning refurbishment as a key driver of sustainable earnings growth and returns.

**Portfolio expansion toward higher-margin club formats.** Sport Clubs is actively repositioning its portfolio toward higher-margin, demand-aligned formats while exiting low-return clubs, marking a clear shift toward return-driven growth. We expect the total network to expand to ~96 clubs by 2030f, up from 59 in 2025, with growth concentrated in Premium and Motion formats and exit from the Body Master Express model. Body Master Premium clubs generated the highest gross margins at 36% in 2025, followed by Body Master Motion clubs at 34%, underpinning management's strategy to prioritize formats with stronger returns. This portfolio upgrade supports a structurally stronger earnings profile, with revenues forecast to grow at a ~12% CAGR over 2025–2030f, driven by rising active members, increasing penetration in female-focused formats, and an improving revenue mix.

**Earnings to rise at a 2025-2030f CAGR of 24%.** Sport Clubs' nationwide footprint across 19 cities and focus on the mid-tier primary gym segment, which represents ~42% of the market and is expected to grow at a ~12% 2024-2030f CAGR, provide a strong demand backdrop for sustained growth. This positioning supports double-digit revenue CAGR over 2025-2030f. While new club rollouts may temper near term margin expansion, gross margins are forecast to improve slightly to ~34% by 2030f from 30% in 2025. Combined with operating leverage, net income is expected to grow at a ~24% 2025-2030f CAGR and net margins expansion to ~18% in 2030f from 11% in 2025.

**Valuation:** We issue a 'Neutral' stance on Sport Clubs, based on target price of SAR 8.1/share, implying a total return of 12.7%. Our valuation is based on the FCFF approach, using a terminal growth rate of 2.5% and a WACC of 8.7%. The stock trades at a 2026e P/E of 16.1x, below its 4-year historical average of 31.1x.

**Risk:** The key risks to our thesis are slower-than-expected expansion of clubs, delay in rollout of gyms, lower member retention, increased competition, intense pricing pressures, regulatory changes, and interest rate fluctuations.

RATING SUMMARY	Neutral
Target Price (SAR)	8.1
Upside/Downside	12.7%
Div. Yield	0.0%
Total Exp. Return	12.7%

Source: Company financials, anbc research

ISSUER INFORMATION	
Bloomberg Code	SPORTCLU AB
Last Price (SAR)	7.17
No of Shares (mn)	114
Market Cap bn (SAR/USD)	0.8/0.2
52-week High / Low (SAR)	13.5/6.3
12-month ADTV (mn) (SAR/USD)	66.1/17.6
Free Float (%)	81.30%
Foreign Holdings (%)	2.50%

Last price as of May 6<sup>th</sup>, 2026

VALUATIONS	2025a	2026e	2027f	2028f
EPS (SAR)	0.4	0.5	0.6	0.7
PER (x)	22.2	16.1	14.2	11.2
PBV (x)	3.4	2.8	2.3	1.9
RoAE (%)	18.9	19.1	17.9	18.9
RoAA (%)	4.7	5.4	5.3	6.1

Source: Company financials, anbc research

FINANCIALS (SAR mn)	2025a	2026e	2027f	2028f
Revenue	376	417	465	522
Gross Profit	112	130	146	168
EBITDA	153	174	203	238
Net Income	41	57	64	82

Source: Company financials, anbc research



Source: Bloomberg, anbc research

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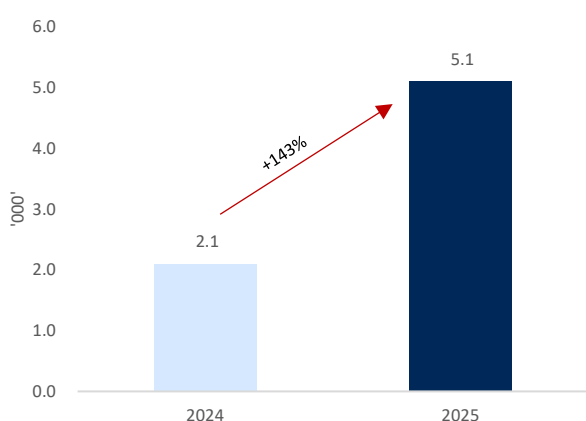
## Investment Thesis

### Rebranding strategy paying off

Sport Clubs Company’s rebranding and refurbishment strategy has emerged as a key operational catalyst, delivering tangible improvements in member growth, monetization, and profitability. The transformation began in 2019, with the company introducing a new club identity anchored around modernized layouts, increased technology integration, and a stronger digital ecosystem with a focus on tailored programs and improving loyalty.

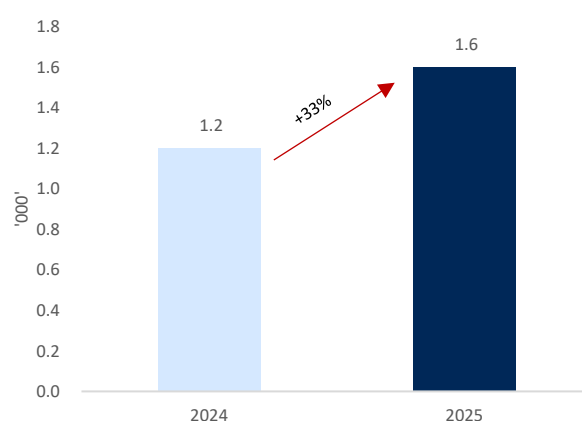
The impact of refurbishment is evident at the club level. Selected upgraded clubs recorded strong growth in active members, with one refurbished club reporting a 143% YoY increase in members and another delivering a 33% YoY increase in 2025.

**Chart 83: Actual active members for Club 1**



Source: Earnings call, anbc research

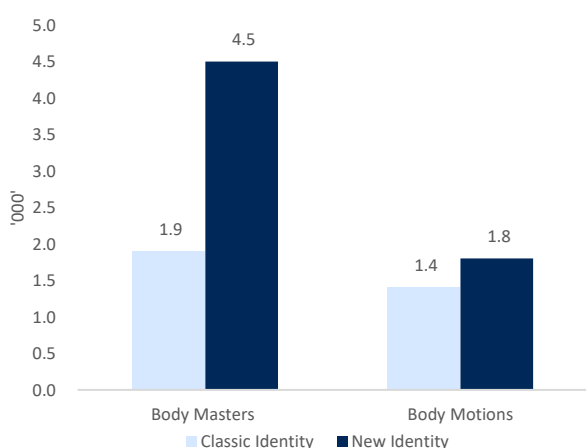
**Chart 84: Actual active members for Club 2**



Source: Earnings call, anbc research

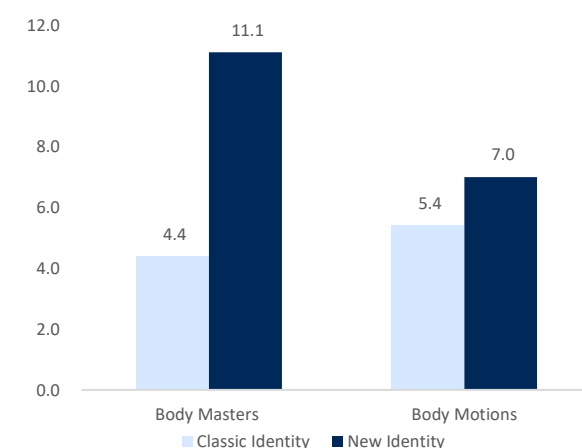
At the portfolio level, Body Master clubs operating under the new identity reported 140% higher active members compared to classic identity clubs as of Dec-25, while Body Motion new-identity clubs recorded a 25% increase versus their legacy counterparts. These gains have translated directly into stronger financial performance. On an annual basis, revenue per club for new-identity Body Master clubs was 154% higher than classic clubs, while Body Motion new-identity clubs generated a 28% revenue uplift in 2025.

**Chart 85: Actual active members per club 2025**



Source: Earnings call, anbc research

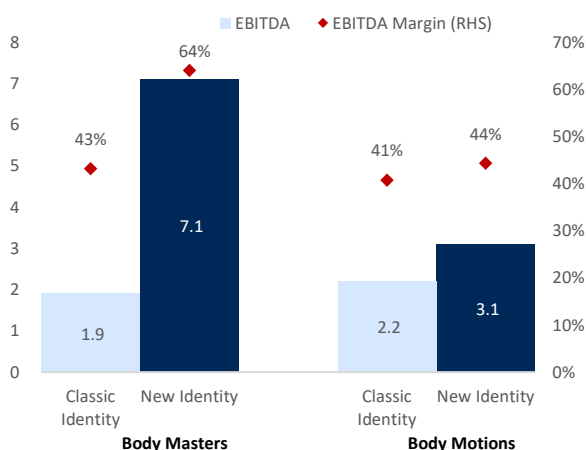
**Chart 86: Revenue per club 2025 (SAR mn)**



Source: Earnings call, anbc research

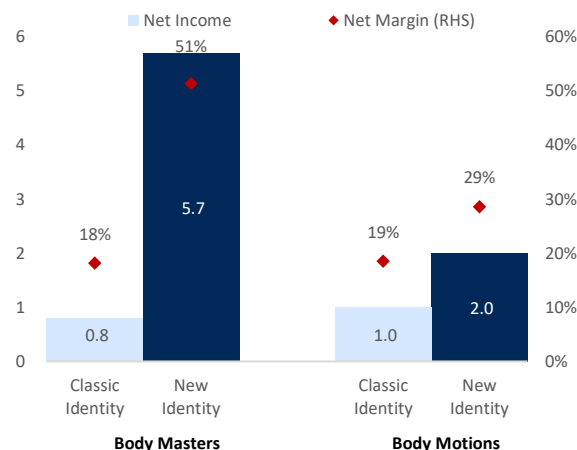
Margin expansion has been equally strong, with EBITDA margins for new-identity Body Master clubs reaching 64% versus 43% for classic clubs. Body Motion clubs also saw EBITDA margins expand to 44% from 41%, while net income margins improved materially across both formats.

**Chart 87: EBITDA per club 2025 (SAR mn)**



Source: Earnings call, anbc research

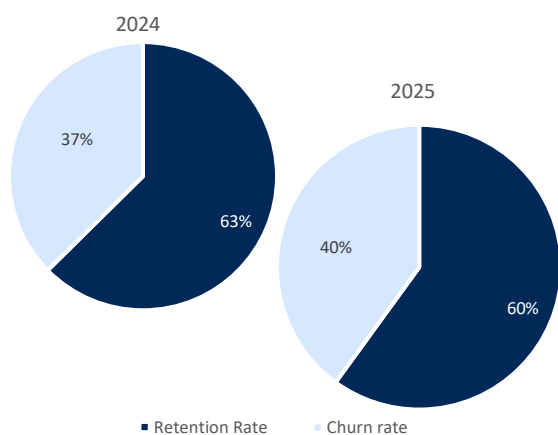
**Chart 88: Net income per club 2025 (SAR mn)**



Source: Earnings call, anbc research

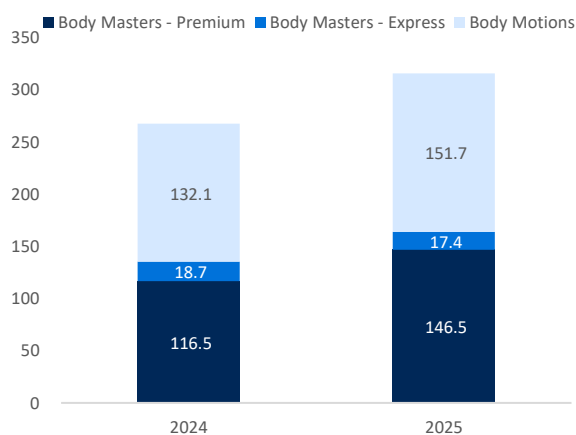
Beyond headline metrics, the refurbishment strategy has strengthened recurring revenue and retention dynamics. Total personal training sessions increased by 18.0% YoY in 2025 to 315,500 sessions, with Body Masters Premium clubs recording the strongest growth at 32% YoY in 4Q25. Overall retention slightly declined to 60% in 2025 vs. 63% in 2024.

**Chart 89: Retention ratio decreased 2.6% YoY**



Source: Earnings call, anbc research

**Chart 90: Personal training sessions ('000')**



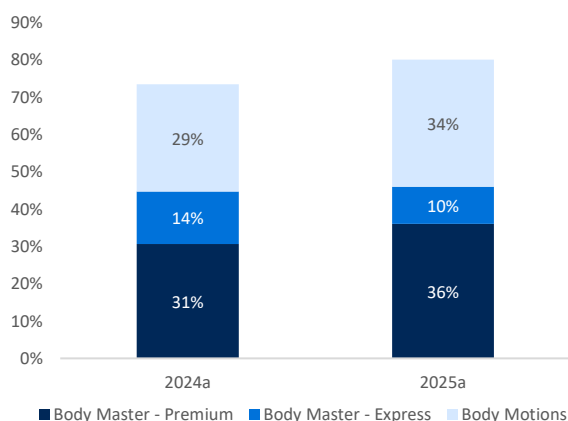
Source: Earnings call, anbc research

**Portfolio expansion toward higher-margin club formats**

Sport Clubs is reshaping its network by rationalizing lower-return formats and reallocating capital toward higher-yield, demand-aligned clubs. As of Dec-25, the company operates a total of 59 clubs. Body Master Premium clubs are the highest yielding format, generating 36% gross margins, followed by Body Motion clubs at 34% gross margins, while Body Master Express clubs have structurally lower gross margin, at 10%. In response, management plans to fully exit the Body Master Express format, while selectively closing legacy sites and accelerating openings under upgraded Premium and Motion concepts.

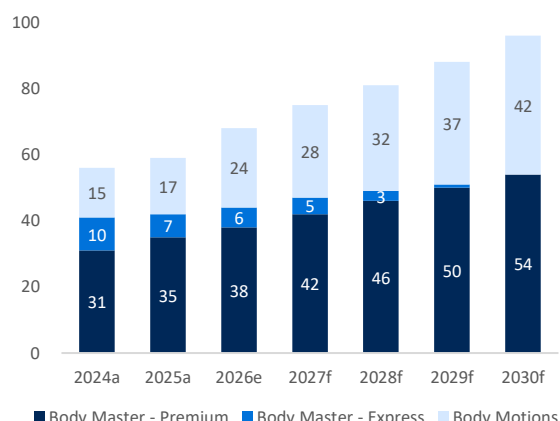
Under the current strategy, Body Master Premium clubs are expected to increase from 35 in 2025 to ~54, while Body Master Motion clubs are projected to grow from 17 to ~42 by 2030f. Following the planned closures, we expect the total network at approximately ~96 clubs by 2030f. We expect the Body Master Express format to be fully exited by 2030f.

**Chart 91: Gross margins by clubs**



Source: Earnings call, anbc research

**Chart 92: Total number of clubs**

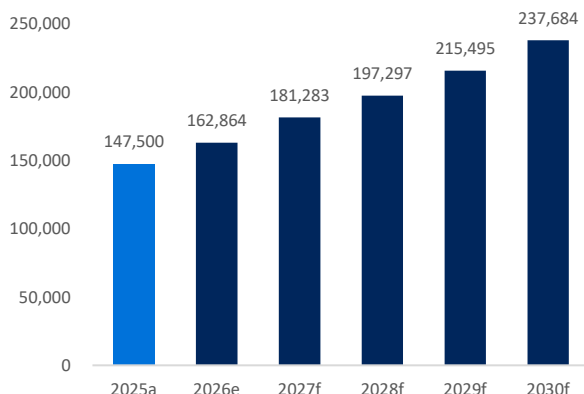


Source: Prospectus, anbc research

Execution risk for the company has declined following the IPO, which removed balance-sheet constraints that previously limited expansion. In addition, recent changes to municipal parking requirements are expected to support an accelerated rollout. The company currently has 16 new clubs in progress, providing near-term visibility, with 10 locations under construction and 6 in design and permitting stages.

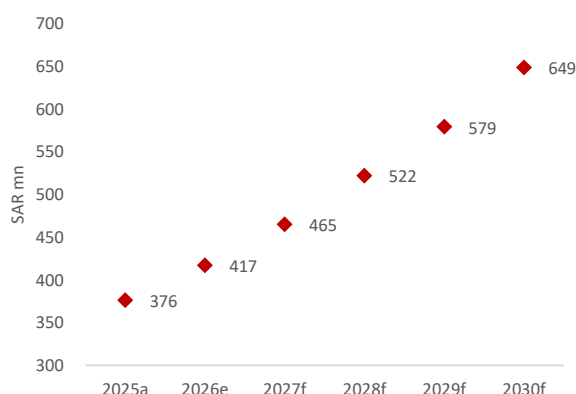
This strategy is expected to drive growth in both revenues and active members. We forecast revenues to grow at a ~12% CAGR over 2025–2030f, supported by an increase in average active members from ~147k to ~238k.

**Chart 93: Average Gym members growth**



Source: Earnings Call, anbc research

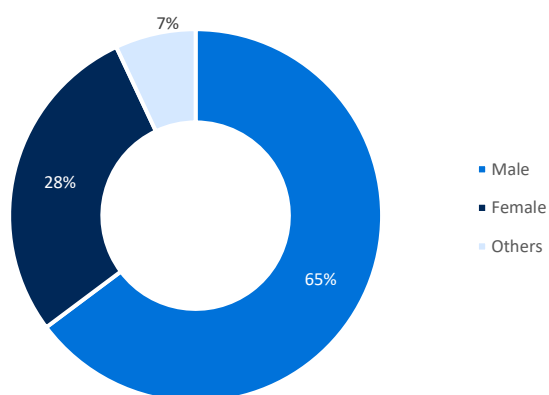
**Chart 94: Revenue at 2025-2030f CAGR of 12%**



Source: Company financials, anbc research

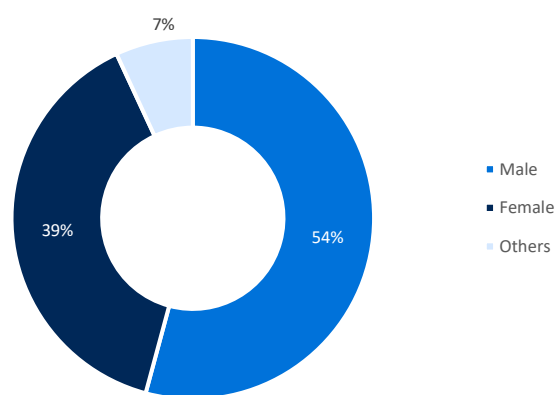
Revenue growth is expected to be increasingly driven by the Motion format, benefiting from rising female participation, with the female segment’s revenue contribution projected to increase from ~28% in 2025 to ~39% by 2030f, delivering a sustained uplift to revenue mix.

Chart 95: Revenue contribution 2025



Source: Company financials, anbc research

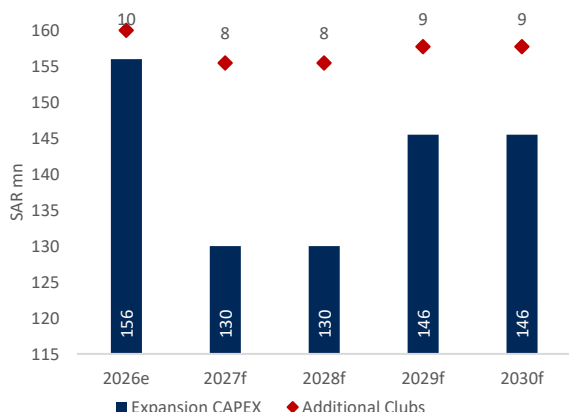
Chart 96: Revenue contribution 2030f



Source: Company financials, anbc research

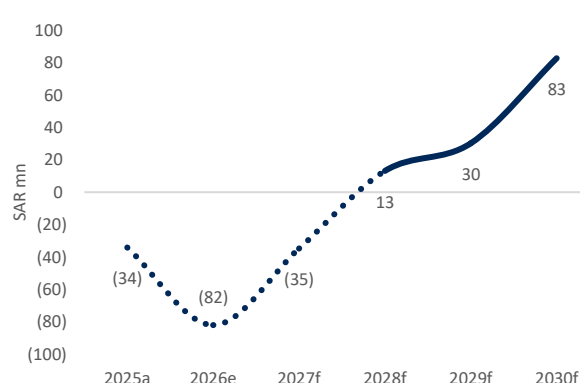
With the ongoing network expansion of 35 clubs, we expect Sport Clubs to incur total expansion capex of ~SAR 707 mn over 2026e-2030f. Consequently, FCFF is expected to remain constrained in the near term, due to elevated investment activity.

Chart 97: Expansion CAPEX vs. additional clubs



Source: Company financials, anbc research

Chart 98: FCFF to stay constrained in near-term

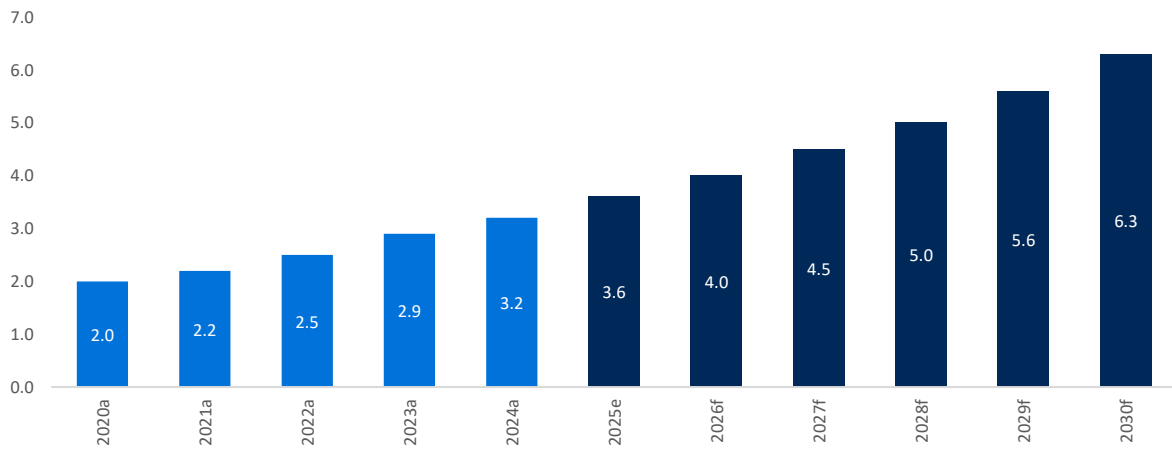


Source: Company financials, anbc research

### Earnings to rise at a 2025-2030f CAGR of 24%

Sport Clubs benefits from a broad geographic footprint, with operations spanning 19 cities across Saudi Arabia, providing access to a large and diversified member base. In addition, the company operates predominantly within the mid-tier segment of the primary gym market, which represents ~42% of the total primary gym market and is expected to grow at a ~12% 2024-2030f CAGR. This positioning provides Sport Clubs with a sizable and expanding addressable market, supporting sustained membership growth alongside its ongoing club rollout and refurbishment initiatives. We expect these structural demand tailwinds to drive revenue growth at a ~12% CAGR over 2025–2030f, with revenues reaching ~SAR 649 mn by the end of the forecast period.

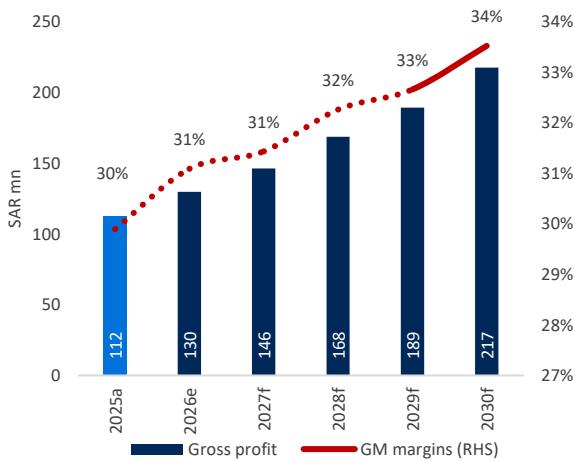
**Chart 99: Mid-Tier market to grow at a 2024-2030f CAGR of 12% (SAR bn)**



Source: Sport Clubs prospectus, anbc research

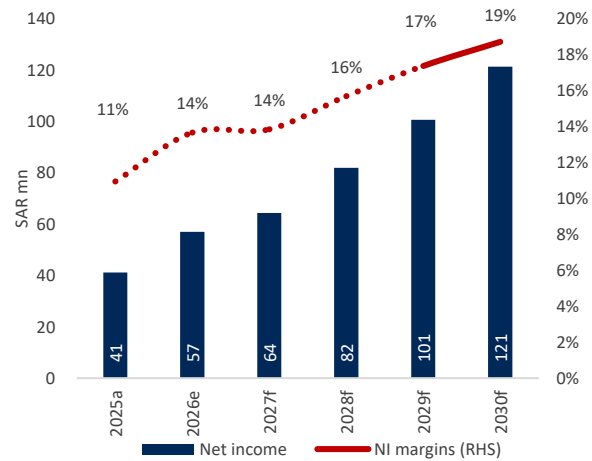
Margin expansion is expected to be gradual, reflecting the balance between new club openings and maturing refurbished assets. We forecast gross margins to improve to ~34% by 2030f from ~30% in 2025, as the ramp-up phase of newly opened clubs temporarily constrains margins. Nevertheless, operating leverage from higher revenues and improved club-level economics is expected to support stronger profitability, with net income forecasted to grow at a ~24% CAGR over 2025–2030f.

**Chart 100: Gross margins to reach 34% by 2030f**



Source: Company financials, anbc research

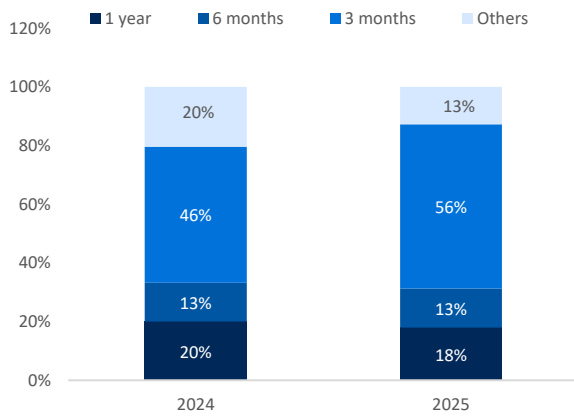
**Chart 101: Net margins to reach 19% by 2030f**



Source: Company financials, anbc research

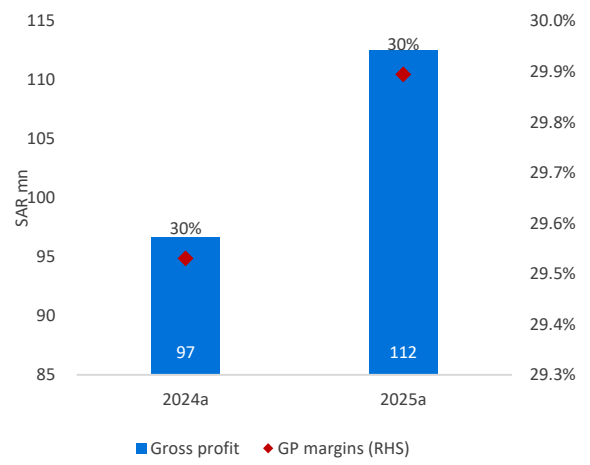
The company’s subscription mix further supports yield stability and margin protection. Sport Clubs’ offerings are skewed toward shorter-duration plans, particularly three-month subscriptions, which enhance pricing flexibility and increase yields. In 2025, three-month subscriptions accounted for 56% of total subscriptions, up from 46% in 2024, contributing to gross margin expansion to 29.9% in 2025 from 29.5% in last year.

**Chart 102: Subscription mix**



Source: Earnings call, anbc research

**Chart 103: Gross profit rose 16% YoY in 2025**



Source: Company financials, anbc research

## Valuation

We value Sport Clubs using a FCFF approach, applying a terminal growth rate of 2.5% and a WACC of 8.7%, which yields a target price of SAR 8.1/share, implying an upside potential of 12.7% from current levels. Accordingly, we assign a 'Neutral' rating on the stock. On relative basis, Sport Clubs is currently trading at a 2026e P/E of 16.1x, significantly below its four-year historical average of 31.1x, and at a 2026e P/BV of 2.8x versus a four-year historic average of 5.7x. The company has not yet announced a dividend policy.

### Valuation Table:

SAR MN	2027f	2028f	2029f	2030f	2031f
FCFF	(35)	13	30	83	90
Terminal Value					1,501
FCFF + Terminal	(35)	13	30	83	1,592
<b>Discounted FCFF</b>	<b>(32)</b>	<b>11</b>	<b>24</b>	<b>59</b>	<b>1,050</b>
Enterprise Value	1,112				
Cash	56				
Debt	(244)				
Equity Value	924				
<b>Target Price</b>	<b>8.08</b>				

### TP Sensitivity:




W A C C	Growth rate					
	1.5%	2.0%	2.5%	3.0%	3.5%	
6.7%	10.8	12.0	13.6	15.6	18.2	
7.7%	8.5	9.3	10.3	11.5	13.0	
8.7%	6.8	7.4	8.1	8.9	9.9	
9.7%	5.6	6.0	6.5	7.1	7.7	
10.7%	4.6	4.9	5.3	5.7	6.2	

## Sport Clubs Company Overview

Sport Clubs Company (SCC) is a Saudi-based fitness company established in 1994, focused on the ownership and operation of fitness centers across the Kingdom. The Company has evolved into a multi-brand platform encompassing male and female fitness clubs, alongside a specialized fitness solutions division. SCC generates revenues primarily from membership subscriptions, personal training services, ancillary in-club offerings, and fitness equipment and turnkey gym solutions. Presently, SCC operates 59 fitness centers across 19 cities in Saudi Arabia, serving an average member base of over 147,500 in 2025, supported by strong retention and a scalable, growth-oriented operating model.

### Fitness brands operated

SCC owns 3 brands

	Body Masters	Body Motions	Body Experts
Established	1994	2020	2021
			
Core Offering	Full-service fitness clubs	Full-service ladies' fitness clubs	End-to-end fitness solutions
Key Facilities	Cardio & strength, studios, cycling, functional zones, football fields, pools, spa, martial arts	Cardio & strength, group studios, cycling, functional zones, pools, spa	Custom gym design, equipment layout
Segment	Men	Women	Corporates, Gym Owners
Total gyms	42	17	Kingdom wide
Business Model	Direct-to-consumer memberships	Direct-to-consumer memberships	B2B & project-based services

Source: Earnings call, anbc research

### Sources of revenue

#### Subscription and membership

The Group's core offering is subscription-based access to its fitness club network, with memberships typically offered over 3-month, 6-month, and 12-month durations. Subscription revenues accounted for 82% of the total revenues and rose 19% YoY to SAR 310 mn in 2025.

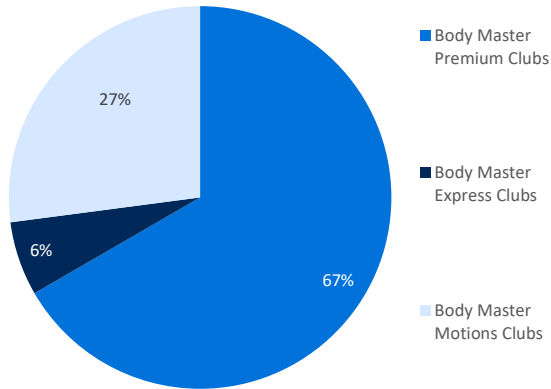
#### Health Club Services

Health club services comprise add-on, usage-based offerings delivered within the clubs, including personal training, nutritional consultations, and combat sports, provided alongside core membership access. Health club services revenue accounted for 11% of the total revenues, declining 0.2% YoY to SAR 40 mn in 2025.

#### Sports Equipment Sale

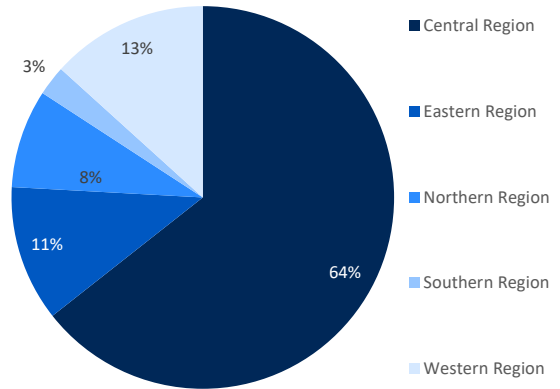
Sports equipment sales are conducted through the Integrated Facility Services division which handles the supply and installation of fitness equipment for institutional and project-based clients. Sports equipment sale revenue accounted for 7% of the total revenues and declined -2.2% YoY to SAR 26 mn in 2025.

Chart 104: Subs. revenue contrb. by clubs– 2025



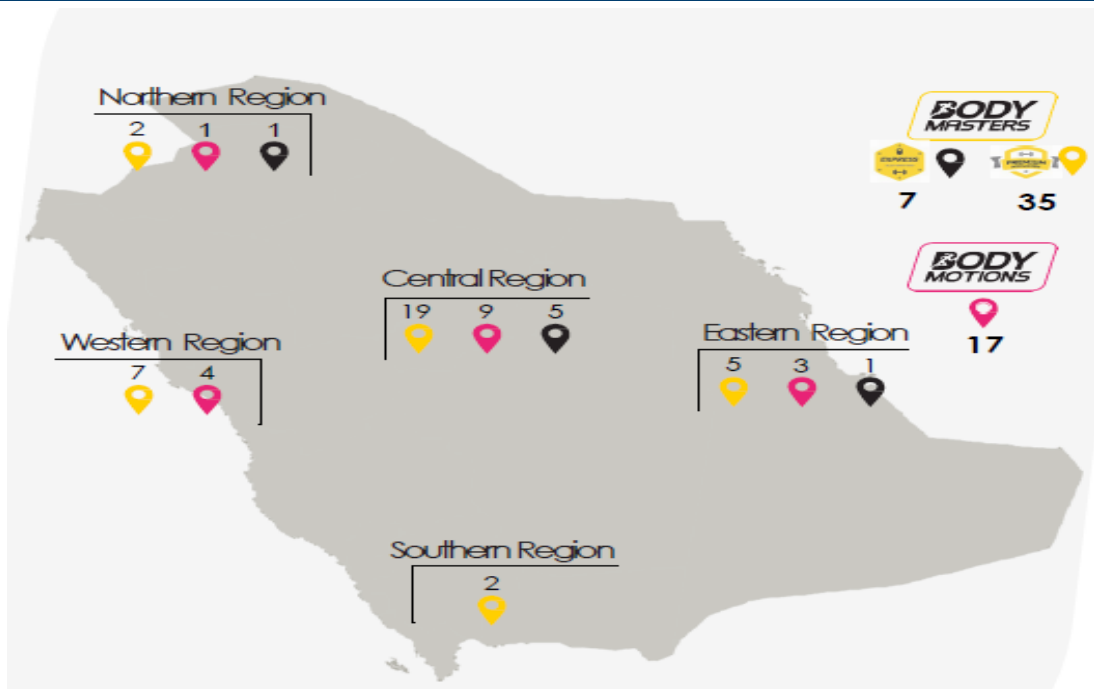
Source: Company financials, anbc research

Chart 105: Revenue by geographical region– 2025



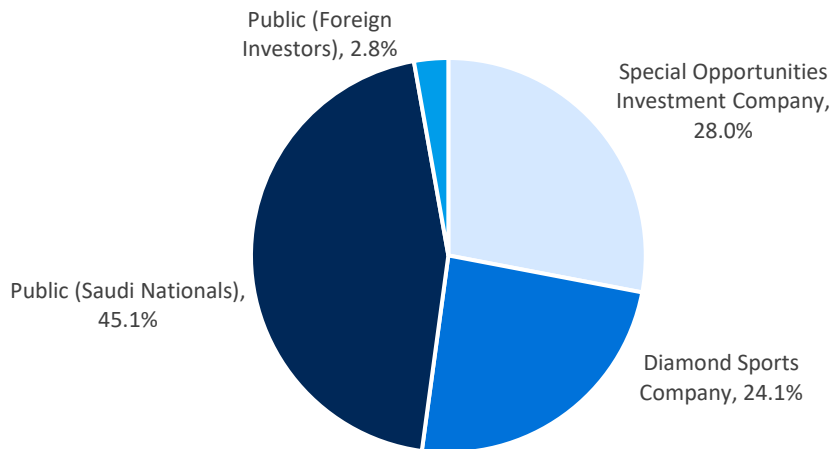
Source: Company financials, anbc research

Geographic footprint of Sport Clubs



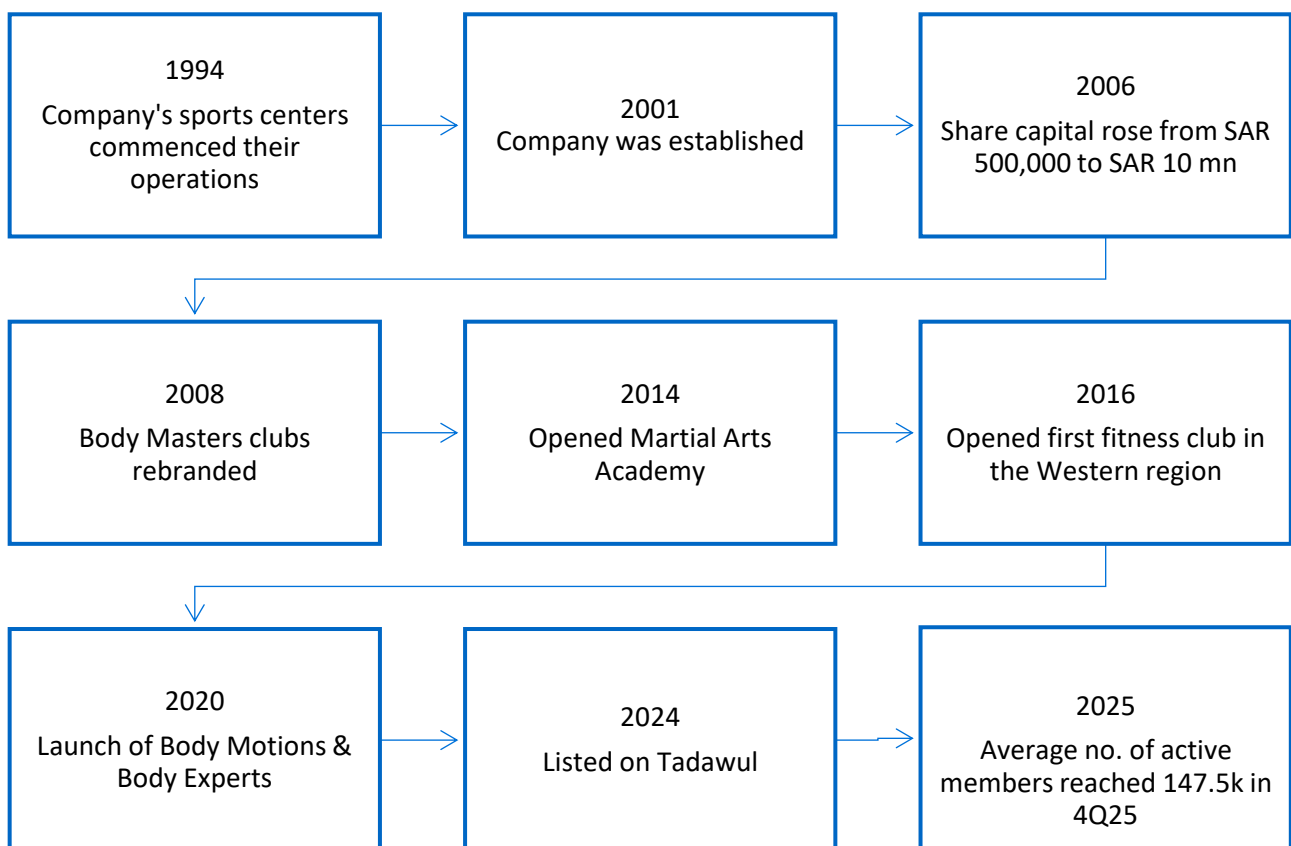
Source: Earnings call, anbc research

Shareholding pattern



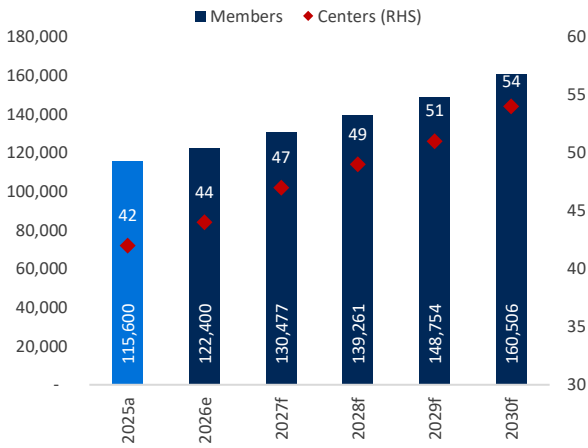
Source: Company financials, anbc research

History of Sport Clubs



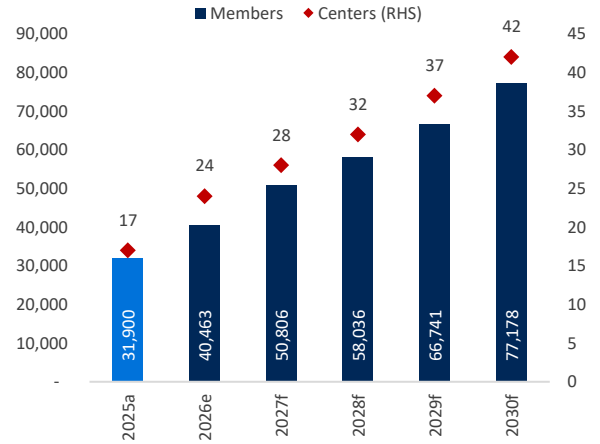
Sport Clubs Co's chart bank:

**Chart 106: Male segment members and centers**



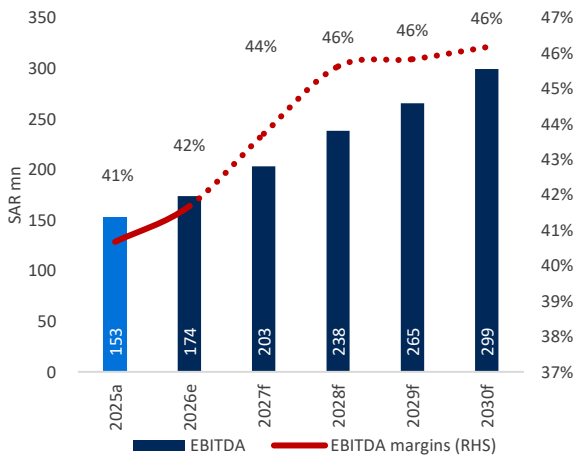
Source: Company financials, anbc research

**Chart 107: Female segment members and centers**



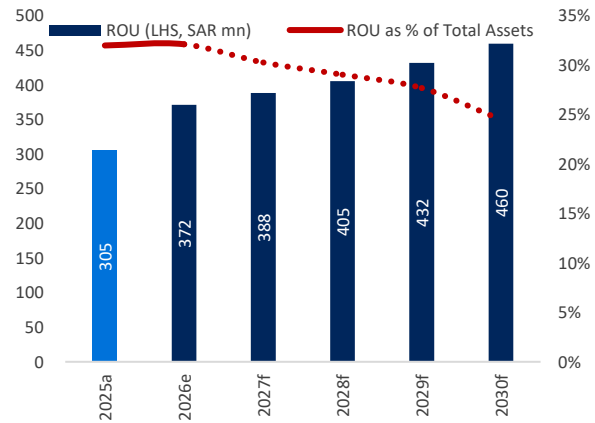
Source: Company financials, anbc research

**Chart 108: EBITDA margins**



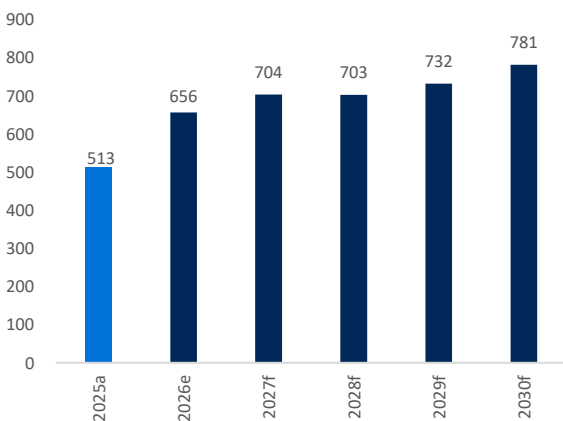
Source: Company financials, anbc research

**Chart 109: RoU assets**



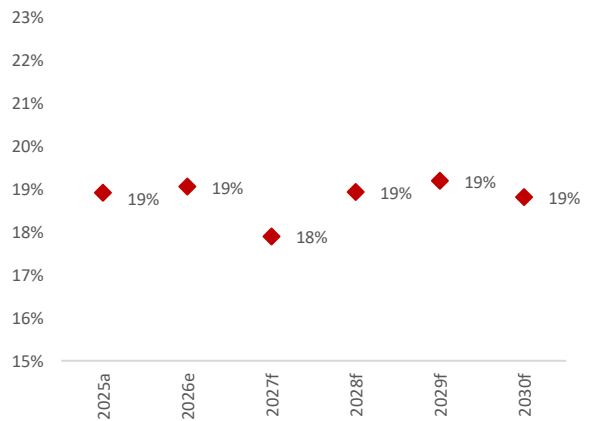
Source: Company financials, anbc research

**Chart 110: Total debt (SAR mn)**



Source: Company financials, anbc research

**Chart 111: ROE to settle at 19%**



Source: Company financials, anbc research

## Financial Summary

Income Statement (SAR mn)	2024a	2025a	2026e	2027f	2028f	2029f	2030f	CAGR 2025 -2030f
<b>Revenue</b>	327	376	417	465	522	579	649	12%
Cost of revenue	-231	-264	-287	-319	-354	-390	-431	10%
<b>Gross Profit</b>	<b>97</b>	<b>112</b>	<b>130</b>	<b>146</b>	<b>168</b>	<b>189</b>	<b>217</b>	<b>14%</b>
Operating expenses	(29)	(33)	(37)	(40)	(42)	(46)	(51)	9%
<b>EBIT</b>	<b>67</b>	<b>79</b>	<b>93</b>	<b>106</b>	<b>127</b>	<b>143</b>	<b>166</b>	<b>16%</b>
Dep & amort	65	74	81	97	112	122	133	12%
<b>EBITDA</b>	<b>132</b>	<b>153</b>	<b>174</b>	<b>203</b>	<b>238</b>	<b>265</b>	<b>299</b>	<b>14%</b>
Finance cost	-31	-35	-37	-41	-44	-45	-47	6%
Other exp./income	1	-2	4	4	4	5	7	-230%
<b>Profit Before Tax</b>	<b>37</b>	<b>42</b>	<b>60</b>	<b>68</b>	<b>87</b>	<b>103</b>	<b>126</b>	<b>24%</b>
Zakat tax	-1	-1	-3	-4	-5	-2	-5	34%
<b>PAT</b>	<b>36</b>	<b>41</b>	<b>57</b>	<b>64</b>	<b>82</b>	<b>101</b>	<b>121</b>	<b>24%</b>
Number of Share	114	114	114	114	114	114	114	
EPS	0.3	0.4	0.5	0.6	0.7	0.9	1.1	24%
<b>Balance Sheet</b>	<b>2024a</b>	<b>2025a</b>	<b>2026e</b>	<b>2027f</b>	<b>2028f</b>	<b>2029f</b>	<b>2030f</b>	
Property & equipment	463	540	670	762	841	923	993	13%
Right to use asset	253	305	372	388	405	432	460	9%
Intangible asset	5	8	9	10	10	11	12	7%
<b>Non-current assets</b>	<b>721</b>	<b>853</b>	<b>1,051</b>	<b>1,161</b>	<b>1,256</b>	<b>1,366</b>	<b>1,464</b>	<b>11%</b>
Trade receivables	29	12	13	15	18	22	28	18%
Prepayment & others	29	25	28	31	35	39	43	12%
Cash & cash equivalents	5	47	56	67	76	122	239	39%
Inventories	10	8	9	10	11	12	13	10%
<b>Current Asset</b>	<b>73</b>	<b>92</b>	<b>106</b>	<b>122</b>	<b>139</b>	<b>194</b>	<b>324</b>	<b>29%</b>
<b>Total Assets</b>	<b>794</b>	<b>945</b>	<b>1,157</b>	<b>1,283</b>	<b>1,396</b>	<b>1,560</b>	<b>1,788</b>	<b>14%</b>
Share capital	104	114	114	114	114	114	114	0%
Retained earnings	62	94	151	215	297	398	519	41%
Others	-1	62	62	62	62	62	62	0%
<b>Total Equity</b>	<b>165</b>	<b>271</b>	<b>327</b>	<b>392</b>	<b>474</b>	<b>574</b>	<b>696</b>	<b>21%</b>
Lease liabilities	280	328	362	386	412	450	492	8%
Borrowings	84	108	187	203	179	169	170	10%
Employees' serv. benefit	25	30	30	30	30	30	30	0%
Contract liabilities	1	1	1	1	1	1	2	18%
<b>Non-current liabilities</b>	<b>389</b>	<b>466</b>	<b>580</b>	<b>620</b>	<b>623</b>	<b>650</b>	<b>693</b>	<b>8%</b>
Trade payables	26	11	12	13	17	21	26	19%
Loans and borrowings	59	32	56	61	54	51	51	10%
Lease liabilities	42	45	50	54	57	63	68	9%
Accruals & other liabilities	19	17	17	17	17	17	17	0%
Contract liabilities	94	102	113	125	153	183	235	18%
Zakat payables	1	1	1	1	1	1	1	0%
<b>Current Liabilities</b>	<b>240</b>	<b>208</b>	<b>249</b>	<b>271</b>	<b>299</b>	<b>336</b>	<b>398</b>	<b>14%</b>
<b>Total Liabilities &amp; Equity</b>	<b>794</b>	<b>945</b>	<b>1,157</b>	<b>1,283</b>	<b>1,396</b>	<b>1,560</b>	<b>1,788</b>	<b>14%</b>

Source: Company financials, anbc research

<b>Valuation Ratios</b>	<b>2024a</b>	<b>2025a</b>	<b>2026e</b>	<b>2027f</b>	<b>2028f</b>	<b>2029f</b>	<b>2030f</b>
EPS (SAR)	0.3	0.4	0.5	0.6	0.7	0.9	1.1
DPS (SAR)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BVPS (SAR)	1.4	2.4	2.9	3.4	4.1	5.0	6.1
PER (x)	25.3	22.2	16.1	14.2	11.2	9.1	7.5
DY (%)	-	-	-	-	-	-	-
PBV (x)	5.6	3.4	2.8	2.3	1.9	1.6	1.3
EV/Sales (x)	4.2	3.7	3.6	3.3	3.0	2.6	2.2
Price/Sales (x)	2.8	2.4	2.2	2.0	1.8	1.6	1.4
EV/EBITDA (x)	10.4	9.0	8.7	7.6	6.5	5.7	4.9
Price/CF (x)	11.0	6.6	6.3	5.4	4.2	3.7	3.1
EV/Gross Profit (x)	14.2	12.3	11.7	10.6	9.2	8.1	6.7
<b>Margins (%)</b>	<b>2024a</b>	<b>2025a</b>	<b>2026e</b>	<b>2027f</b>	<b>2028f</b>	<b>2029f</b>	<b>2030f</b>
Gross Margins	29.5	29.9	31.1	31.4	32.3	32.7	33.5
EBITDA Margins	40.3	40.7	41.7	43.7	45.6	45.8	46.2
Operating Margins	20.5	21.0	22.3	22.8	24.2	24.7	25.7
Pretax Margins	12.2	12.5	14.3	14.7	16.7	17.8	19.4
Net Margins	11.0	10.9	13.7	13.8	15.7	17.4	18.7
<b>Returns (%)</b>	<b>2024a</b>	<b>2025a</b>	<b>2026e</b>	<b>2027f</b>	<b>2028f</b>	<b>2029f</b>	<b>2030f</b>
ROA	4.7	4.7	5.4	5.3	6.1	6.8	7.3
ROTA	12.2	11.9	11.2	11.4	12.1	12.1	12.2
ROE	23.6	18.9	19.1	17.9	18.9	19.2	19.1
<b>Health Ratios</b>	<b>2024a</b>	<b>2025a</b>	<b>2026e</b>	<b>2027f</b>	<b>2028f</b>	<b>2029f</b>	<b>2030f</b>
Cash/share	0.0	0.4	0.5	0.6	0.7	1.1	2.1
Cash as a % of Market Cap	0.0	0.1	0.1	0.1	0.1	0.1	0.3
Debt to Asset	59%	54%	57%	55%	50%	47%	44%
Debt to Equity	282%	190%	200%	180%	148%	127%	112%
Debt to Capital	74%	65%	67%	64%	60%	56%	53%
EBIT/ Interest (x)	2.1	2.3	2.5	2.6	2.9	3.2	3.5
<b>Activity Ratio</b>	<b>2024a</b>	<b>2025a</b>	<b>2026e</b>	<b>2027f</b>	<b>2028f</b>	<b>2029f</b>	<b>2030f</b>
Current Ratio	0.3	0.4	0.4	0.5	0.5	0.6	0.8
Days Sales Outstanding	32.1	11.6	11.6	11.6	12.6	13.6	15.6
Days Sales in Inventory	15.7	11.2	11.2	11.2	11.2	11.2	11.2
Days Payable Outstanding	41.3	14.7	14.7	14.7	17.7	19.7	21.7
Cash Conversion Cycle	6.5	8.1	8.1	8.1	6.1	5.1	5.1
<b>Growth Ratios (%)</b>	<b>2024a</b>	<b>2025a</b>	<b>2026e</b>	<b>2027f</b>	<b>2028f</b>	<b>2029f</b>	<b>2030f</b>
Revenue Growth	21.0	14.9	10.8	11.5	12.3	10.9	12.0
Gross Profit Growth	33.6	16.3	15.3	12.7	15.3	12.3	15.0
EBITDA Growth	20.8	15.9	13.6	16.9	17.2	11.4	12.8
Operating Profit Growth	34.4	17.6	17.3	14.0	19.6	13.1	16.4
Pretax Profit Growth	54.0	17.8	27.0	14.5	27.3	18.5	22.1
Net Profit Growth	43.9	14.0	38.4	13.0	27.3	22.8	20.7

Source: Company financials, anbc research

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