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LEEJAM

Leejam Sports Company

Investor Presentation

H1 2019

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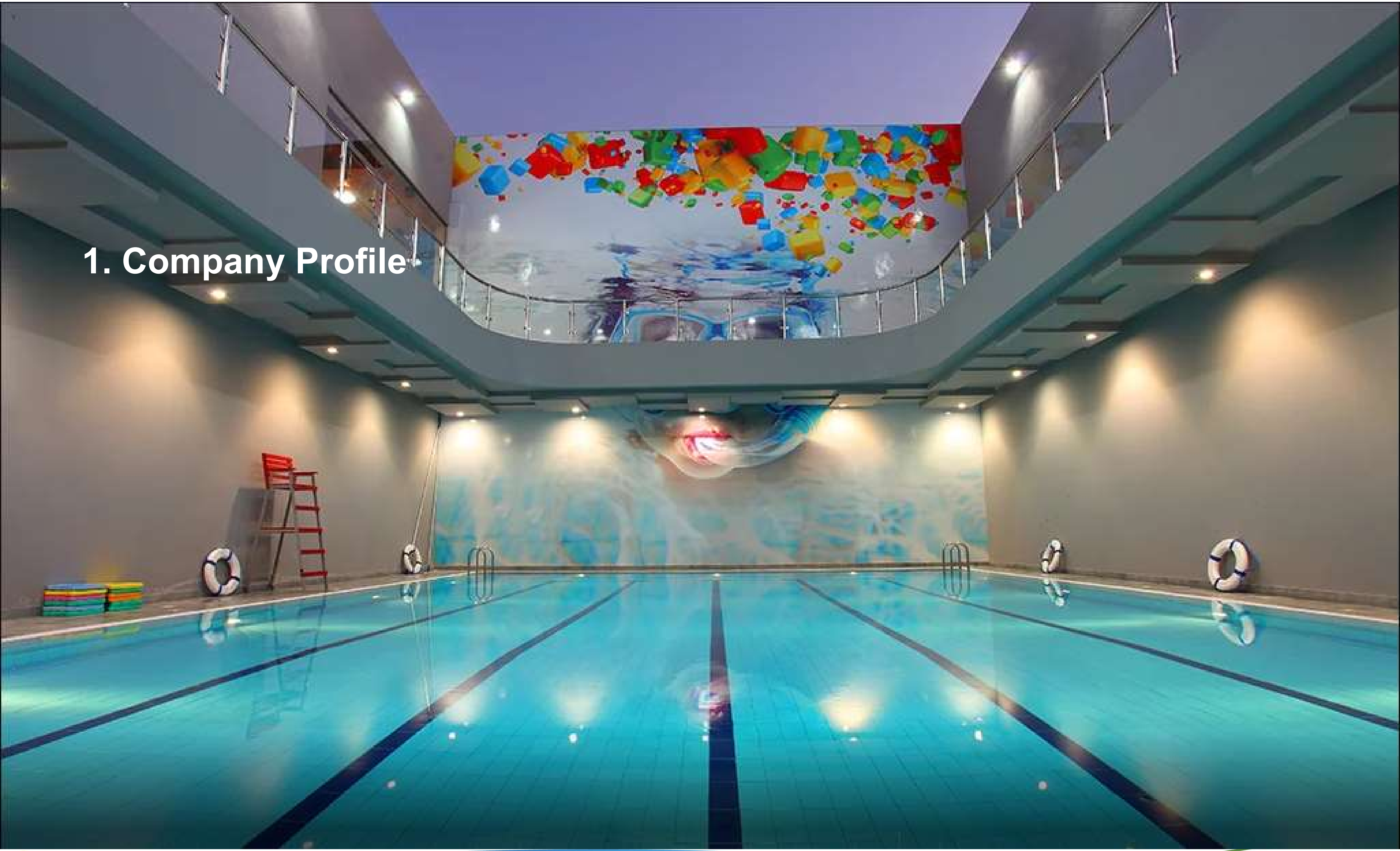
1. Company Profile



Largest Fitness center operator in the MENA Region
An indigenous and localized Proud Saudi Brand

134 incl. 30 female

Operational Fitness Centers
(30 June 2019)
Added 10 centers in H1 2019

244k

Active Members
(30 June 2019)
Added 27k members (net) in H1 2019

18%

Female members of total member base
(30 female centers as of 30 June 2019)

9th

Largest Fitness Chain in the World (in terms of number of members)
Among IHRSA's Global Top 25

[1] Source: International Health, Racquet & Sportsclub Association (IHRSA)

Other Key Metrics

436M SAR
Revenues
(H1 2019)
20% growth

365M SAR
Revenues
(H1 2018)

89M SAR
Net Income
(H1 2019)
23% growth

72M SAR
Net Income
(H1 2018)

213M SAR
EBITDA
(H1 2019)
56% growth on reported basis

136M SAR
EBITDA
(H1 2018)

49.5M SAR
Net Income
(Q2 2019)
QoQ growth 25%

39.7M SAR
Net Income
(Q1 2019)

275+
Corporates as Customers

48k
Corporate Members Approx.

98k GX classes in H1
1.5M attendees
Growth from Dec LY
- GX Classes / month 32%
- Attendees 46%

Participated in 10 Fitness Events in H1 2019

Basketball Championship

Extreme FT Championship

Strongest Man Championship

Football Championship

MOH event

Participated in 10 Fitness Events in H1 2019

Partnership with Amir Khan

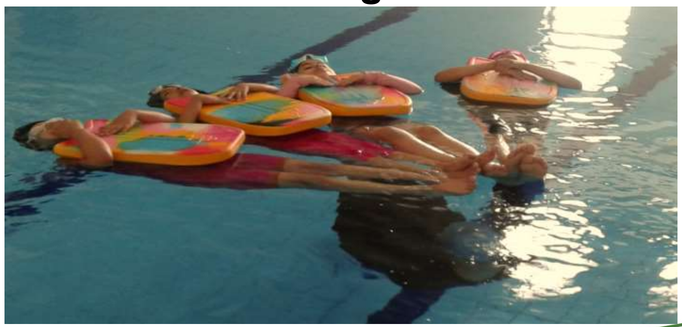
Swimming Championship

Squash Championship

Tahadi event

Walking is healthy event

Swimming for children



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Macro KSA Environment

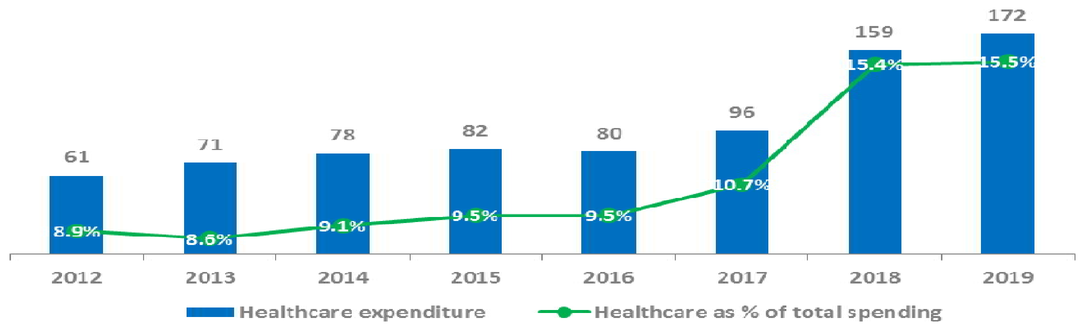
Government initiatives aim at supporting the health and fitness sector

Indicator	Male	Female	Total
Prevalence of obesity	31%	42%	34%
Prevalence of diabetes	17%	21%	19%
Prevalence of hypertension - hypertensive (2013)	18%	13%	15%
Prevalence of hypertension - borderline (2013)	47%	34%	41%
Prevalence of high cholesterol - hypercholesteraemic (2013)	10%	7%	9%
Prevalence of high cholesterol - borderline (2013)	20%	21%	20%

Source: World Health Organisation, International Diabetes Federation, NCBC Research

As part of the Vision 2030, the Saudi Government plans to promote a healthier lifestyle among its citizens with a goal of increasing the participation rate in sports or physical activity among citizens from 13% in 2016 (men 20% and women 7%) to 20% by 2020 and 40% by 2030.

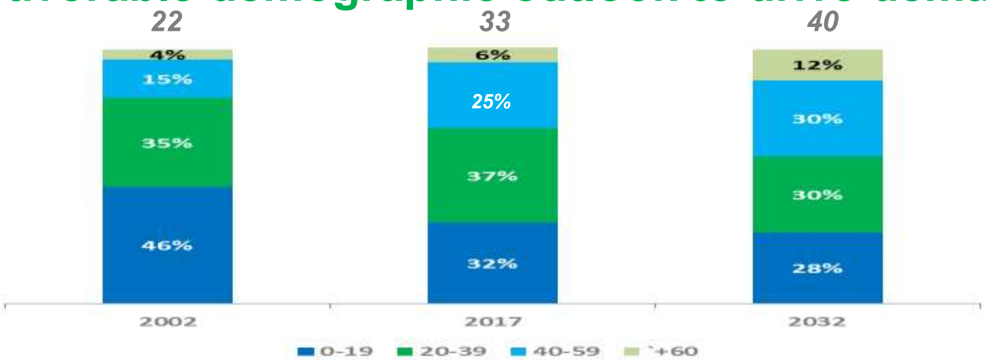
Healthcare spending to drive fitness sector growth



The government's expenditure on healthcare has increased over the past few years at a CAGR of 16%.

Saudi has a young population, with c70% of the population currently under the age of 40 years. This is accompanied by relatively high purchasing power (including females) and a general move towards healthier lifestyles.

Favorable demographic outlook to drive demand for fitness industry



NCBC research report

Leejam's Mission Statement is to "Steer Society Towards Healthy Lifestyle and Encourage People to Exercise Daily."

We are focused on providing value to the community, and this is a core KPI for every facility that we operate across our expansive network.

Diverse Brand Portfolio to Serve the Market

Male Brands	Female Brands	Other Brands
وقت اللياقة FITNESS TIME PLUS	وقت اللياقة FITNESS TIME LADIES PLUS	وقت اللياقة FITNESS TIME WELLNESS
وقت اللياقة FITNESS TIME	وقت اللياقة FITNESS TIME LADIES	وقت اللياقة FITNESS TIME JUNIOR
وقت اللياقة FITNESS TIME PRO	وقت اللياقة FITNESS TIME LADIES PRO	وقت اللياقة FITNESS TIME ACADEMY
		وقت اللياقة FITNESS TIME EXPRESS

Key Milestones

2005
- Start Planning Phase
- First "Fitness Time" center opens in Tabuk

2006

2007
- First "Fitness Time" standalone concept opens in Jeddah

2008
- Leejam Sports Company is established and acquires the Fitness Time brand

2009
- Introduction of Fitness Time Pro category

2010
- Introduction of Fitness Time Plus and Fitness Time Junior brands

2011
- The Company opens its 50th fitness center

2012

2013
- Investcorp acquires 25.1% stake in Leejam

2014

2015
- Intro of PT
- UAE launch
- Exclusive partnership with FC Barcelona
- MBR Award for Sports Creativity

2016
- The Company opens its 100^{th} fitness centre
- Ranked in Global "Top 25" by IHRSA

2017
- Launch of female fitness centers

2018
- Listing of 30% shares on Tadawul (IPO) in September 2018
- Ranked 15^{th} in global top 25 by IHRSA

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Leejam 3.0

Goal: To be Top 10 Fitness Company in the World and be Employer of Choice in KSA

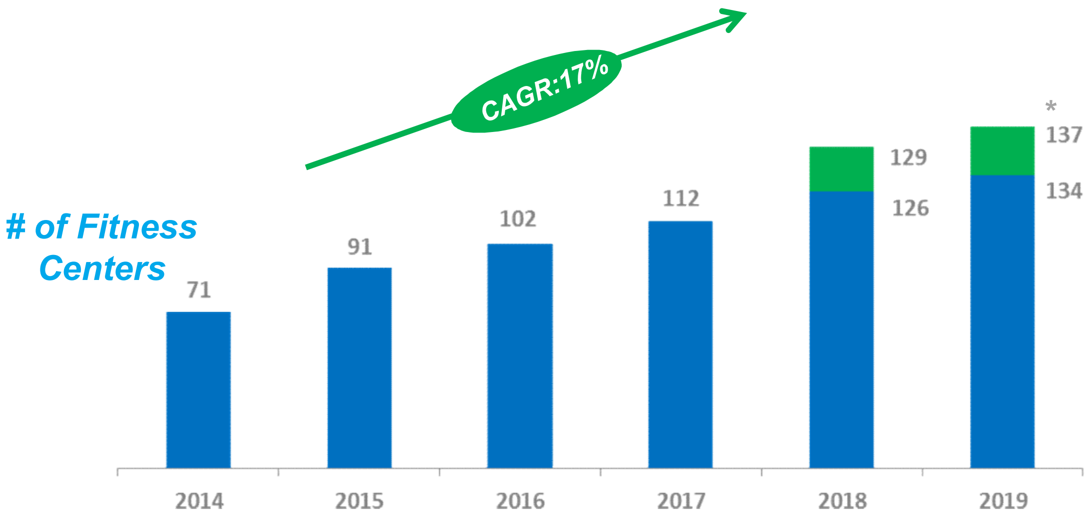
6 Key Pillars to achieve Leejam 3.0 in the next 3 years

- Enhance Customer Experience
- Invest In Our People
- Leverage Technology
- Open Door Policy
- Improved Corporate Governance
- Grow & Exceed Shareholders Expectations

Market Leader with Strong Scale Advantage

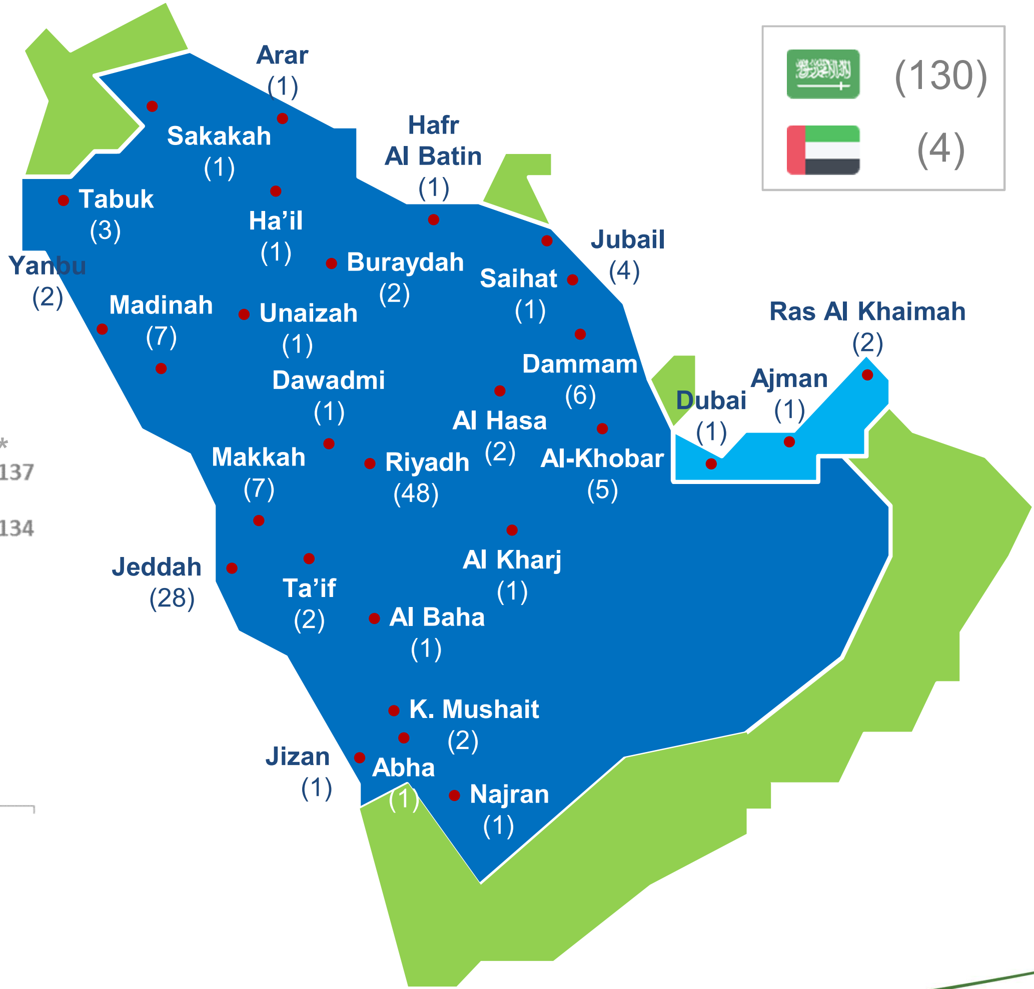
Strong geographical footprint with presence in 29 cities

Fitness Centres Evolution



Source: Company
* 3 centers are currently closed for conversion to female centers.

Geographic Footprint
(as of 30 June 2019)



Segmented Concept, Recognised Brand (1/3)

Key Features

	Fitness Time Plus	Fitness Time	Fitness Time Pro	Fitness Time Junior	Fitness Time Ladies Plus	Fitness Time Ladies	Fitness Time Ladies Pro
Targeted at (age)	Males 25yrs+	Males 16yrs+	Males 16yrs+	Male Junior	Females 25yrs+	Females 16yrs+	Females 16yrs+
# of Fitness Centres[1] – KSA	3	50	41	4	-	24	5
# of Fitness Centres[1] – UAE	-	1	2	0	-	-	1
12-month Price (SAR)[2]	8,925*	4,988*	3,255*	3728*	8,925*	4,988*	3,255*

Facilities

	Fitness Time Plus	Fitness Time	Fitness Time Pro	Fitness Time Junior	Fitness Time Ladies Plus	Fitness Time Ladies	Fitness Time Ladies Pro
Cardio	✓	✓	✓	✓	✓	✓	✓
Strength	✓	✓	✓	✓	✓	✓	✓
Semi Olympic Pool	✓	✓	✓	✓	✓	✓	✓
Jacuzzi, Sauna, Steam	✓	✓	✓	-	✓	✓	✓
Courts	✓	✓	✓	✓	✓	✓	✓
Squash	✓	✓	-	-	✓	✓	-
Virtual golf	✓	-	-	-	✓	-	-
Towels, slippers, etc.	✓	✓	-	-	✓	-	-
Business Centre	✓	✓	-	-	✓	✓	-
Lounge and other amenities	✓	✓	-	-	✓	✓	-

Apart from above, the Company has 2 Corporate wellness & 1 Kidzenia (for kids). Total 134 locations.

[1] As of 30 June 2019
[2] Standard prices as of 30 Jun 2019

* VAT Inclusive

Segmented Concept, Recognised Brand (2/3)

State-of–art Spacious Facilities with a Customized Service Offering

Floor Trainers

- Available in each center to assist with equipment use, fitness regime etc.
- >1100 Floor Trainers in the current network

Special Events

- Competitions and tournaments organised on a regular basis for members
- Over 11.5k participants in H1 2019 across 10+ sports events

Personal Training

- 1-on-1 coaching from a qualified instructor, launched in 2015
- Available in 92 centers, with over 214 Personal Trainers

New Exercise Concepts

- New home-grown concepts introduced in 2017
  - eXtreme Fitness
  - eXtreme Boxing
  - eXtreme Bootcamp
  - HIIT (under pilot)

Group Classes

- Diverse GX programming available across the network; >20 different class types
- 28 GX classes / week for Male centers & 49 GX classes / week for Female centers

Industry-Leading Equipment

[1] as of 30 of June 2019

Segmented Concept, Recognised Brand (3/3)

Corporate Business

- The Company delivers services to corporate partners under the Fitness Time Wellness umbrella
- Fitness Time is an attractive partner for large corporate clients given its country wide footprint in 29 cities in KSA & UAE
- Opportunity to enhance corporate business by targeting female employees
- Further opportunity as companies seek to rollout corporate wellness programs
- Latest initiatives included partnerships with Ministry of Health, Labor & Civil services and Public Pension Fund.

Key Statistics

Number of corporates as B2B and B2C clients (June 2019)	Number of corporate members (June 2019)	Corporate Revenue
275+	48,000 Approx.	(H1 2019, SAR) SAR 63.2M
		SAR 60.5M (H1 2018, SAR)

Performance since IPO (Sept 2018)

Net Income

(SAR million)

ACCOLADES:

- Consecutive growth in results post IPO LY on Sept 10, 2018.
- Leejam 3.0 in place with 6 key pillars.
- Opening of 23 centers over last 10 month (17% of our entire portfolio since 2005).
- New initiatives include launch of GEMs program, WWYB (we want you back), summer initiatives (swimming for children, bring your teens), mobile application (launched April end CY) etc.
  - brought back 37.5k members in H1 2019 (SR 45M Subs. income) through WWYB
  - 1,880 units sold through mobile app. since launch
- Focus on YoY expansion with opening of ave. 15 centers each year (in particular female centers).
- Focus on social and digital media.
- Gradually improving the realized prices, lower campaign days and more long term membership mix.
- Enhancing customer experience and growing member base.

Other Significant Accolades

Cover page story by CBI "IHRSA" magazine on LEEJAM 3.0 in April 2019 issuance & Article coverage in CEO magazine by Khaleej Times

M LINK

INFUSING FITNESS INTO LIFESTYLES

Leejam Sports promotes positive health through its large state-of-the-art network of fitness centres

Photo: Supplied

Saudi-based Leejam Sports Company operates under the brand name of "Fitness Time". Currently one of the largest network of sports and fitness centres in the region, it emerged in 2006 to encourage healthier and active lifestyles, correct eating habits and promote a health-conscious population. With a presence in 24 cities in Saudi Arabia and four in the UAE, the organisation set its roots in fitness and recreational sports, and offers seven separate brands of men and women-only centres in the region.

The multi-facility centres are equipped with state-of-the-art facilities, such as full range cardio machinery, weights, cycle and spinning studios, basketball, squash and volleyball courts, football pitches, indoor running tracks, as well as on-site floor and personal trainers to facilitate member workouts and enhance experience. Specialities also include extreme fitness featuring high intensity workouts, boot camp classes and boxing. All Fitness Time centres have swimming pools, hot and cold Jacuzzis, steam and sauna rooms.

"Leejam is aligned with the Quality of Life 2020 and Saudi Vision 2030 initiatives and programmes and aims to strengthen its business on a national and CSR platform," said Ahmar Azam, CEO, Leejam Sports Company.

Azam has been leading the company for the last five years, initially as the CFO to lead the corporate transformation and a successful IPO, and now as the CEO.

He is an honors graduate from the LSE, UK and an FCA from the Institute of Chartered Accountants of England and Wales (ICAEW). He is also an honorary board member of the Audit Committee of the International Cricket Council (ICC) and a member of the Advisory Board of the ICAEW.

GROWING MEMBERSHIP

Fitness Time has a segmented market approach that is tailored to fit different budgets — from the executive-level Fitness Time Plus; the flagship Fitness Time; the more economical Fitness Time Pro; and Fitness Time Ladies.

According to Azam, the recent exemption for females to drive in Saudi Arabia has given them the advantage to spend more time in fitness centres, leading to a paradigm shift as 50% of the population opened up for the fitness industry.

"What makes us unique is our understanding of the local culture and delivering fitness the way our members like it. People come to fitness centres for many reasons, but only stay when they feel they are part of the tribe and when they get results" said Azam.

To deliver on this, Fitness Time offers both all the standard facilities of a full-service gym, as well as many boutique concepts. "Personal training is thriving in our centres. We are now bringing HIIT and other new innovative concepts."

LEEJAM 3.0

Azam explains the last 12 years of the company from start-up stage to corporate transformation and a successful IPO as Leejam 1.0 and 2.0. The entire organisation is now marching towards the realisation of Leejam 3.0 in 3 years to make Leejam the Top 10 fitness company in the world and an Employer of Choice in Saudi Arabia. To achieve this objective, he has identified six key drivers. They are; enhancing customer experience; investing in people; leveraging technology; ensuring an open door policy; improving corporate governance; and growing the business.

"The entire organisation is fired up!" he adds. To some these plans might sound overly ambitious but those that know Azam well enough will not doubt that it will be done, with time to spare.

– Farhana Chowdhury

Achievements

- 2015 winner of the Mohammed bin Rashid Al Maktoum Creative Sports Award.
- Three-year exclusive partnership with FC Barcelona
- 15th largest fitness chain in the world and is expected to become one of the 10 largest fitness centre operators in the world in the next three years.
- A large number of active fitness members in the region with 250,000 members, and has the largest database of over 1.2 million members.
- 50% + increase in company value since IPO in September 2018.
- No. 1 pick in midcap companies in KSA by various institutional investors

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Other Significant Accolades (contd.)

PNU the largest Fitness center in the world – operated by Fitness Time

Other Significant Accolades (contd.)

Shaikh Mohammad Bin Rashid Award – in 2015

2. Board Members

LEEJAM

Board Members

Ali Al-Sagri
Chairman

Hamad Al-Sagri
Board Member (Executive)
Vice Chairman & MD

Dr. Mohammed Al-Kinani
Board Member (independent)

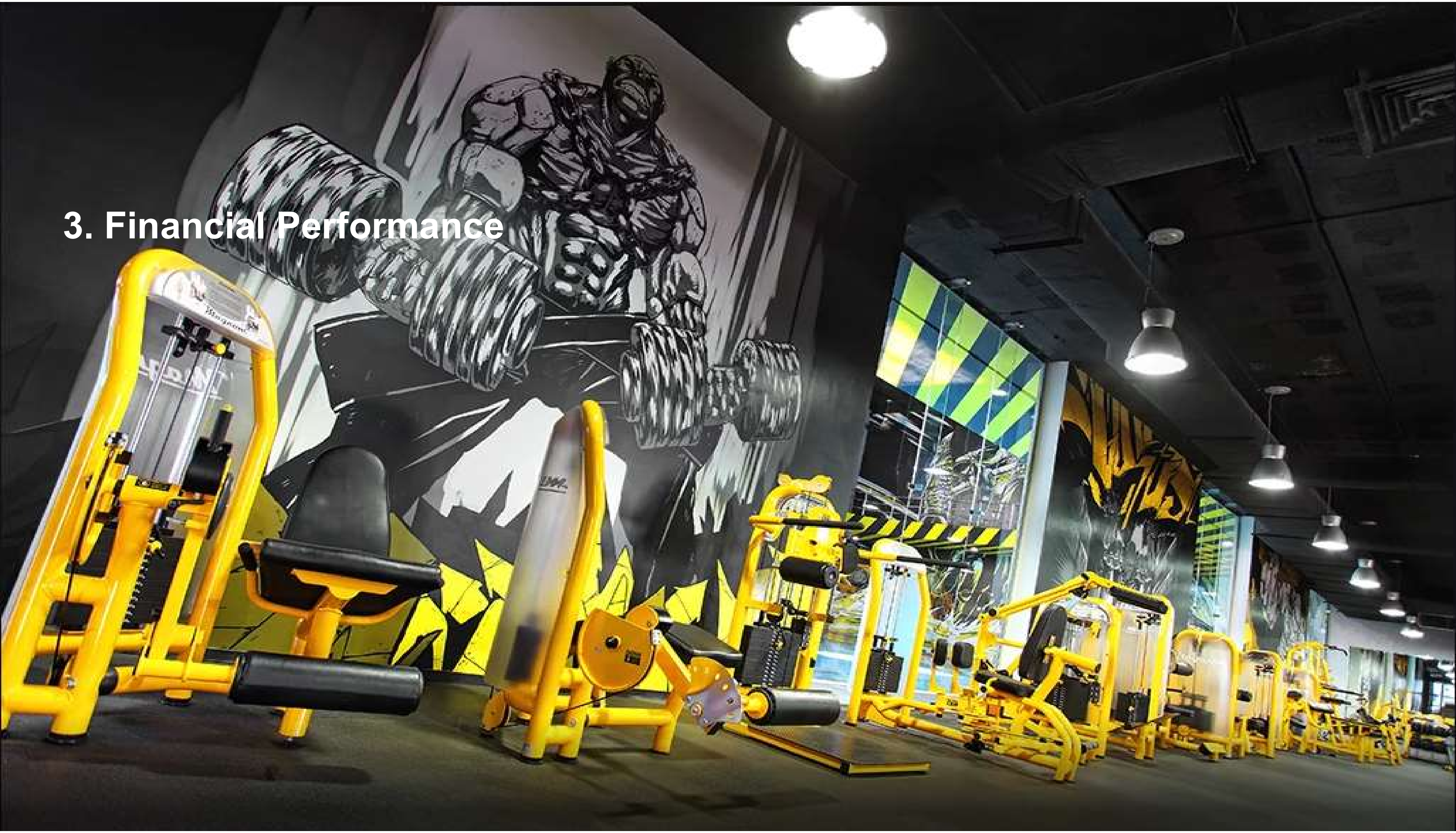
Hisham Al-Khaldi
Board Member (independent)

Tareq Al-Angari
Board Member (independent)

Abdulelah Al-Nemr
Board Member (independent)

Hessah Al-Sagri
Board Member (non- Executive)

3. Financial Performance



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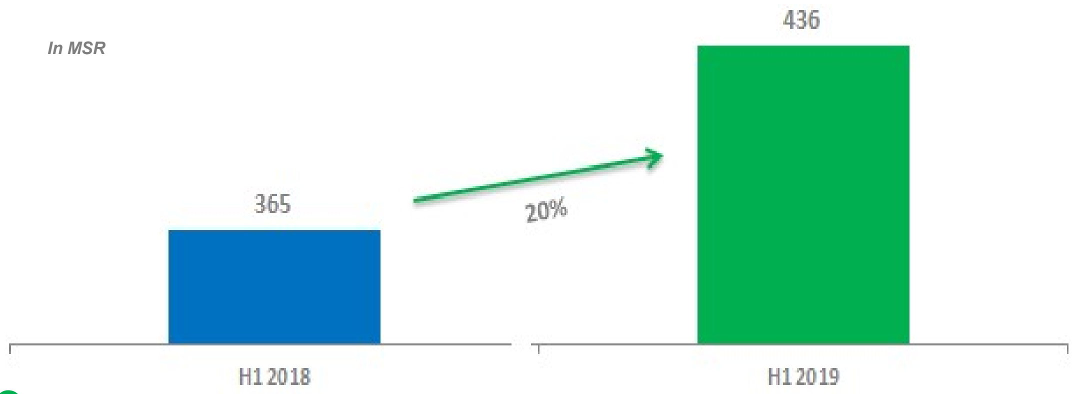
H1 Revenue and Net Income

Revenue
(SAR million)

	H1 2018	H1 2019
# of Fitness Centres	115	134
- new Male Centres	2	6
- new & Converted Female Centres	6	4

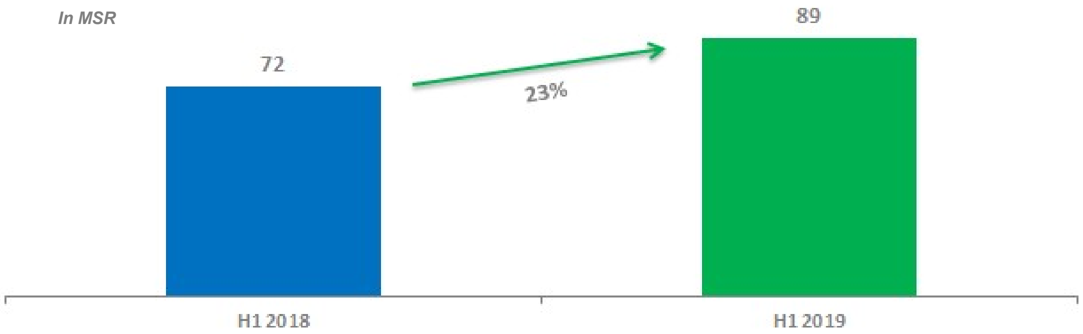


Key Messages:

- H1 CY Revenue was 20% higher vs. LY, mainly due to:
  - 10 new centers openings in CY,
  - ramping-up of 22 non-LFL centers opened LY,
  - LFL growth of 4% (12% subs. income growth: first time since 2016) and new initiatives (WWYB, GEMS program etc.),
  - 66% growth in personnel training revenue (more number of PT centers and improving utilizations), and
  - increase in corporate revenue (corporate clients & member base).

Net Income
(SAR million)

	H1 2018	H1 2019
Net Margin %	20%	20%



Key Messages:

- 23% H1 2019 net income growth primarily driven by:
  - revenue growth from LFL, non-LFL centers & new center openings.
  - cost control initiatives & improving operational efficiencies.
  - partly offset by:
    - higher operating costs (more number of centers), and
    - negative rent adjustment of IFRS 16 (SR 3.8M).
- H1 2019 performance was partly stressed due to ramping-up of 21 centers opened in the last 9 months, being 16% of our entire portfolio since opening of 1st fitness center in 2005.

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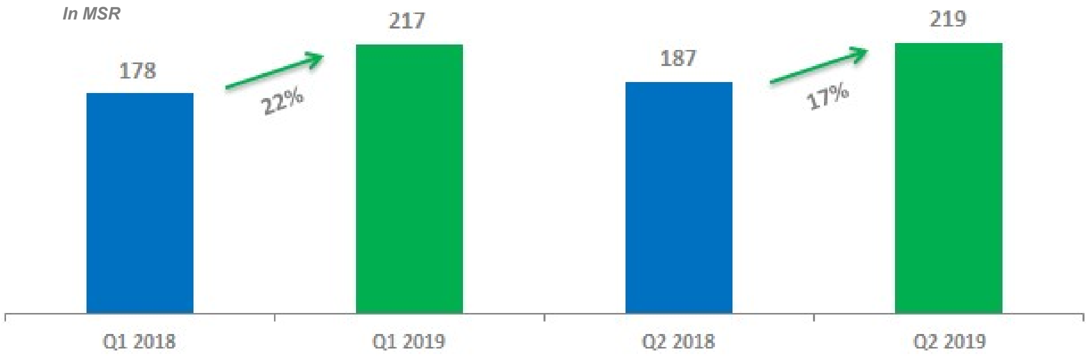
QoQ Growth (Q2 vs. Q1)

Revenue
(SAR million)

	Q1 2018	Q1 2019	Q2 2018	Q2 2019
# of Fitness Centres	119	134	115	134
- new Male Centres	2	5	0	1
- new & Converted Female Centres	1	3	5	1

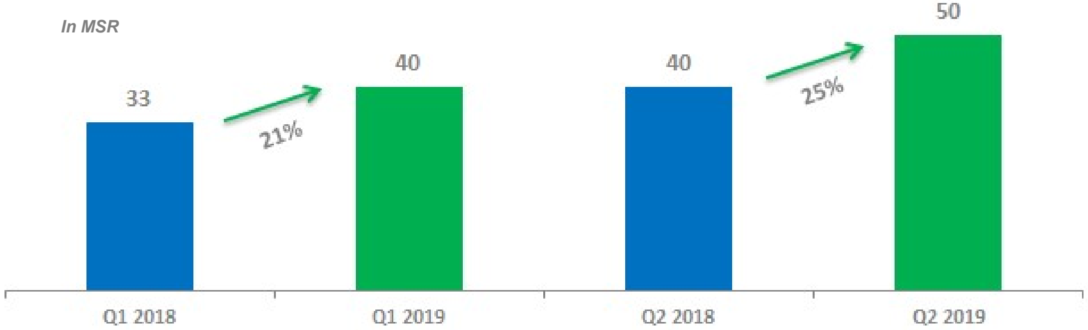


Key Messages:

- QoQ growth continues with 17% revenue growth vs Q2 LY(LFL growth and ramping up of centers)
- Q2 revenue increased by net SR 1.7M compared to Q1 CY mainly due to;
  - Growth in membership revenue by SR 3.5M (ramping up of 8 new center openings of first quarter in current year, non-LFL centers opened last year and growth in the LFL centers)
  - partly offset by;
    - seasonal decrease in revenue including Personal Training (PT) revenue by SR 1.8M due to lower conductions during Ramadan & Eid holidays in the current quarter and impact of freezing.

Net Income
(SAR million)

	Q1 2018	Q1 2019	Q2 2018	Q2 2019
Net Margin %	18%	18%	21%	23%



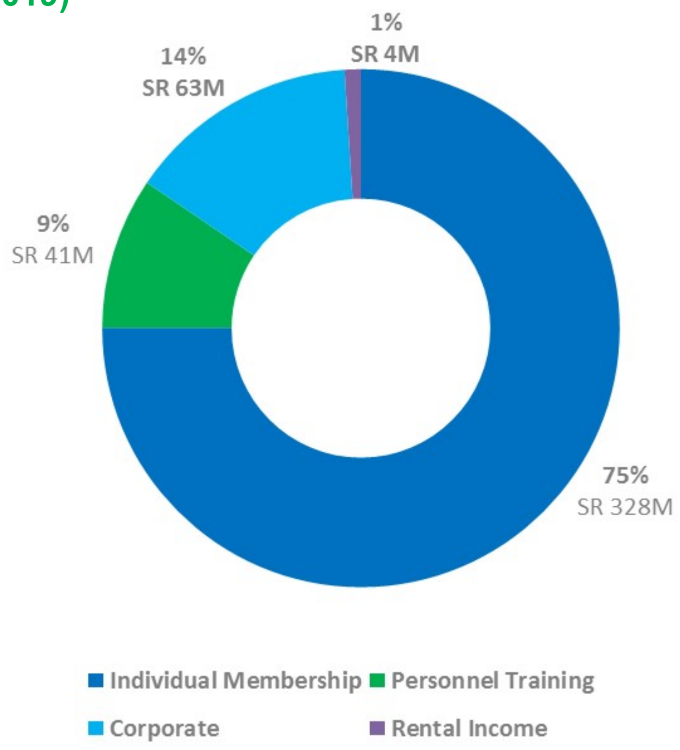
Key Messages:

- Increase in net income by SR 10M vs Q1 CY was mainly driven by;
  - net revenue growth,
  - cost control initiatives, refund of 2018 work permit fees (SR 2.9M) and
  - lower selling & marketing and administrative expenses

Revenue Break-Down

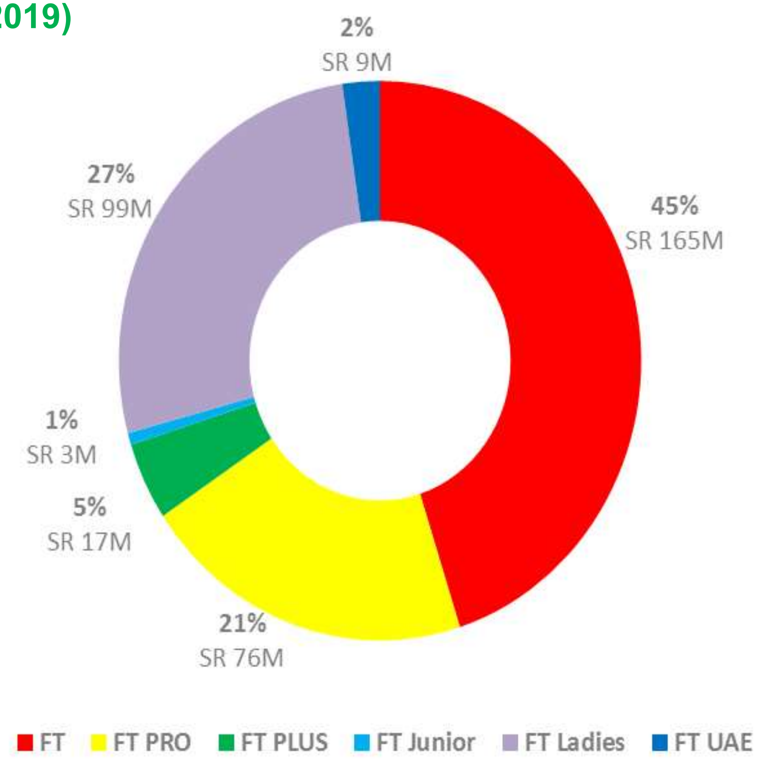
Revenue by Type

(%, H1 2019)



Center Revenue by Brand

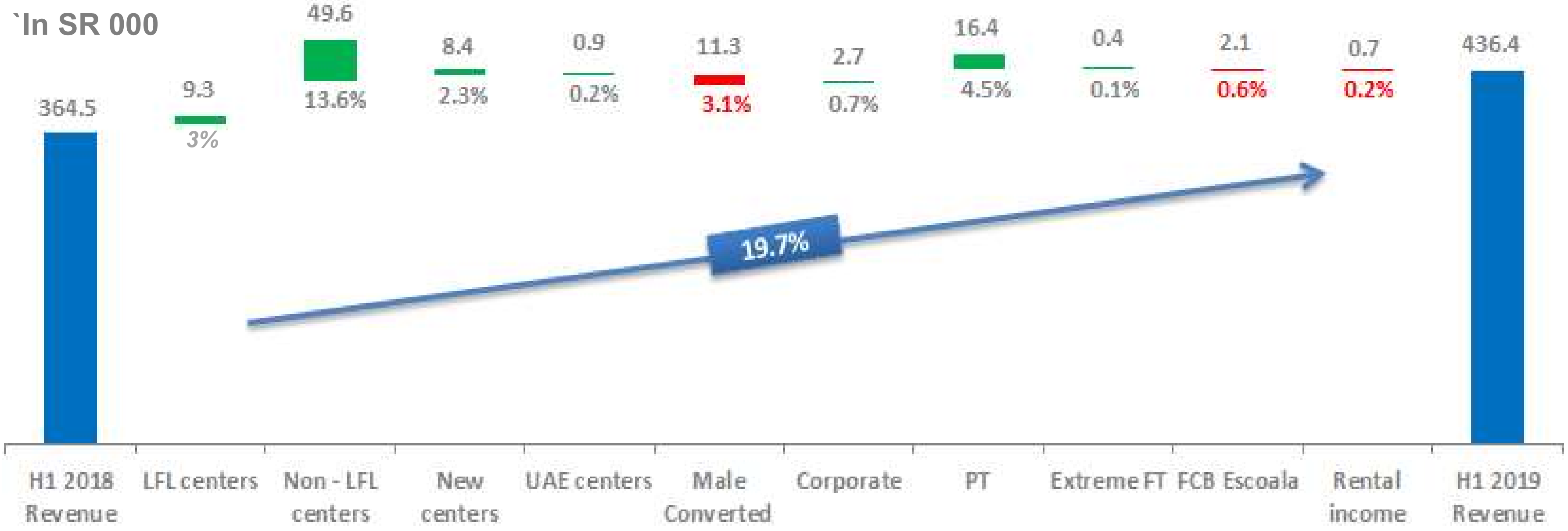
(%, H1 2019)



No. of centers by category	H1 2019	2018	2017	2016
FT Men	53	49	50	48
PRO Men	43	41	42	40
Plus Men	3	4	4	3
Junior	4	4	8	9
Basic	0	0	0	1
Kidizenia	1	2	0	1
FT Female	24	20	4	0
PRO Female	6	6	4	0
Total	**134**	**126**	**112**	**102**

Source: Company

H1 2019 vs. H1 2018 Revenue Bridge



Key Messages:

- Increase in LFL revenue mainly driven by higher LFL subs. income by 12% vs. H1 LY.
- Non- LFL includes 22 centers opened during 2018.
- Increase in PT revenue mainly due to roll-out of additional PT centers (CY: 92 vs. LY: 70) and improving PT utilization rate.
- Increase in corporate sales driven by increase in member base to 48k members.

H1 2019 P&L

`In MSR

	H1 LY	H1 CY	Δ%
Centers # (EOP)	115	134	17%
Average # Of Centers	118	132	11%
Revenues	364.5	436.3	20%
Costs of revenue	(239.1)	(279.7)	17%
Gross Profit	**125.4**	**156.6**	**25%**
Gross Profits %	**34.4%**	**35.9%**	**1%**
Advertising and marketing expenses	(12.0)	(7.1)	(41%)
General and administrative expense	(35.9)	(34.5)	(4%)
Impairment (loss) / gain	0.3	(1.0)	
Other Income	5.0	5.0	1%
Operating Profit	**82.8**	**119.1**	**44%**
Finance costs	(9.9)	(27.6)	178%
Net Profit before Zakat	**72.9**	**91.5**	**26%**
Zakat	(0.4)	(2.3)	456%
Net Profit for the period	**72.5**	**89.2**	**23%**
Net Profit %	**19.9%**	**20.4%**	**0.6%**
EBITDA	**136.3**	**213.0**	**56%**
EBITDA%	**37.4%**	**48.8%**	**11.4%**
EBITDAR%	**48.3%**	**48.8%**	**0.5%**

Key Messages:

- H1 Net income was higher by 23% vs. LY due to increase in number of operating centers, resulting in 20% growth of revenue.
- Increase in revenue was mainly due to;
  - higher membership revenue by SR 56.1M attributable to 10 new center openings (6 male centers & 4 female centers) and ramping up of 22 non-LFL (Like-for-like) centers opened LY,
  - 4% growth in LFL centers (12% subs. income growth), and
  - Increase in Personal Training (PT) revenue by SR 16.4M (22 additional PT centers),
    - partly offset by lower rental income (due to expiration of certain real estate contracts).
- Increase in cost of revenue was driven by higher number of operating centers, female staff cost, higher consumable due to increasing no. of members, issuance of gate keys, maintenance works and rising Government levies (work permit fee etc.).
  - partly offset by rent adjustment under IFRS 16 for leases (H1 net impact SR 3.8M) and cost control initiatives.
- Advertising & marketing was lower by SR 4.9M mainly due to lower expenditure (more social media), lower campaigns and completion of FCB agreement in June LY.
- SG&A expenses slightly lower by SR 0.2M mainly due to;
  - decrease in staff cost and assets write-offs on female center conversion LY,
  - partly offset by increase in professional fees (Board committees & more Board members, listing fees etc). and employees work permit cost.
- Finance cost was higher by SR 17.7M mainly due to IFRS 16 impact (finance cost of SR 16.3M recognized on lease liabilities) and higher depreciation charge by SR 30.2M under IFRS 16.

Q2 vs Q1 2019 P&L

`In MSR

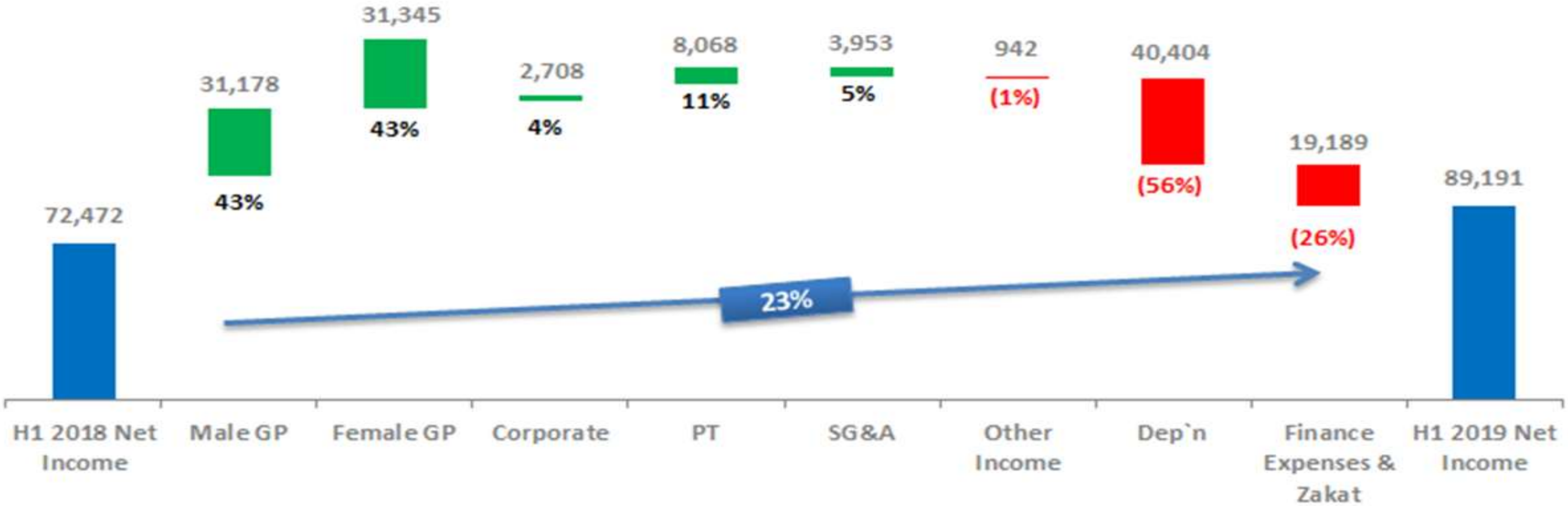
	Q1 CY	Q2 CY	Δ%
Centers # (EOP)	134	134	0%
Average # Of Centers	131	132	1%
Revenues	217.3	219.0	1%
Costs of revenue	(142.2)	(137.5)	(3%)
Gross Profit	**75.1**	**81.5**	**9%**
Gross Profits %	**34.6%**	**37.2%**	**3%**
Advertising and marketing expenses	(3.6)	(3.5)	(4%)
General and administrative expense	(20.2)	(14.3)	(29%)
Impairment (loss) / gain	(0.1)	(0.8)	
Other Income	2.4	2.6	11%
Operating Profit	**53.6**	**65.5**	**22%**
Finance costs	(13.0)	(14.6)	13%
Net Profit before Zakat	**40.6**	**50.9**	**25%**
Zakat	(1.0)	(1.3)	32%
Net Profit for the period	**39.6**	**49.6**	**25%**
Net Profit %	**18.2%**	**22.6%**	**4.4%**
EBITDA	**99.3**	**113.7**	**15%**
EBITDA%	**45.7%**	**51.9%**	**6.2%**
EBITDAR%	**45.7%**	**51.9%**	**6.2%**

Key Messages:

- Q2 witnessed 15% EBIDTA and 25% Net income growth vs Q1 CY.
- Q2 CY Net income was higher by SR 10M driven by revenue growth of 1% net, lower cost of revenue mainly attributable to cost control, refund of 2018 work permit fees and decrease in administrative expenses.
- Revenue increase mainly due to;
  - higher membership revenue by SR 3.5M due to the ramping up of 8 new center openings of Q1 CY and non-LFL centers of last year,
  - partly offset by seasonal decrease in revenue including Personal Training (PT) revenue by SR 1.8M due to lower conductions during Ramadan & Eid holidays in the current quarter and freezing impact.
- Decrease in cost of revenue was mainly driven by cost control, lower repair works and refund of 2018 work permit fees (total SR 2.9M).
- Advertising & marketing expenses were slightly lower due to media spend.
- SG&A expenses were lower due to;
  - lower staff cost, refund of 2018 work permit fees,
  - and decrease in IT expenses (communication cost, user licenses, shifting of IT projects to H2 etc.).
- Other income increased by SR 0.3M due to increase in internal advertising rental income, whereas finance cost was higher due to loans for center expansion.

H1 2019 vs. H1 2018 Net Income Bridge

`In SR 000



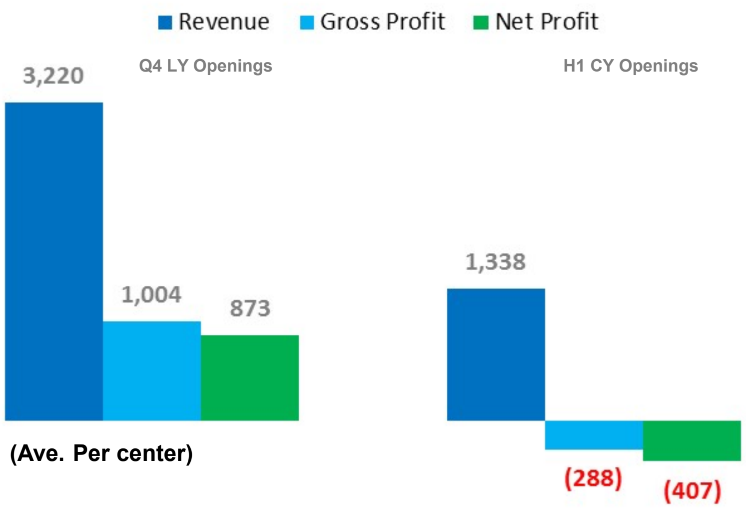
Key Messages:

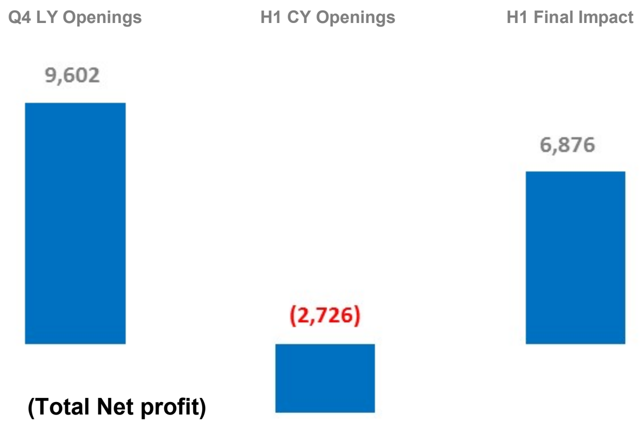
- GP of male centers improved mainly due to LFL growth of 12% vs. H1 LY.
- Female centers continue to contribute significantly towards the overall company profitability. However in CY, ramp up period extended to ave. 6 months & subs. income/center was lower due to exams, Ramadan & Eid holidays in Q2 CY.
- Corporate witnessed growth due to new corporate wellness contracts (Al Rajhi & Sabic), whereas PT contribution improved due to growth in the PT centers & improved utilizations.
- Increase in depreciation & finance cost mainly due to impact of IFRS 16 (Dep SR 30.2M & Finance Cost SR 16.3M).
    - Net negative P&L impact of IFRS 16 in H1 CY results is SR 3.8M.

Financial Impact of Centers opened in Q4 2018 & H1 2019

`In SR 000

	Q4 LY Openings	H1 CY Openings
No. of Centres	11	10
Ave. No. of Centres	11	6.7
GP Margin %	27%	(30%)



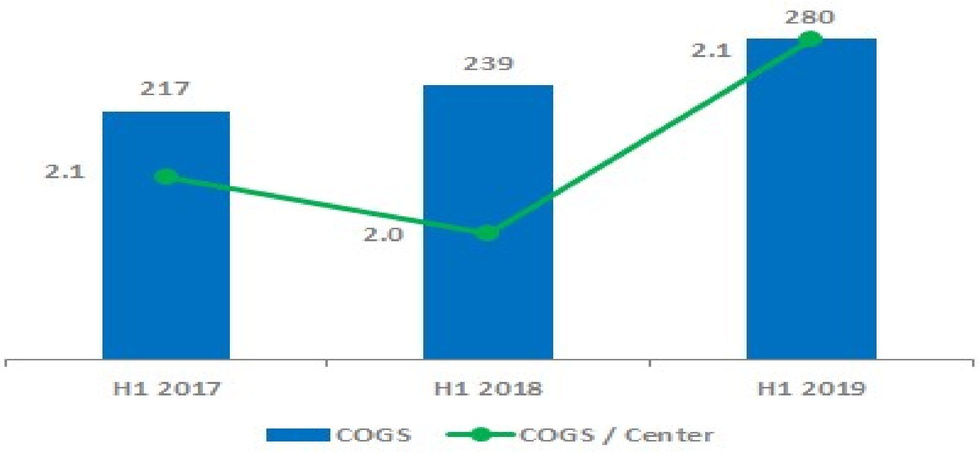


Key Messages:

- ❖ 11 centers opened during Q4 LY of which 10 were female and 1 male center, whereas 10 centers opened in H1 CY (4 female & 6 male centers).
- ❖ With longer ramp up period for female centers to ave. 6 months, and 12 months ave. for male centers (as expected), the net income contribution from these non-LFL and new centers was only SR 6.9M in H1 CY at 27% & (30%) NI margins respectively.
  - Accordingly, H1 CY results were partly stressed due to the ramping up phase of these non LFL and new center openings.
  - On a normalized level, LFL center margin for male & female centers currently approximate 30-35% & 40-50% respectively.

COGS & SG&A

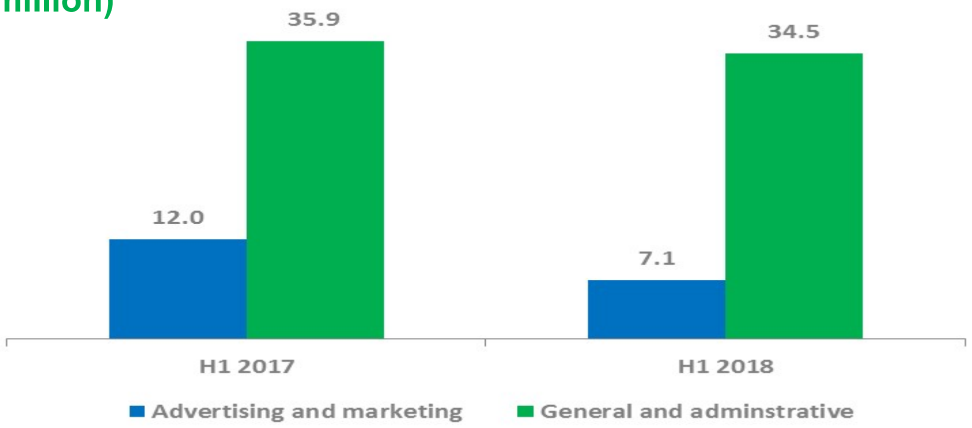
COGS
(SAR million)



Key Messages:

- 5% increase in average COGS / center is mainly due to higher operational cost of female centers (15-20% higher female salaries vs. male counterpart), depreciation under IFRS 16, consumables, repairs, rising government levies and cost of outsourced cleaners & security guards (legal requirement),
  - partly offset by:
    - rent adjustment under IFRS 16,
    - cost control initiatives and one off refund of 2018 work permit fees received in Q2 CY.

SG&A
(SAR million)

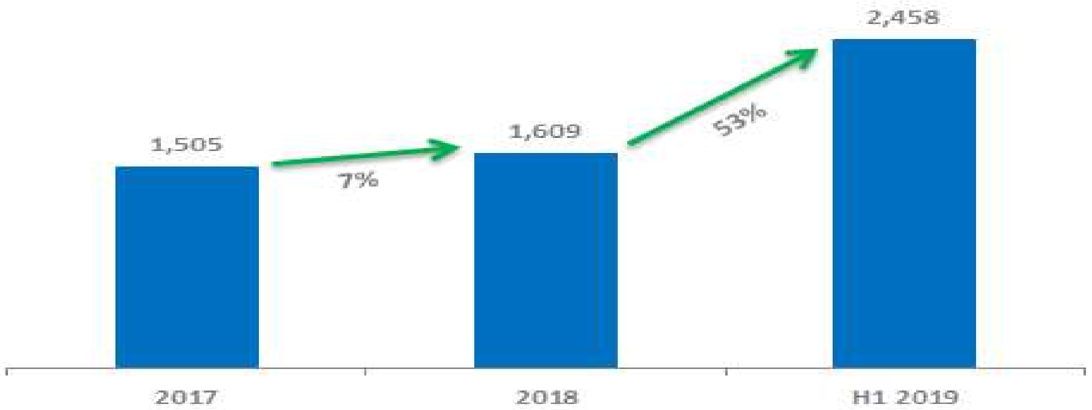


Key Messages:

- Decrease in advertising & marketing cost (41% lower vs. LY) mainly due to lower campaigns & shorter durations, lower media spend (focus on social media) and non-renewal of FCB contract.
- General and administrative expenses were lower due to:
  - decrease in staff cost and assets write-offs for female center conversion,
  - partly offset by increase in Government levies (rising employees work permit costs).

Balance Sheet

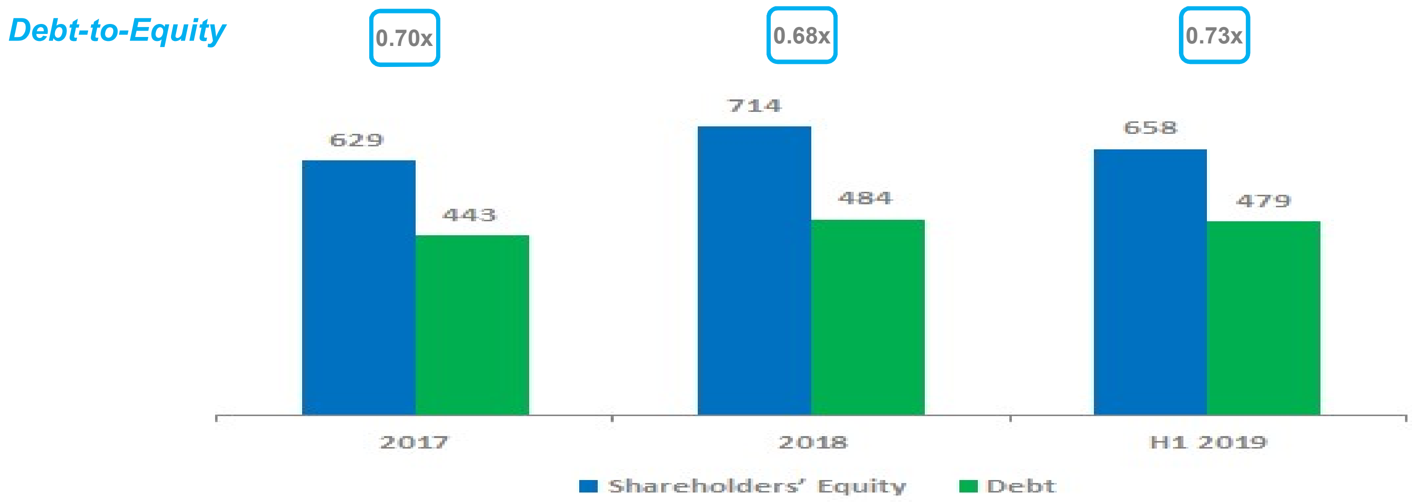
Total Assets
(SAR million)



Key Messages:

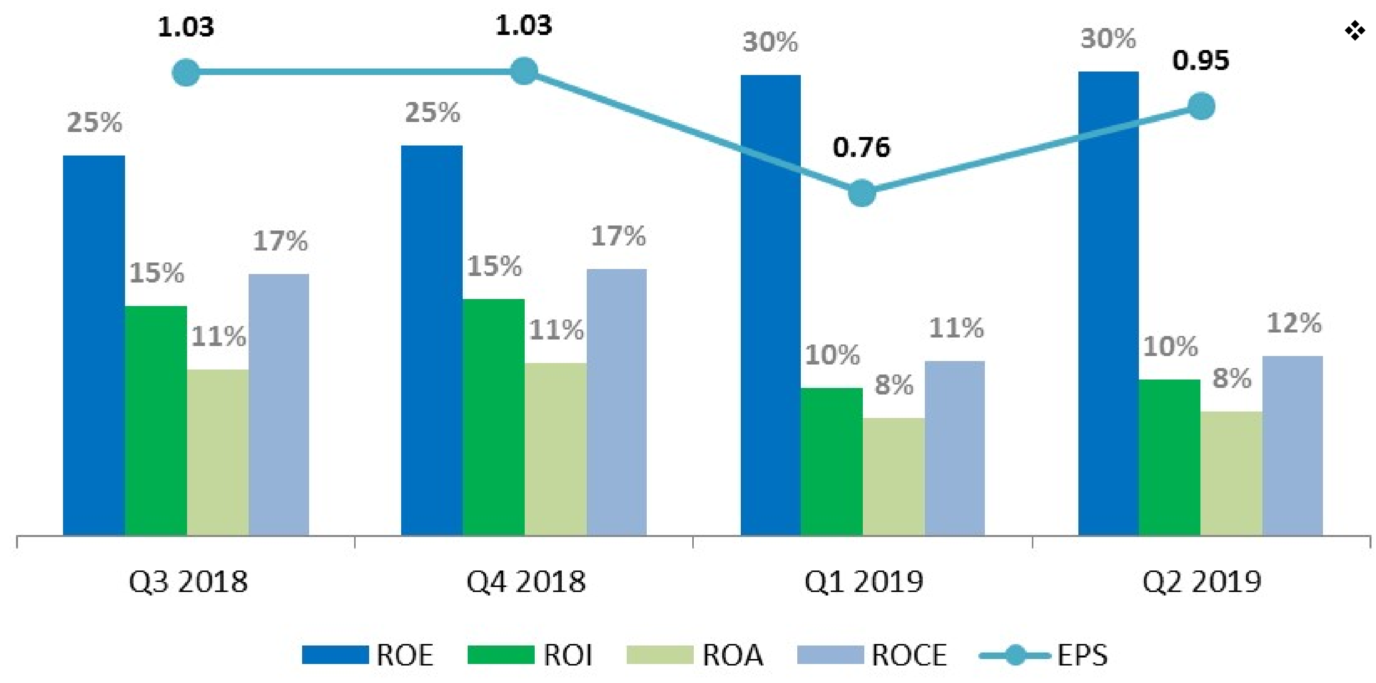
- Increase in total assets by 53% is due to transition to IFRS 16, where the Company recognized right-of-use assets of SR 863.6M and corresponding lease liability of SR 966M (net).
- Adjustment to opening retained earnings was SR 94M under modified retrospective approach of IFRS 16.

Shareholders' Equity and Debt
(SAR million)



Key Ratios

Key Ratios	Q3 2018	Q4 2018	Q1 2019	Q2 2019
ROE	25%	25%	30%	30%
ROI	15%	15%	10%	10%
ROA	11%	11%	8%	8%
ROCE	17%	17%	11%	12%
EPS	1.03	1.03	0.76	0.95



Key Messages:

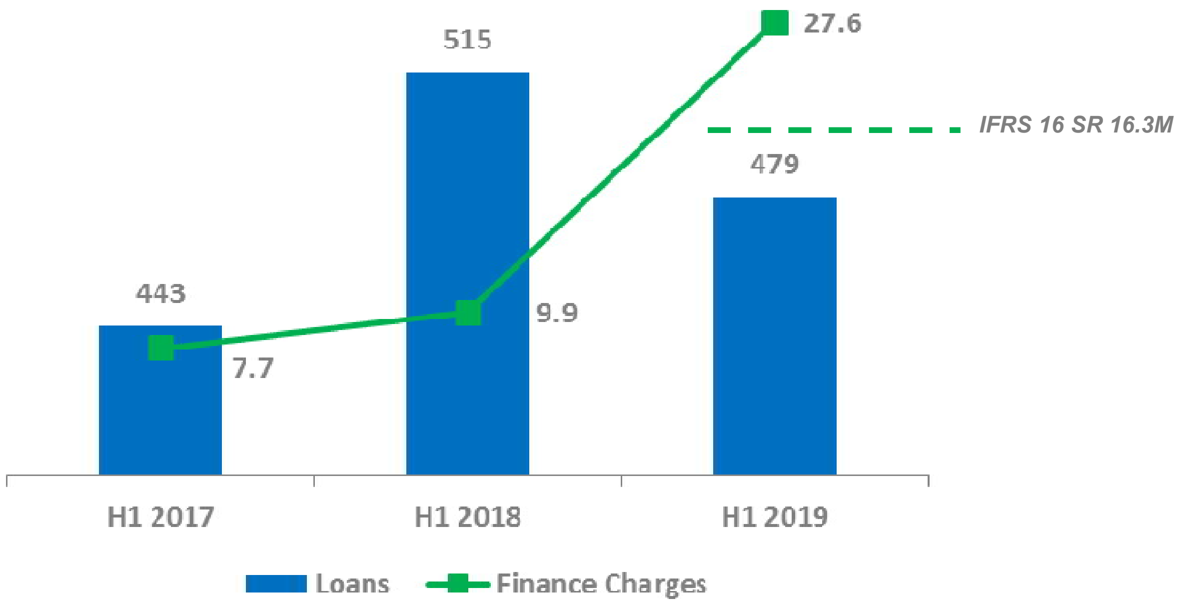
- Growth in ROE from Q1 2019 was mainly due to adjustment of retained earnings / equity by SR 94.5M upon application of IFRS 16 under modified retrospective approach.
- Similarly, recognition of right-of-use assets amounting SR 900M upon application of IFRS 16 resulted in higher asset base and lowered the ROI, ROA and ROCE metrics beginning Q1 2019.
- Growth in EPS is mainly driven by seasonality factor as Q3 & Q4 usually are stronger quarters in our business.

** All profitability metrics used in above ratios are based on last 12 months (LTM).*

Loans & Finance Charges

Loans and Finance Charges

(SAR million)



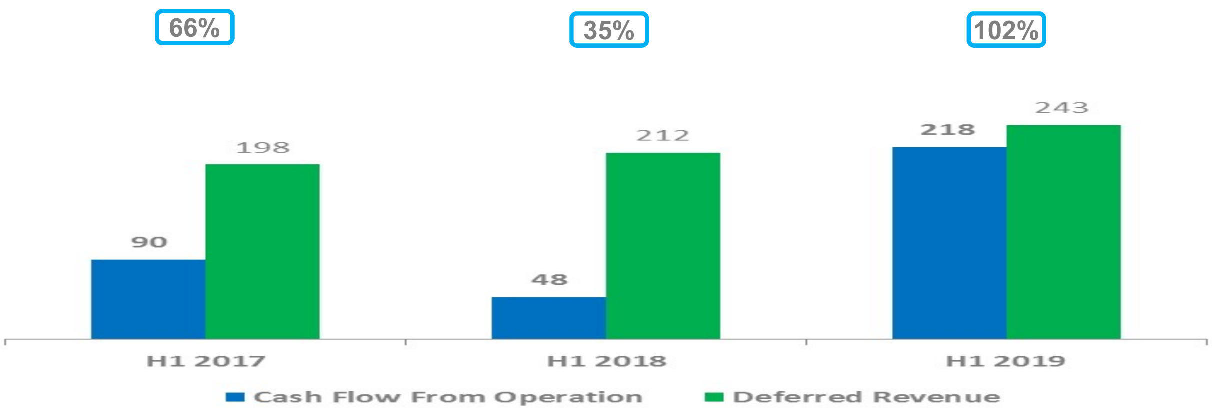
Key Messages:

- YOY Increase in loans to support center expansion, offset by payments made.
- Approximate 50-60% split by managing the portfolio between floating & fixed rated borrowings.
- Weighted average cost of borrowings approximate 4.34%.
- Increase in H1 2019 Finance charges mainly due to recording of interest expense of SR 16.3M on lease liabilities as per IFRS 16.

Cash Generation & Returns

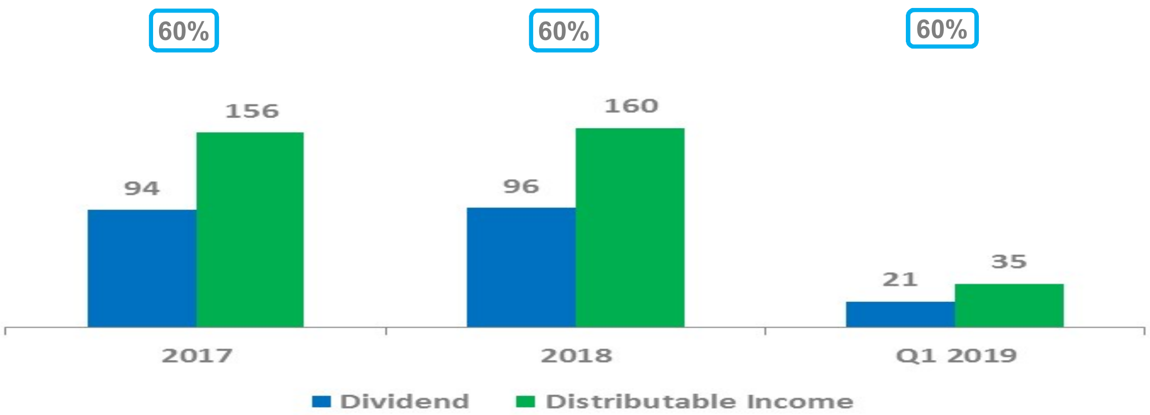
Cash Flow From Operations
(SAR million)

Cash flow / EBITDA



Dividend Declared and Pay-out
(SAR million)

Dividend Ratio

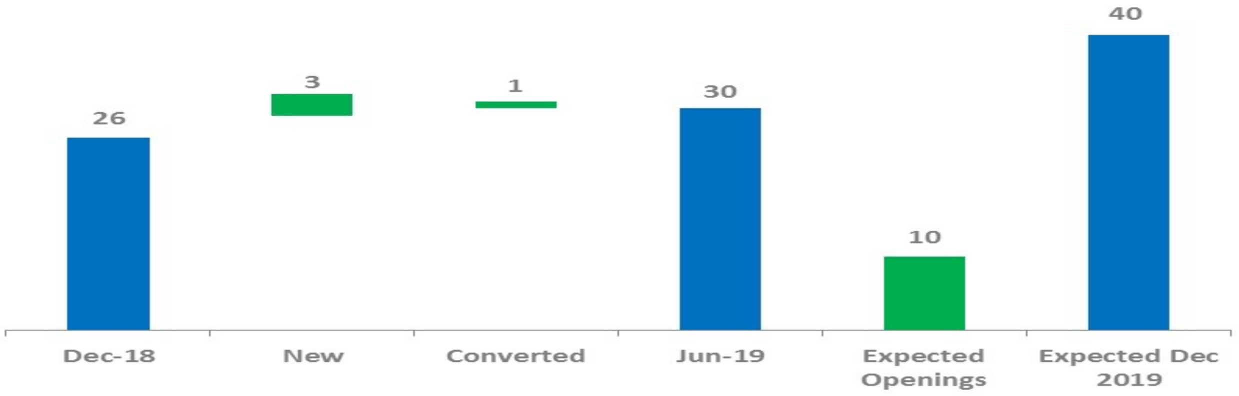


- Company continues to pay 60% dividend of distributable income (54% of net income).
- Board meeting scheduled end of the month for Q2 dividend declaration, if any.

H1 2019 Male & Female Segments

Female Centers continue to make Material Contribution in H1 2019

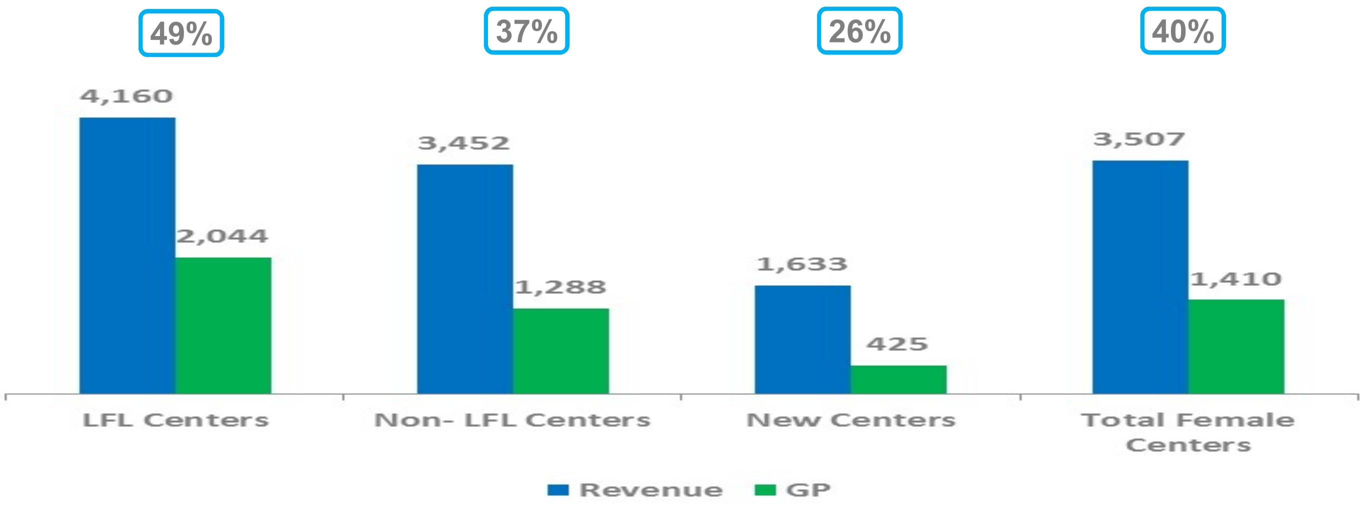
Female Centers Openings



H1CY Female centers Ramp-up Evolution

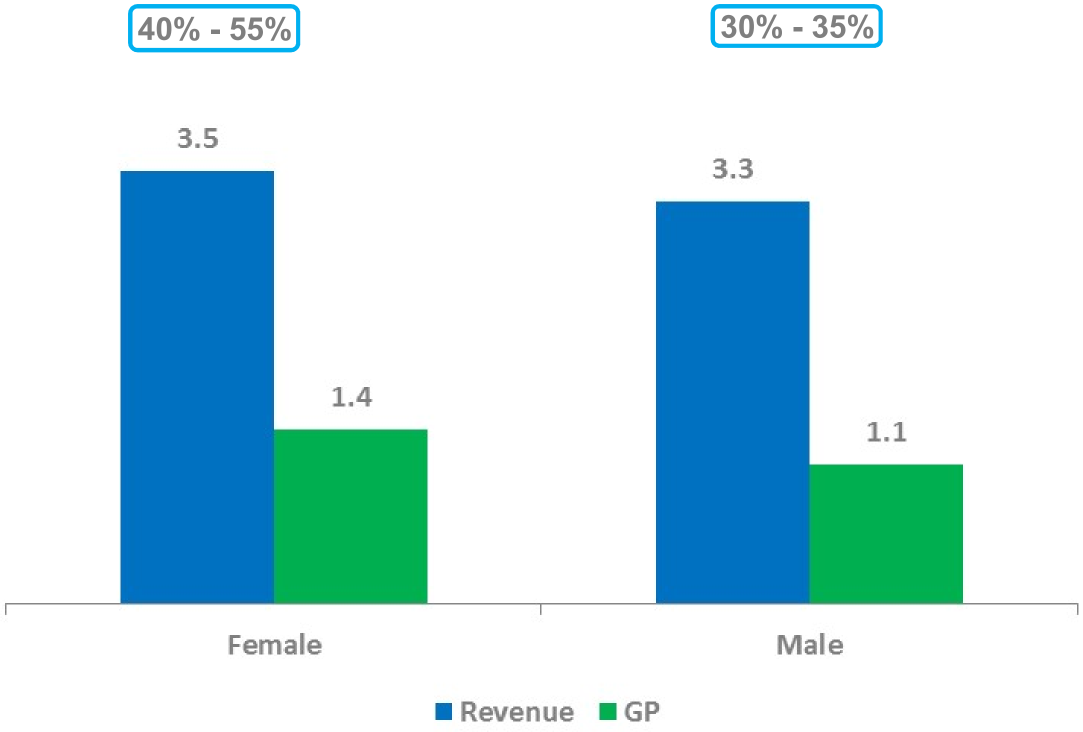
Revenue and Gross Profit per centre (SAR million)

Gross Margin



Male vs. Female Centers Performance
Based on last 6 months performance
Revenue and Gross Profit per centre (SAR million)

Gross Margin, average



4. Outlook FY 2019

Outlook FY 2019

No. of centres Growth

Revenue Growth

SR in Millions

Tentative Guidance:

- Leejam 3.0 in full swing.
- H1 revenue & net income witnessed 20% & 23% growth vs. LY, despite ramping-up of 21 centers opened in last 9 months. The momentum is expected to continue during 2019, with revenue growth of 12-15% driven by:
  - further opening of 6-8 fitness centers (mainly female centers)
  - expected better performance during National Day campaign in Q3 & seasonal strong Q4.
  - ramadan was stronger vs. LY by 17% (higher collections). This is expected to improve H2 CY revenue.
  - continuing LFL growth and ramp up of non-LFL & new centers
  - expanding corporate & PT business
  - gradual improvement of realized prices
  - focus on bringing back members who left Fitness Time
    - Expected to bring back 6-7K members back/ month to the network in 2019. In H1 additional 37.5k members added through WWYB.
  - cost control, and improving customer experience, member retention & services through:
    - successful launch of Fitness Time mobile application (April 29th)
      - signed users 20k as of July 15, 2019
    - successful launch of GEMs program to compensate center staff with KPI based bonus and commission structure
    - significant investment in staff training and employee retention
    - maintenance capex & refurbishment (SR 40M)
    - launching of new concepts & improving existing programs (e.g HIIT, My Zone etc).
- Despite rising external costs, with opening of new centers, we expect QoQ growth in 2019.

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Q&A