

12 July 2019

The Gym Group plc

Pre-Close Trading Update

The Gym Group plc (“the Company” or “TGG”), the fast growing, no contract, 24/7, nationwide operator of 165* low cost gyms, announces its pre-close trading update for the half-year ended 30 June 2019.

Financial

- Total membership numbers as at 30 June 2019 ahead by 10.6% at 796,000 (June 2018: 720,000**, December 2018: 724,000); Average Members for H1 2019 of 797,000 (H1 2018: 664,000) up 20.0 %.**
- Total revenue growth of 26.9 % up to £74.0m (June 2018 : £58.3m) for the half year.
- Non-property net debt**** as at 30 June 2019 was £47.2m (December 2018: £46.0m) with strong operating cash flows funding the rollout of new sites.

Operational

- Our gym estate grew to 165 (June 2018: 147), with eight new site openings in the first half of 2019, corresponding to an estimated 24.0% share of the low-cost gym market (June 2018: 22.4%). The business remains on track to open 15-20 standard size gyms in 2019 plus a first small box gym towards the end of the year.
- LIVE IT - our premium pricing product – continues to make good progress with 135,000 members, 16.9% of total membership, subscribing to LIVE IT by the end of June 2019 compared to 11.7% in December 2018.
- The nationwide roll out of our new personal trainer (“PT”) model – New Gym Team – commenced in March with the implementation running smoothly. We remain on track with our plans to convert all gyms to the new model by September 2019.
- Growth in average revenue per member per month (ARPM) of 5.6% to £15.47 (June 2018: £14.65). The growth in LIVE IT penetration has been the largest contributor to this yield growth, along with our dynamic pricing approach which has increased ARPM in both mature and new sites. £0.15p of the growth in ARPM resulted from an increase in the rental income from PTs as a result of our New Gym Team rollout, against which there was a cost from salaries paid to these PTs.
- Launched a number of innovative marketing initiatives to enhance our brand and drive sales:
 - Aired our first TV campaign “So I Can” as part of a comprehensive media plan across all channels including social media in January and February;
 - Launched our First Steps campaign in May, offering 16-18 year-olds free off-peak membership for six weeks across the summer as they deal with the stress of taking exams and get fit for their summer holiday.
- We have once again achieved an Investors In People Gold Award, recognising TGG as a great place to work.

Full Year Results Outlook

The Company is on track to meet its operational and financial plans for 2019 and will announce its interim results on Thursday 29th August 2019.

*165 as of 30 June 2019 (vs 158 at 31 December 2018) with eight new sites opened in 2019 and one site recently closed - the former easyGym site in Birmingham. This site has been mothballed due to higher than expected costs to convert to The Gym and members have been transferred to our nearby Birmingham City gym.

** Membership number for June 2018 includes the membership from sites acquired from easyGym, as announced on 13 June 2018

***Average Members excludes new sites not yet open at the period end. Total and average member figures exclude those 16-18 year-olds who have signed up for free off-peak membership under the First Steps initiative

**** Non-property net debt includes bank debt and net cash but excludes IFRS16 property lease debt

Richard Darwin, CEO of The Gym Group, commented:

“The Gym Group has performed well in the first half of 2019. I am pleased with the pace of growth and the delivery of our rollout which builds on the strong platform and systems put in place to expand the business in 2018.

Our aim is to provide affordable fitness to a growing and more diverse membership. We have made significant progress in that goal in the first half with 10% growth in the number of members and our recent initiative to help 16-18 year olds take their First Steps in joining a gym.

The platform we have created means we can continue to expand rapidly and we expect to meet our rollout target of 15-20 gyms for 2019 with one small box gym to open later in the year. I am excited about the potential of the Company and look forward to delivering another year of strong profitable growth for shareholders.”

Note: The Interim Results to be announced on 29th August will be the Company’s first set of results published under IFRS16. The Company has recently released a presentation on its reporting under IFRS16 which can be found on:

<https://www.tggplc.com/investors/results.-reports-presentations>

Investor and analyst conference call

A conference call for analysts and investors will be held at 8.00am (GMT) today. To join, please dial: UK dial-in number: 08445718892, International dial-in number: +44 (0) 207 192 8000 Conference ID: 9397158

A recording of the call will be available on the Company’s website later today.

For further information, please contact:

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