

17 Jan 2020

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 175 low cost gyms, announces its pre-close trading update for the year ended 31 December 2019.

This has been another excellent year of progress for the Company with strong growth in members and revenue. As a result, the Company expects to deliver full year financial results for 2019 in line with the Board’s expectations.

Financial highlights

- Total year-end membership numbers ahead by 9.7% to 794,000 (Dec 2018: 724,000); Average Members during the year of 796,000 (Dec 2018: 693,000) up 14.9%.
- Total revenue growth of 23.6% up to £153.1m (Dec 2018 : £123.9m) for the year.
- Year-end Non-Property Net Debt of £47.4m (Dec 2018: £46.0m, Jun 2019: £47.2m) with growth of the estate being largely funded from operating cash flows.

Operational highlights

- Site numbers increased to 175¹ (Dec 2018: 158) with 18 new standard site openings plus our first two small-box gyms in Newark and Beverley, maintaining TGG’s estimated share² of the low-cost gym market at 24% (Dec 2018: 24%).
- The new site pipeline for 2020 is on track to open 15-20 standard gyms and 5-8 small box sites during the year.
- LIVE IT - our premium pricing product – continues to make good progress with 150,000 members, 18.9% of the total membership, subscribing to LIVE IT by the end of December 2019, compared to 11.7% in December 2018.
- Growth in average revenue per member per month (ARPM) of 7.6% to £16.02 (Dec 2018: £14.89) on the back of the increased LIVE IT penetration and an increase in average headline price. Excluding the incremental rental revenue from New Gym Team ARPM increased by 5.2%.
- The nationwide roll out of our new personal trainer model – New Gym Team – commenced in March and was completed as planned in September. As of 31 December, we have c.1,500 Fitness Trainers working in our business on a part-time employed basis. We are now focused on maximising the opportunity to enhance member service with this market-leading model.

Preliminary Results

The Company will announce its 2019 Preliminary Results on 19 March 2020.

¹ Includes three gyms closed in 2019 as previously announced; two sites acquired from the Lifestyle Fitness and easyGym acquisitions plus one site opened in 2015 for which a 5-year break clause was exercised by the Company

² Market share measured based on number of low cost gyms (as defined by LDC)

Richard Darwin, CEO of The Gym Group, commented:

“2019 has been another very successful year in which The Gym Group has again delivered substantial growth in members and revenue. Our strong proposition, as the UK’s lowest-price, high-quality gym operator, continues to grow the market and bring affordable fitness to more people across the UK. We expanded our business by 20 sites in 2019, which included the first two of our new small box gym concept, which delivers low cost fitness to smaller towns. There remains a long runway of potential sites in the UK and with our small box rollout underway we plan to accelerate the expansion of our gym estate in the coming year.

We have built scale and a strong platform over the past few years and with an encouraging start to January trading, we anticipate 2020 will be another year of significant progress.”

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: 0800 376 7922, International dial-in number: +44 (0) 207 1 92 8000 Conference ID: **3394530**

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

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