



# Full Year Results and Strategy Update

13 March 2024





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the  
gym  
group

## Overview

**Will Orr**  
**CEO**

# Positive momentum continuing into FY24



## Revenue up 18% v FY22

Offsetting cost inflation

## EBITDA LNR £38.5m

(+1% v FY22)

## Free Cash Flow £27m

(+62% v FY22)

## Rollout of Off-peak

Successful trial in 64 gyms

Rolled out fully in November

Yield and volume accretive

## Stronger Team

Board appointments

CTO: Milan Juza

CCO: Alison Sagar

## Accelerating New Openings

6 new sites in 2023 (2 H1, 4 H2)

10-12 in 2024

## ESG

18% social value growth v FY22

Only UK carbon neutral gym chain

Employee engagement 8.5/10

**Peak Trading: Revenue up 16% YoY**



the  
gym  
group

# Financial Results

**Luke Tait**  
**CFO**

# Financial summary

## Average Members

**872k**

**+8%**

+64k vs PY  
(2022: 808k)

## ARPM

**£19.50**

**+9%**

+£1.68 vs PY  
(2022: £17.82)

## Revenue

**£204.0m**

**+18%**

+£31.1m vs PY  
(2022: £172.9m)

## Group Adjusted EBITDA Less Normalised Rent<sup>1</sup>(LNR)

**£38.5m**

**+1%**

+£0.5m vs PY  
(2022: £38.0m)

## Statutory Loss before Tax

**£(8.3)m**

**+57%**

+£11.1m vs PY  
(2022: £(19.4)m)

## Free Cash Flow<sup>1</sup>

**£27.0m**

**+62%**

+£10.3m vs PY  
(2022: £16.7m)

## Non-Property Net Debt<sup>1</sup>

**£(66.4)m**

**+13%**

+£9.6m vs PY  
(Dec 2022: £(76.0)m)

## Leverage Ratio<sup>1</sup>

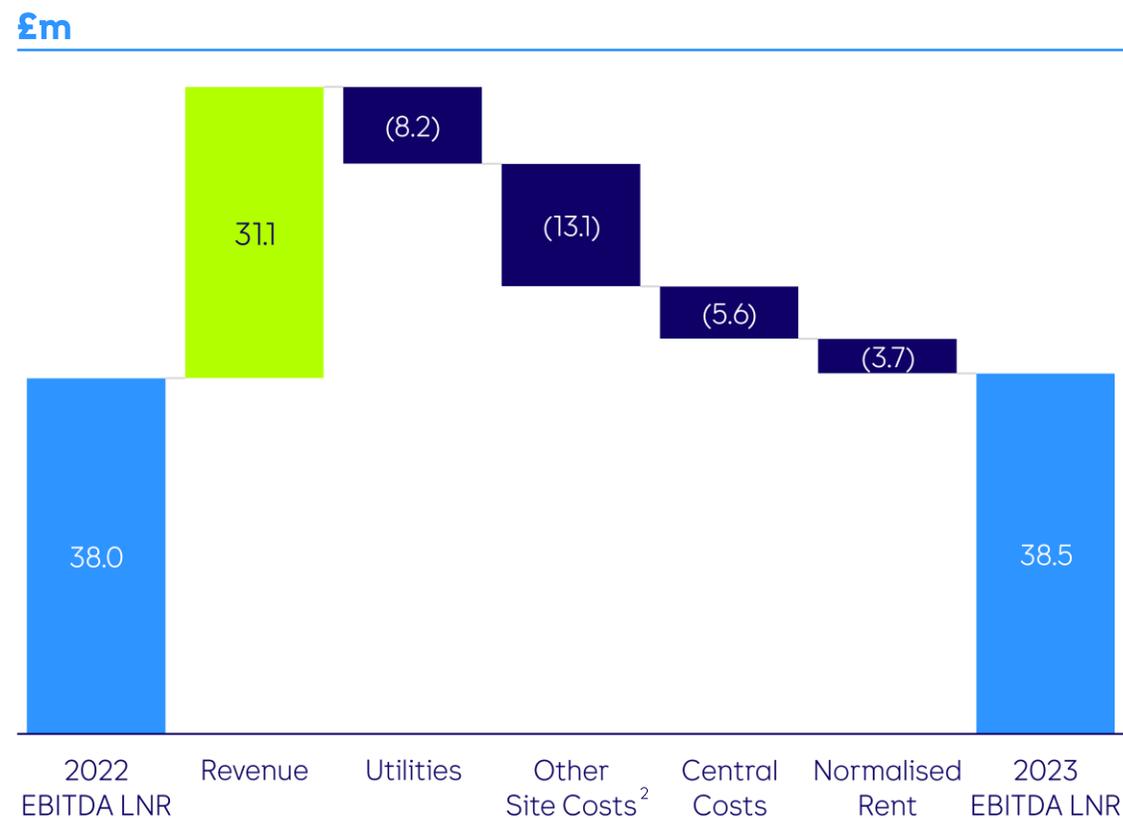
**1.7x**

**+14%**

+0.3x vs Dec 2022  
(Dec 2022: 2.0x)

# Group adj. EBITDA LNR<sup>1</sup> of £38.5m

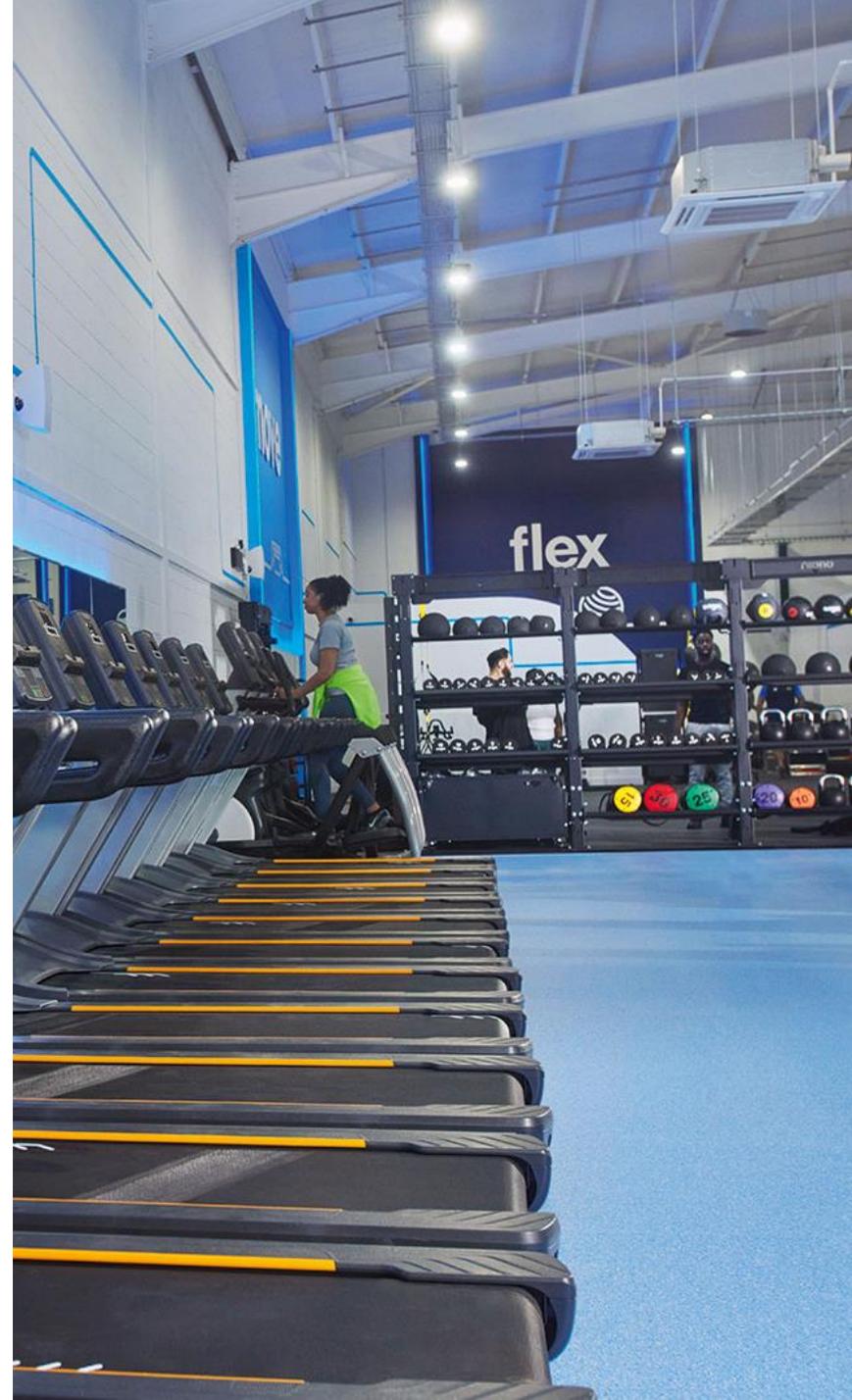
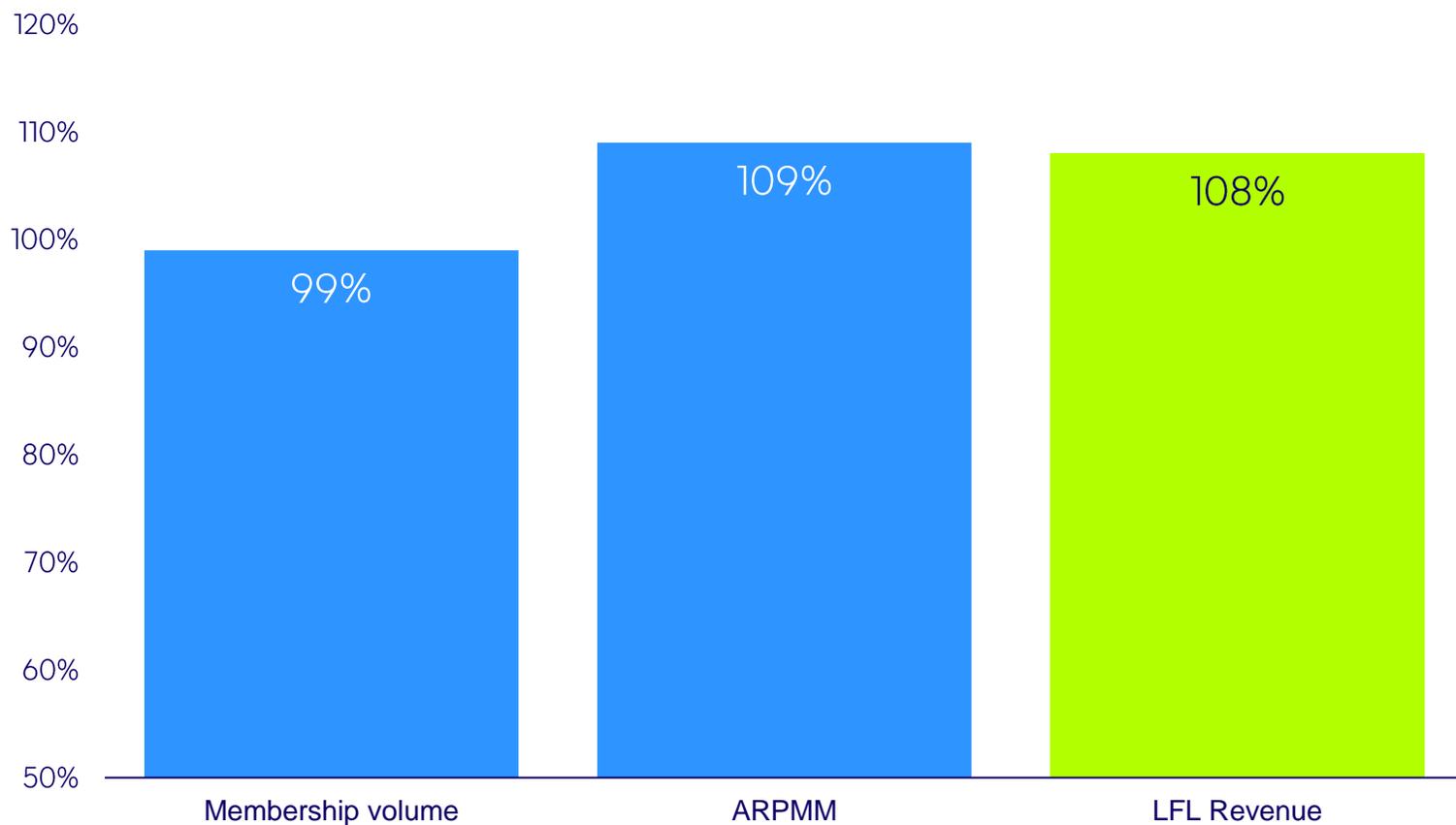
£m	2023	2022	YoY	%
Revenue	204.0	172.9	31.1	18%
Cost of Sales	(2.8)	(2.0)	(0.8)	(39%)
<b>Gross Profit</b>	<b>201.2</b>	<b>170.9</b>	<b>30.3</b>	<b>18%</b>
Other Income	0.3	0.8	(0.5)	(63%)
Site Costs	(105.0)	(85.0)	(20.0)	(23%)
Central Costs	(21.0)	(15.4)	(5.6)	(37%)
Normalised Rent	(37.0)	(33.3)	(3.7)	(11%)
<b>Group Adjusted EBITDA LNR</b>	<b>38.5</b>	<b>38.0</b>	<b>0.5</b>	<b>1%</b>
<i>EBITDA LNR Margin</i>	<i>19%</i>	<i>22%</i>	<i>(3pp)</i>	<i>(14%)</i>
Add back Normalised Rent	37.0	33.3	3.7	
Share Based Payments	(2.4)	(1.4)	(1.0)	(73%)
Depreciation & Amortisation	(57.5)	(59.3)	1.8	3%
Net Financing Costs	(21.1)	(16.1)	(5.0)	(31%)
<b>Group Adjusted Loss Before Tax</b>	<b>(5.5)</b>	<b>(5.5)</b>	<b>-</b>	<b>-</b>
Total Non-Underlying items	(2.8)	(13.9)	11.1	80%
<b>Loss Before Tax</b>	<b>(8.3)</b>	<b>(19.4)</b>	<b>11.1</b>	<b>57%</b>



**Revenue increased by 18% offsetting cost inflation, with EBITDA LNR slightly ahead year on year**

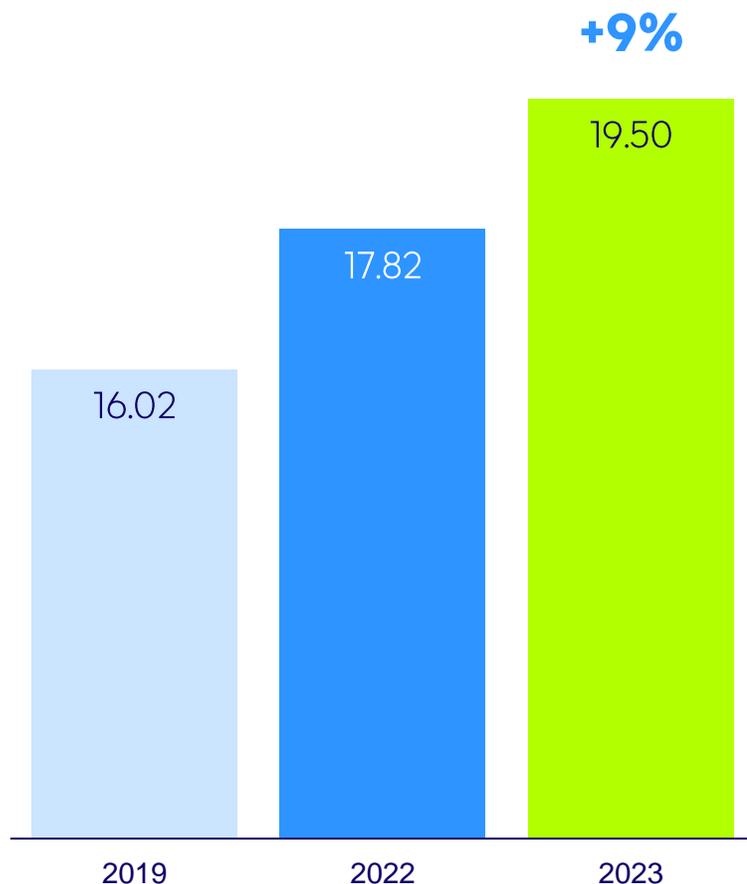
# Strong LFL<sup>1</sup> from ARPMM increase driving growth in mature estate

2023 vs 2022



# ARPM growth of 9% from price optimisation and higher Ultimate penetration

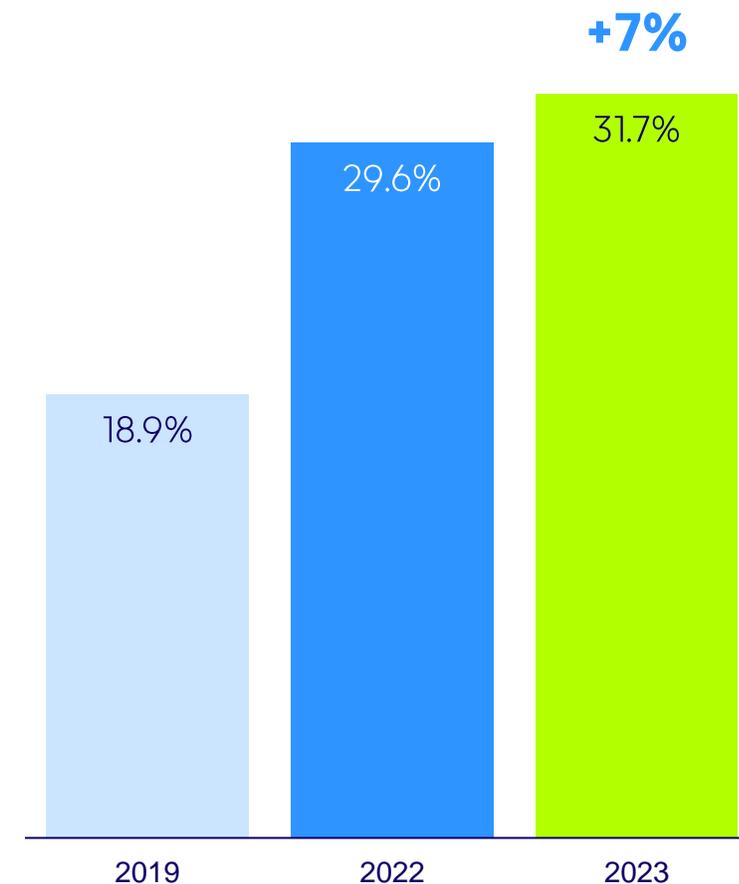
## ARPM (£)



## Average Standard headline rate (£)



## Ultimate penetration (%)



# Continued focus on cost

## Staffing Model Optimisation

- Tailored management structures across regions and gyms reflecting gym characteristics using different multi-site and single site manager roles
- Ensuring each gym has appropriate fitness resource to deliver our fitness product and high member satisfaction scores
- Optimising the number of Personal Trainers and Standalone Personal Trainers across gyms
- Review of Personal Trainer rent, enhancing yield

## Utilities

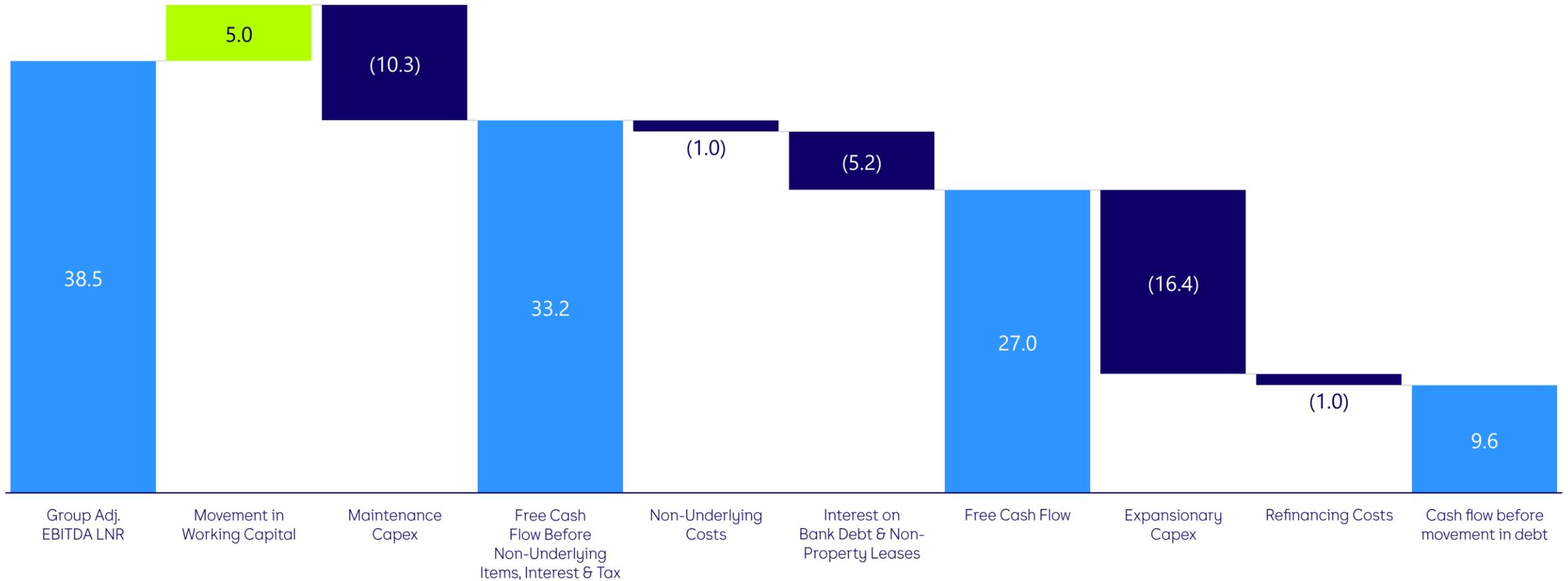
- Voltage Optimisation
  - 8% consumption saving across trial sites, ROIC of 69%
  - 75 site rollout planned in 2024
- Air Source Heat Pumps
  - 39 gyms transitioned to high efficiency air source heat pump solutions
- Trials
  - Air handling units installed with high efficiency motors
  - Centralised air conditioning controls

## Maintenance Support Contract

- New maintenance support agreement reflects the longer life-span of gym equipment
- Support agreement extension by 5 years to 15 years
- Maintenance savings expected
- Generates higher customer satisfaction scores
- Relates to assets currently depreciating over 7-9 years

# Strong cash flow generation

£m



# Reinvesting Free Cash Flow<sup>1</sup> to drive the business



## Expansionary

6 new sites opened in 2023 vs 28 in 2022 reflecting a reduction of 62% in Expansionary Capex

Tech & Data investment includes 3-tier membership infrastructure



## Maintenance

Format enhancements at key mature sites to maintain high standards and memberships

Maintenance capex 5% of revenue in 2023 (5% in 2022) including new kit in 19 acquisition gyms

## Capital expenditure and additions

£m	2023	2022	YoY
New Sites (including leases)	10.7	31.7	(21.0)
Tech & Data	5.5	8.8	(3.3)
Brand Relaunch	0.2	2.5	(2.3)
<b>Expansionary Capex<sup>1</sup></b>	<b>16.4</b>	<b>43.0</b>	<b>(26.6)</b>
Enhancement (including leases)	6.9	3.1	3.8
Other Maintenance	3.4	5.7	(2.3)
<b>Maintenance Capex<sup>1</sup></b>	<b>10.3</b>	<b>8.8</b>	<b>1.5</b>
<b>Total Cash Flow Capex<sup>2</sup></b>	<b>26.7</b>	<b>51.8</b>	<b>(25.1)</b>
<i>Movement in Capex Creditor</i>	(3.8)	6.7	(10.5)
<b>Fixed Asset Additions</b>	<b>22.9</b>	<b>58.5</b>	<b>(35.6)</b>

# Net debt reduced by £9.6m

£m	2023	2022
Bank facilities	80.0	80.0
Lease facilities <sup>1</sup>	12.4	12.5
<b>Total facilities</b>	<b>92.4</b>	<b>92.5</b>
RCF drawn	(59.0)	(70.0)
Cash & cash equivalents	1.5	5.4
<b>Bank net debt</b>	<b>(57.5)</b>	<b>(64.6)</b>
Non-property lease indebtedness	(8.9)	(11.4)
<b>Non-property Net Debt<sup>2</sup></b>	<b>(66.4)</b>	<b>(76.0)</b>
<b>Adjusted leverage<sup>2</sup></b>	<b>1.7x</b>	<b>2.0x</b>
<b>Fixed charge cover<sup>2</sup></b>	<b>1.7x</b>	<b>2.0x</b>

Leverage reduced to 1.7x



# ROIC of mature sites at 19%



Cost inflation pressures in 2023 reduced mature sites to 19% ROIC (2022: 20%)



Excluding gyms which are workforce-dependent, the organic mature estate achieved 22% ROIC (2022: 22%)



Gyms matching our target criteria are achieving an average 30% ROIC

£m	Mature	Excl. Workforce	Target locations
Number of gyms	172	159	101
<b>Revenue</b>	<b>0.9</b>	<b>0.9</b>	<b>1.1</b>
Gross profit	99%	99%	99%
Fixed property costs	(30)%	(29%)	(27%)
Other opex	(40)%	(39%)	(38%)
<b>EBITDA LNR<sup>1</sup></b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>
EBITDA margin	29%	31%	38%
Average capital cost	1.4	1.3	1.3
<b>Mature site ROIC<sup>1</sup></b>	<b>19%</b>	<b>22%</b>	<b>30%</b>

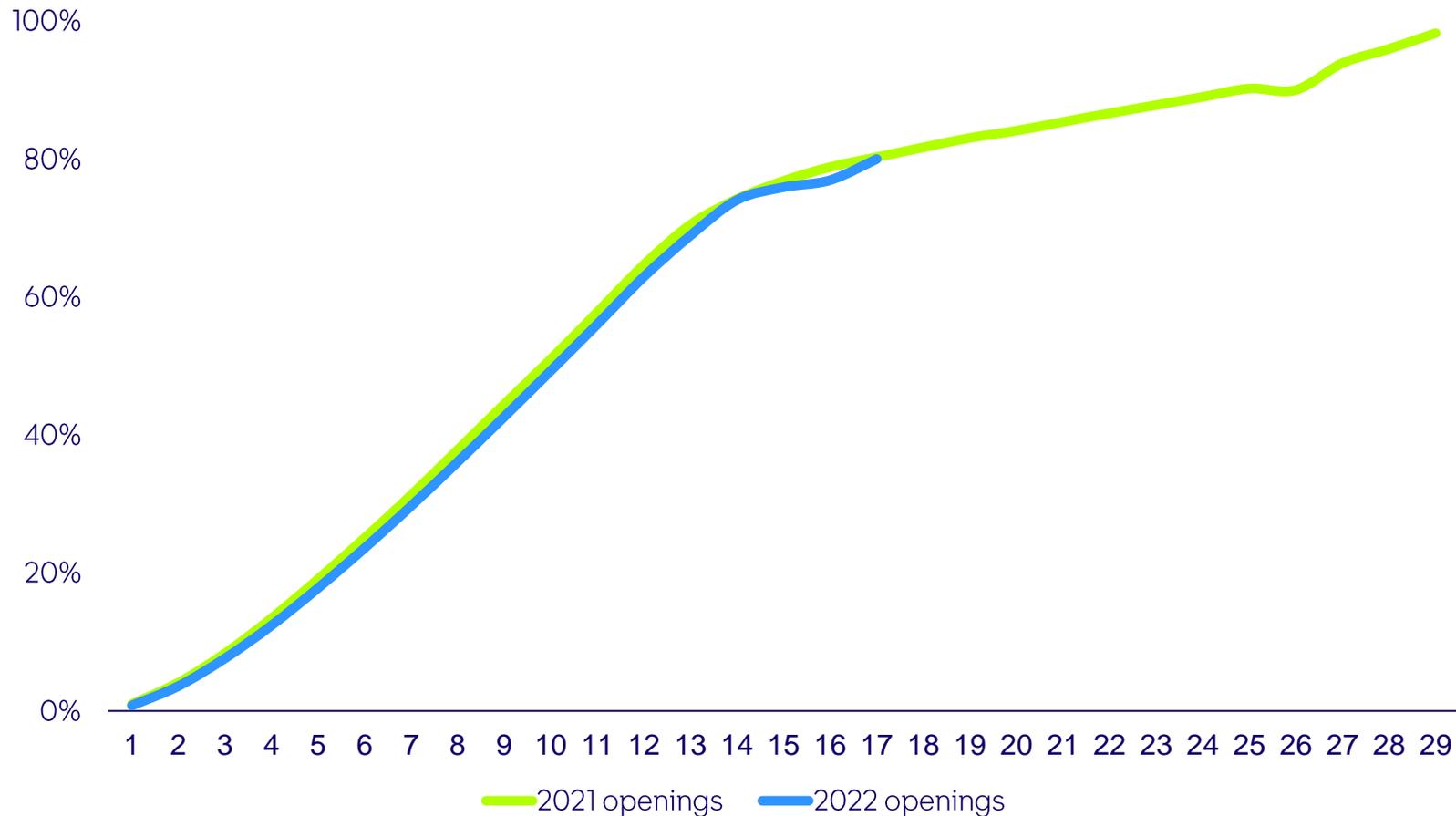
<sup>1</sup>'Mature' includes gyms open at 31 December 2021 excluding acquisitions

'Workforce' consists of 13 workforce-dependent gyms

Estate consists of 172 organic mature gyms, 30 acquired gyms, 31 maturing gyms

# New sites performing well

## Revenue vs mature target by month open



**Sites opened in 2021 are on track to deliver 30% ROIC**

**2022 sites are on a similar trajectory**

# Current trading



## Current trading

- Revenue year to date up 16% vs Feb 2023 – average members up 3% and ARPMM up 13%
- L4L Revenue year to date at 12% vs Feb 2023
- 909,000 members as at Feb 2024, up +7% vs Dec 2023



## Gym rollout on track

- Currently on site at 4 gyms
- Exchanged legals at 3 gyms



the  
gym  
group

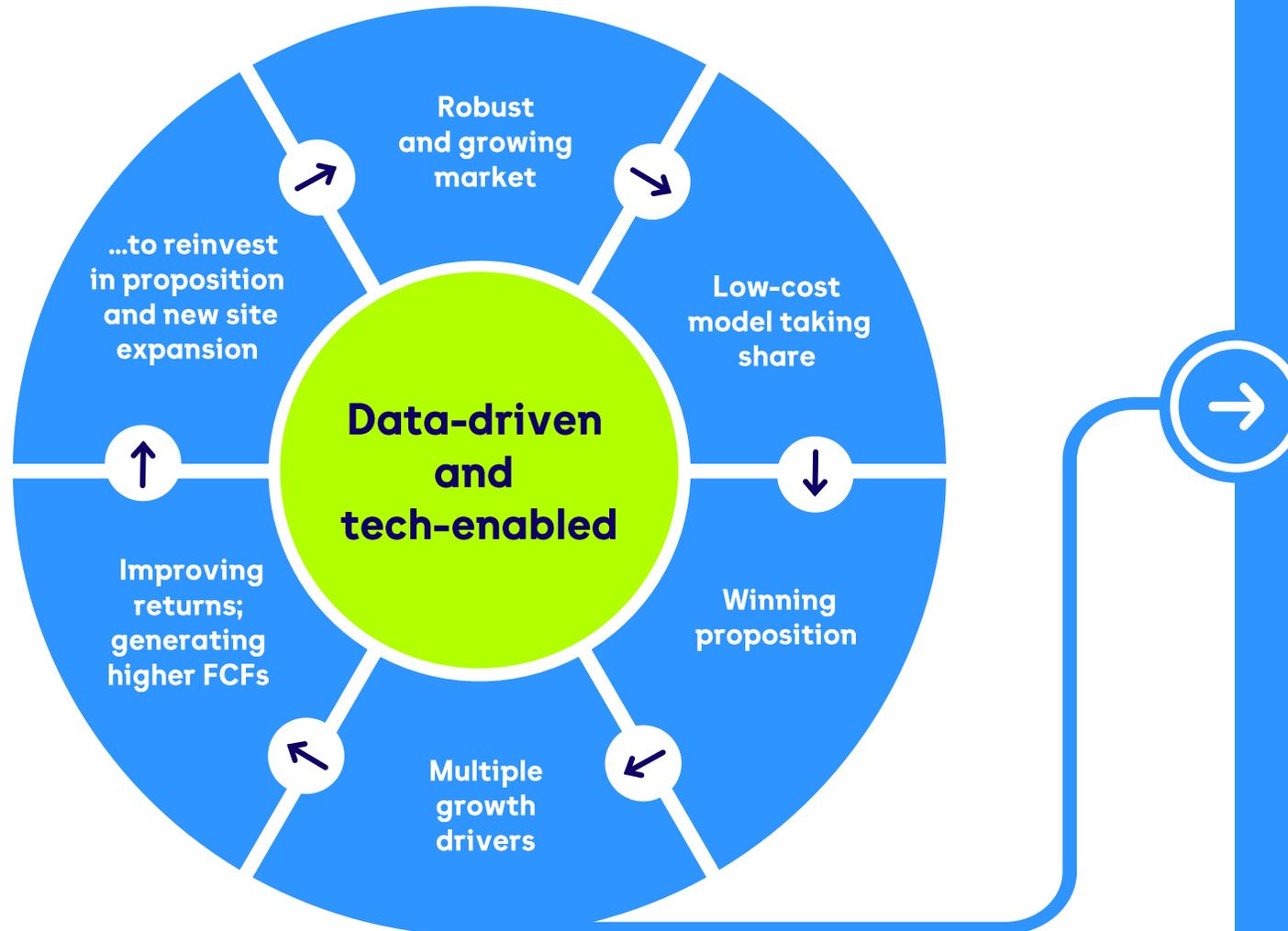
# Strategy Update

**Will Orr**  
**CEO**

# Agenda

- ① **Investment Case**
- ② **The Market**
- ③ **A Winning Proposition**
- ④ **Next Chapter Growth Plan**

# Investment case: sustained growth from free cash flow



**Price** optimisation and yield enhancement

**New customer volume** around existing sites

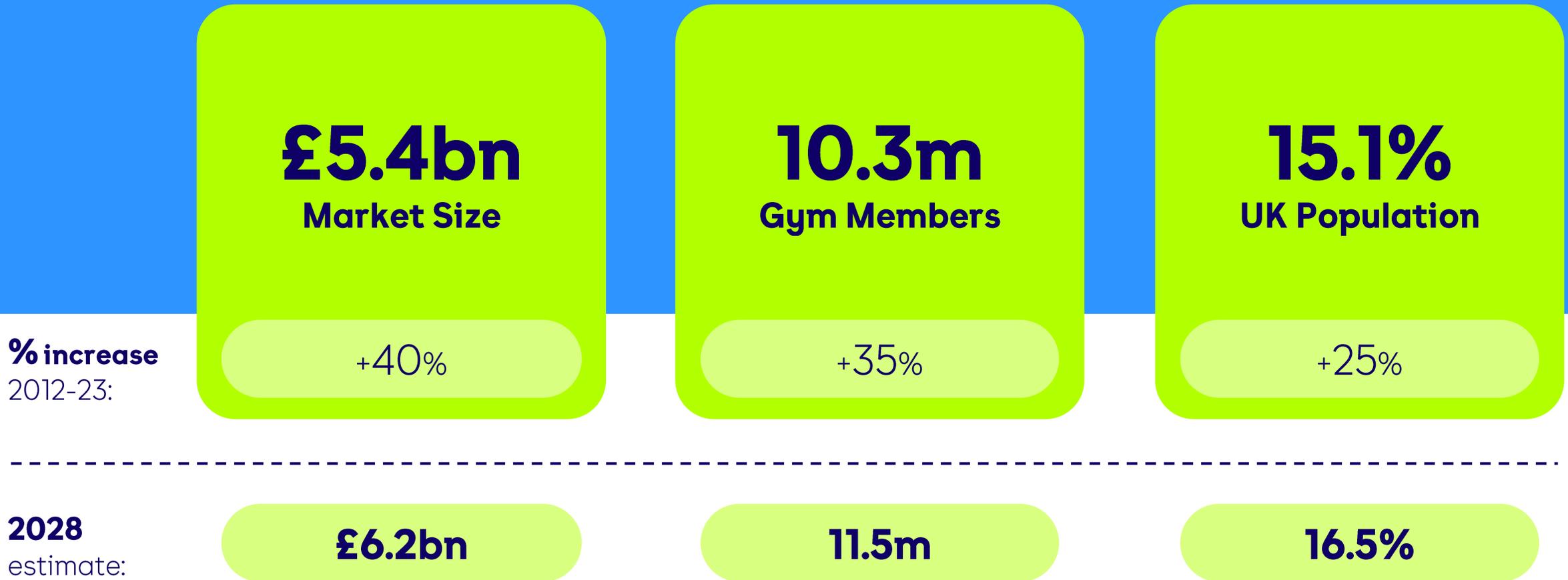
**Retention** of members for longer

**Quality new sites** in white space

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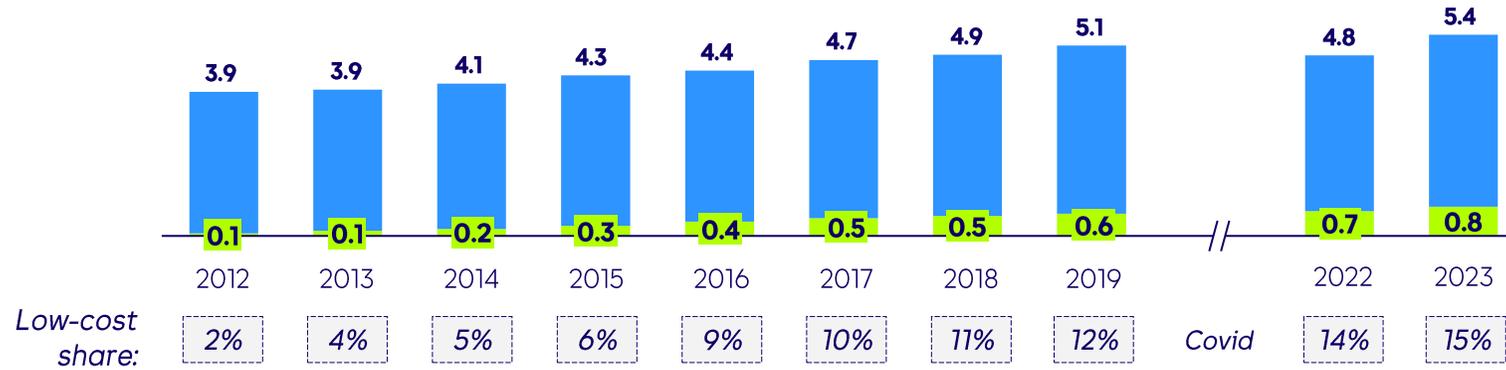
# Robust and growing UK gym market



# Low-cost continues to drive growth and gain share



## Market Size (£billion)



### Low-cost 2012-23

Growth

**25%**  
CAGR

Share Gain

**+13**  
ppts



## Gym Members (Million)



**22%**  
CAGR

**+24**  
ppts

**Top 2 operators** – The Gym Group & PureGym – account for **80% of low-cost members**

# Growth is underpinned by macro consumer trends



## Fitness IQ

- Ever growing awareness of gym benefits
- Broadens gym equipment usage



## Mental Health

- Leading motivator now for our members
- Natural fit with gym benefit



## Body Image

- 'Fit not thin' cultural evolution
- Shift from cardio to strength positive for gyms



## Social Media

- Amplifies body image trend
- Builds our experiential community



## Rise of No Frills

- Polarisation of spend: luxury versus low-cost
- Squeezing mid-market operators



## Convenience & Immediacy

- Growing preference for convenient solutions available on-demand
- Amplifies appeal of 24/7 opening hours and no-contract model

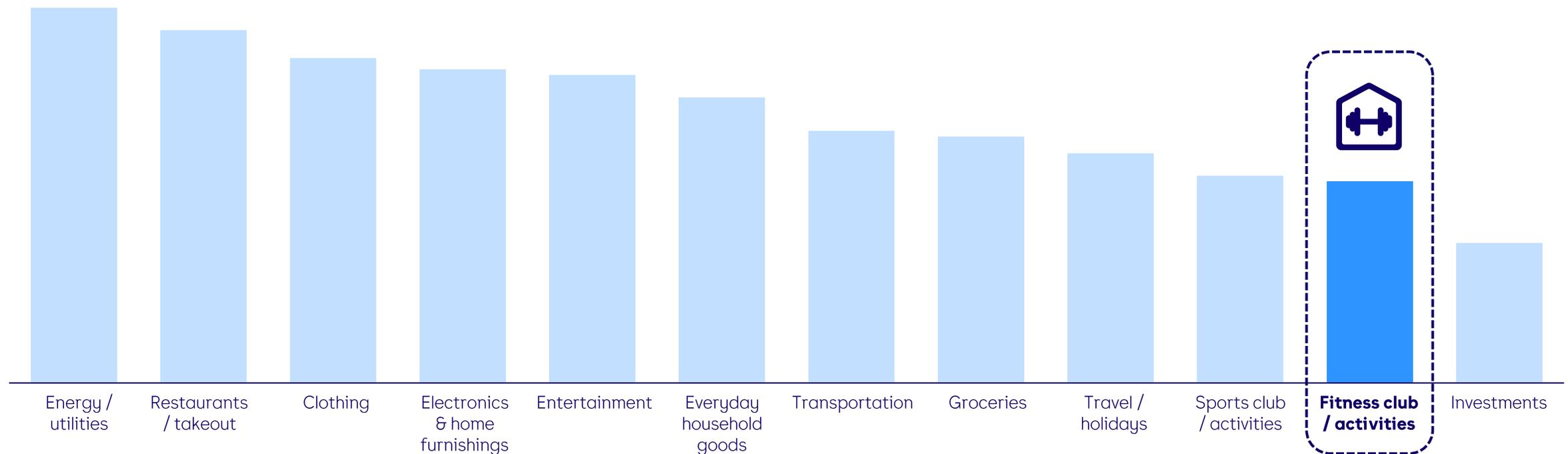
# This results in resilient spending on fitness

## Consumers are highly unwilling to cut-back on fitness

Cost saving categories due to the current inflationary situation

Most  
cut-backs

Least  
cut-backs



# Agenda

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# Our proposition is well positioned for the future

Fitness IQ

Mental Health

Body Image

Social Media

Rise of No Frills

Convenience & Immediacy



## TGG members

Skew younger

Image conscious

Prioritise mental health as much as physical

Prepared to pay for products that matter (inc. fitness)

Value flexibility and gym social community

# Our proposition appeals to our core member more than ever



## Value

From £13.99/month

High quality kit

Free classes



## Convenience

No contract

Local

24/7



## Results

Expert trainers

Highly rated app

Online workouts



Member visits up

**+10% YoY**

Avg. visits per member per month 2022-23

92% rate us

**4/5 or higher**

Avg. 2023 member satisfaction; 57% rate us 5/5

Google & Trustpilot

**4.5/5**

Avg. combined rating 2023

80% app usage, rated

**4.7/5**

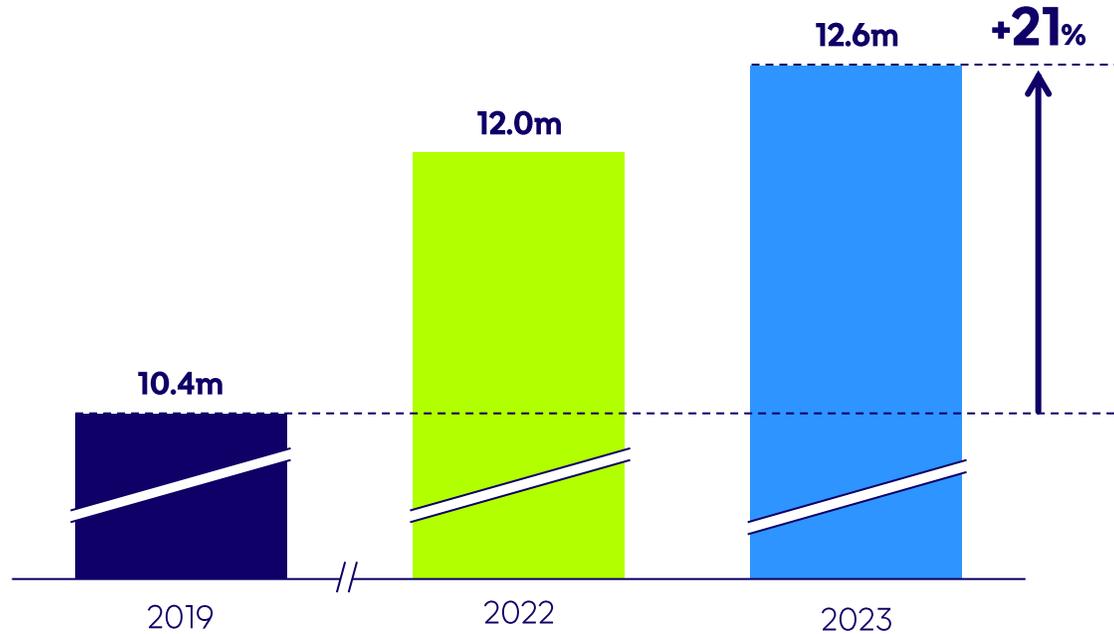
% members using our app, avg. iOS rating 2023

# Gym consideration is increasing among our target customers...

Private health & fitness clubs

## Non-members increasingly considering joining a gym

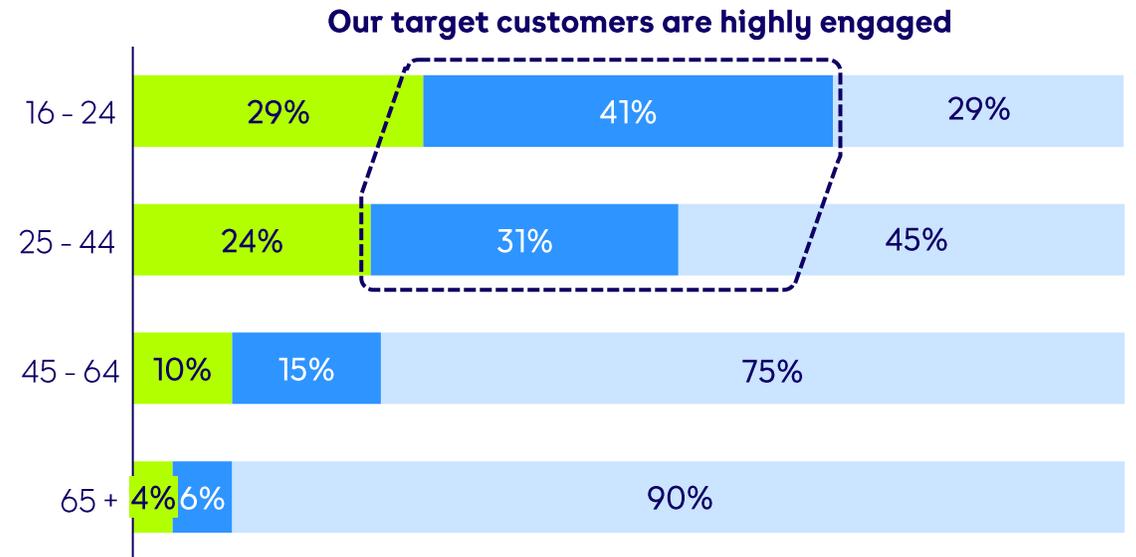
Number of UK 16+ population considering joining a gym, 2019-23



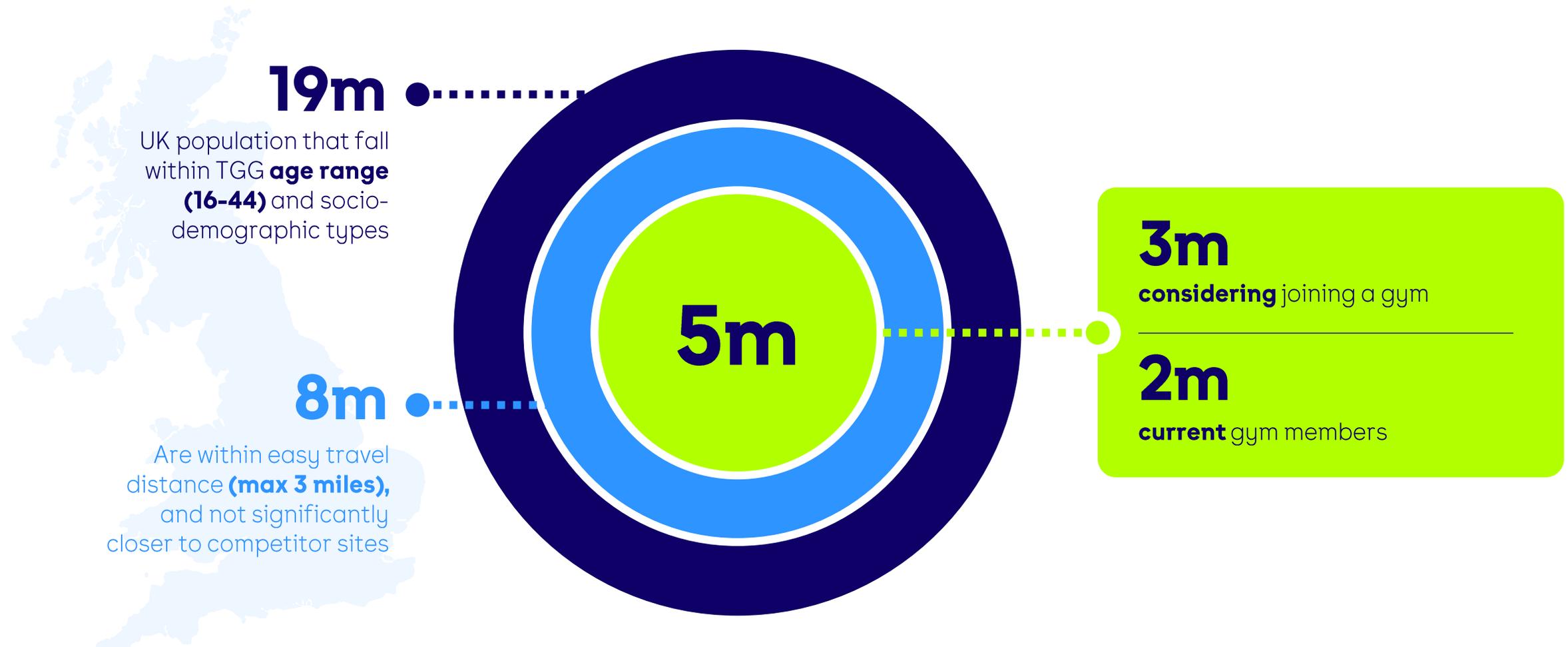
## Gym consideration highest among younger people

% of UK 16+ population considering joining a gym, by age band

Current member (Green), Non-member - Would consider (Blue), Non-member - Would NOT consider (Light Blue)



# ...with headroom for membership growth near current sites



Figures = Circa

# Agenda

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# The Next Chapter

Drive like-for-like revenue and generate cash

Create funds for future growth options





## **Pricing & Revenue Management**

### **Key Initiatives**

- Optimise new member prices
- Reduce our existing member price gap
- Drive volume through Off-Peak and Saver products
- Innovate in promotions for profitable volume
- Better monetise features and add-ons

## **Member Acquisition**

- Become the #1 brand locally
- Harness ad-tech to enhance efficiency
- Optimise Cost per Acquisition and Lifetime Value
- Drive conversion rates through A/B testing

## **Member Retention**

- Step-change early-life engagement and habit formation
- Adapt acquisition mechanics to retain better
- Strengthen CRM toolkit to pre-empt leavers and enhance rejoin
- Upgrade the app to boost member results and experience



**Pricing &  
Revenue  
Management**

+ £1 ARPMM =  
**£8.3m** revenue per year  
(adjusted for elasticity)

**Member  
Acquisition**

+ 1% Membership Volume =  
**£3.3m** revenue per year

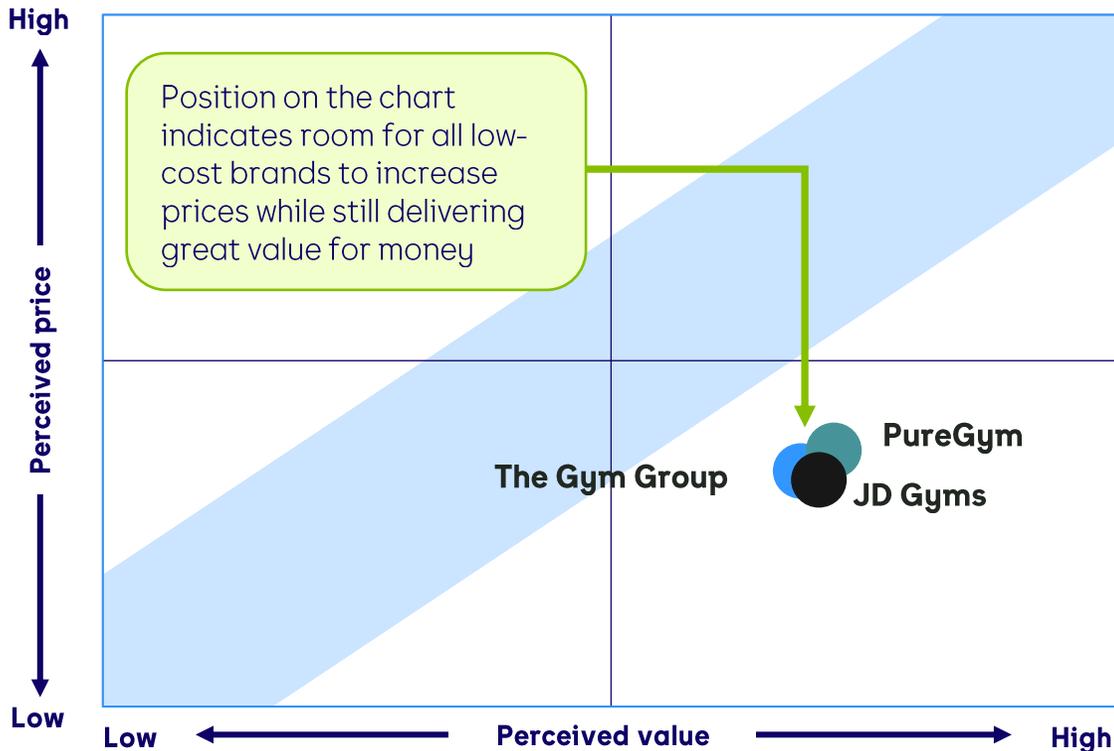
**Member  
Retention**

+ 1 week tenure =  
**£5.9m** revenue per year

# Low-cost gyms as a whole continue to deliver outstanding value

In members' view the value we deliver continues to outweigh the price we charge

SKP Value Map: The Gym Group vs. PureGym vs. JD Gyms



Net Promoter Scores are high across the board and very similar for TGG and key competitors

Scoring results by members of each gym

	NPS (0-10)	Value for Money (0-10)
the gym group	<b>+36</b>	<b>7.9</b>
PUREGYM	<b>+35</b>	<b>7.9</b>
JD GYMS	<b>+31</b>	<b>7.9</b>

# Continued opportunity to close the pricing gap to competitors

We have increased our headline rates this year, but still remain cheaper in competing locations...

Average difference to The Gym Group in competing locations

	Dec 2021	Dec 2022	Dec 2023
	+£4.12	+£2.33	+£2.44
	+£4.48	+£2.35	+£2.06
	£4.06	+£3.83	+£4.67

...and our proposition is valued equally well (or slightly better) than our closest competitor

The Gym Group vs PureGym – Relative Rating on Top 10 Purchase Criteria



# We use a sophisticated set of tools to optimise prices

## Examples of our revenue management toolkit

### Price Elasticity Analytics

Rigorous calculation of volume response & revenue gain / loss from price changes based on control groups



### Multiple Site Segmentations

Enabling optimisation of price, promotions and membership architecture at a site level

### Integrated Promotions Testing Tool

Software developed in-house to enable faster & more accurate statistical tests of new promotions, integrated with TGG systems

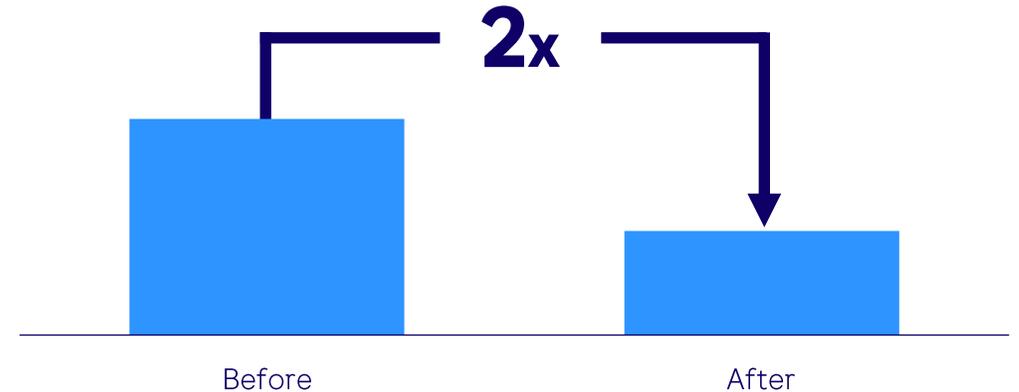
### Consumer Sentiment Monitoring

Tech-enabled continuous monitoring of consumer price sentiment covering new, current and leaving members

## Example – Price Elasticity Analysis

Introducing our 3-tier architecture has improved our price elasticity by 2x

Q1 2023 (Do It & Live It) vs Q3 2023  
(Off-Peak, Standard, Ultimate)



# New off-peak membership supports pricing and volume

## Price by monthly membership type (excluding joining fee)

Example gym – Thanet, Jan 2024

### Monthly Membership

*Flexible 1 month rolling*

Ultimate	£30.99
Standard	£23.99
Off-peak	£16.99

### Off-Peak Appeals to a New Type of Member

Older

New-to-gyms

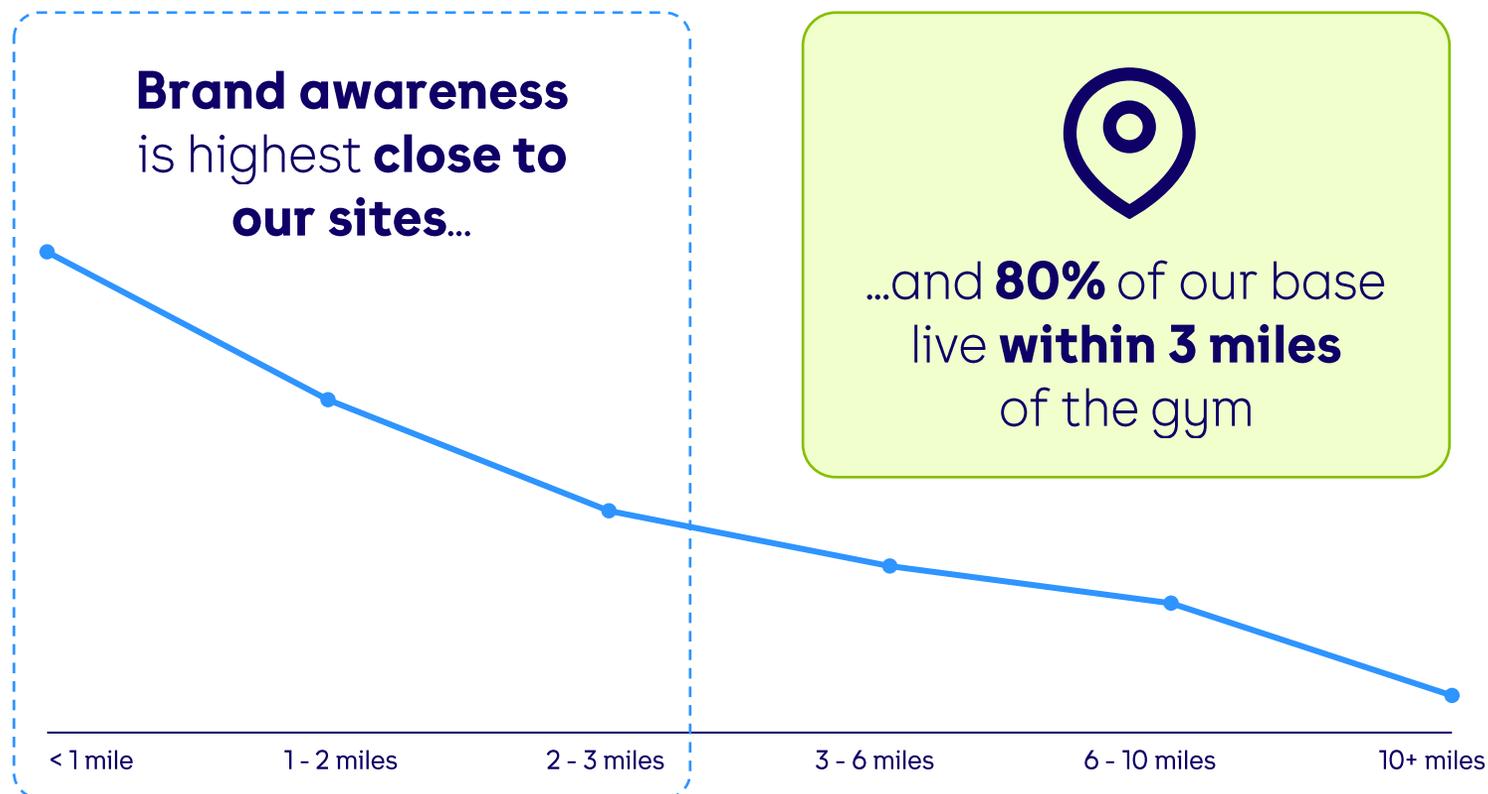
Mid-week, weekend, daytime users

Off-peak trialled from Q2 23 and rolled out estate-wide in Nov 23

# We are focusing marketing around our gyms to maximise ROI

We have an opportunity to build on local awareness

Unprompted Brand Awareness by distance from our gyms, Oct 23



there's a **gym group** round the corner

with lots of **top quality** equipment

from just **£13.99** a month\*



# Data and technology drives digital marketing efficiency

## Examples of our digital marketing toolkit

### Creative Performance Testing

Continuous testing programme to optimise ROI on creative ads



### Dynamic Creative Generation

Real-time ad-tech tailoring creative ads to viewer location and demographics. Improves relevance and response rates.

### Website Conversion Optimisation

A/B testing platform & team finding incremental improvements to website customer journeys and purchase rates

### CPA / LTV Alignment

Adjustment of acquisition costs to align with expected member lifetime values at location, channel and seasonal levels

## Example – Continuous Performance Testing

testing

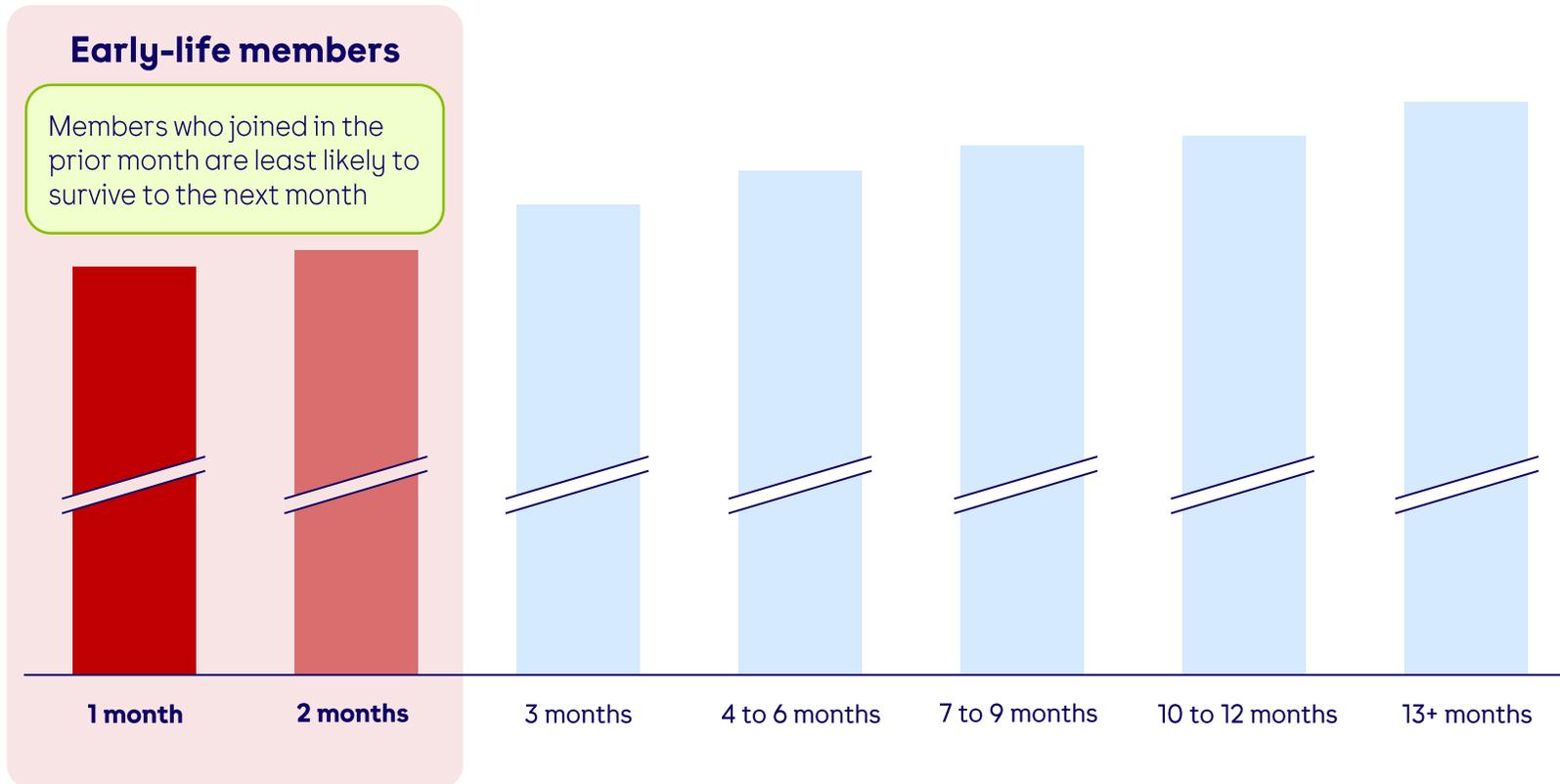


**+6% Revenue**

# We are focusing on 'early life' experience to boost retention

**Retaining members beyond the crucial early-life period significantly increases the probability of retaining them beyond their next payment date**

Survival rate from preceding month, 2023



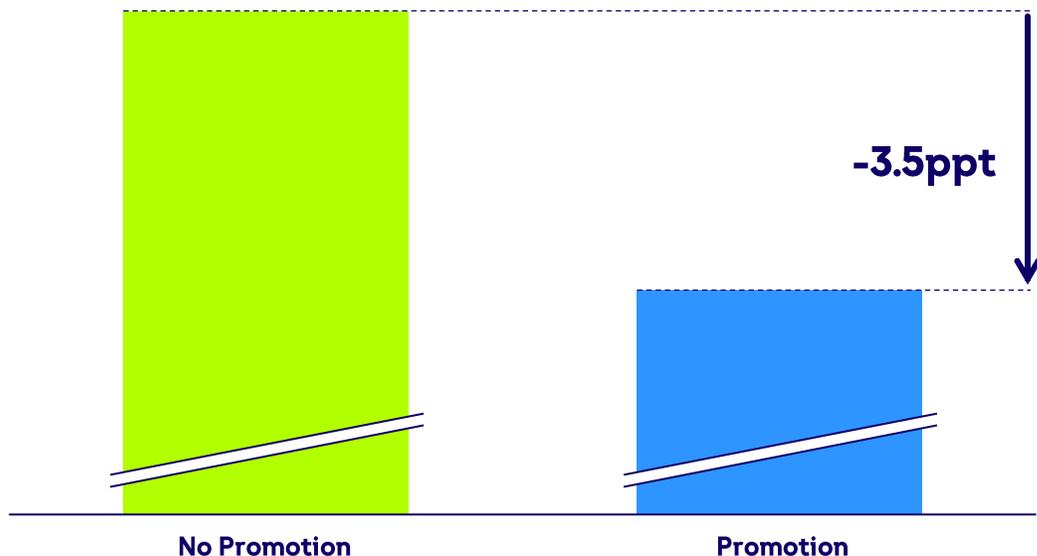
- Optimise promotions
- Encourage early engagement
- Enhance member communication
- Support habit formation

# Improving retention starts with how we acquire members

## We are reducing the number of days on promotion...

Month 1 survival rate by member joiner type

**-11%** Planned number of days on promo 2024 vs. 2023



## ...and optimising the mix of promotions

Month 1 survival rate for different promotion types (NJF, HR discount)

Members that join through 'No joining fee' are more likely to stay past their first month

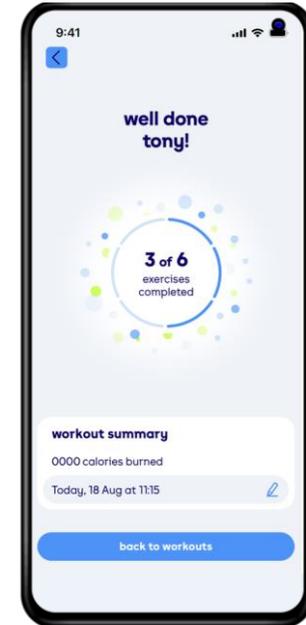
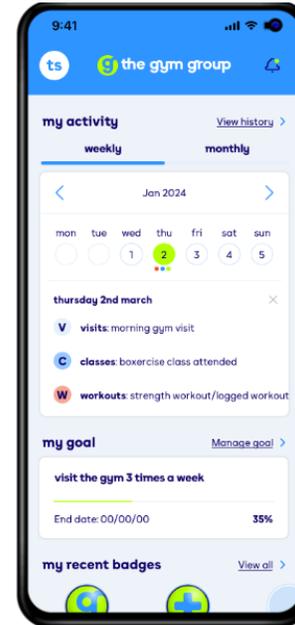
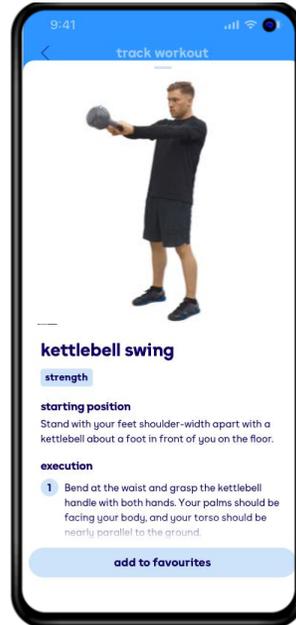
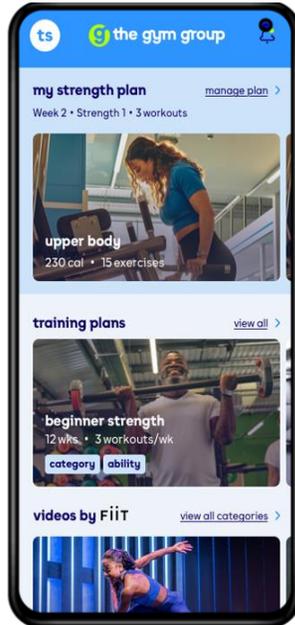
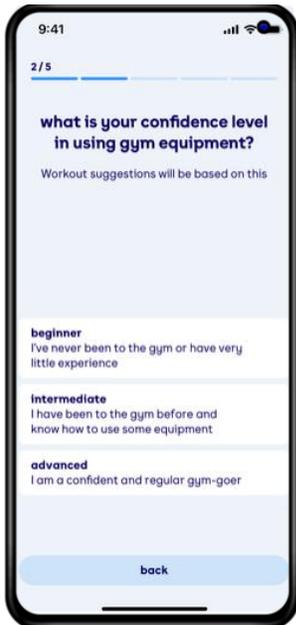


# Our app development will improve engagement and retention

## Example Upcoming App Developments

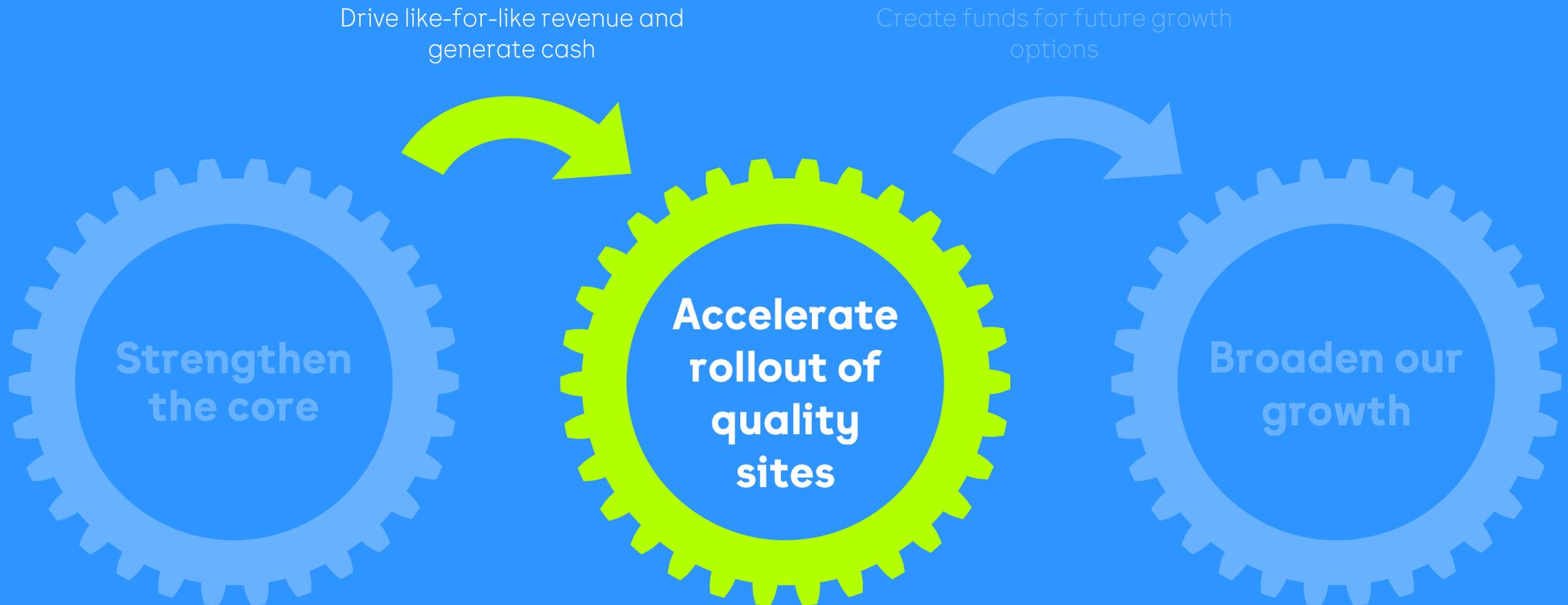
**80%**  
of our members  
use the app

**Rated 4.7**  
on iOS



- On-boarding questionnaire
- Personalised workouts & workout plans
- Interactive workouts & tracking
- Activity & progress tracking + gamification
- Completed workouts & notifications

# The Next Chapter

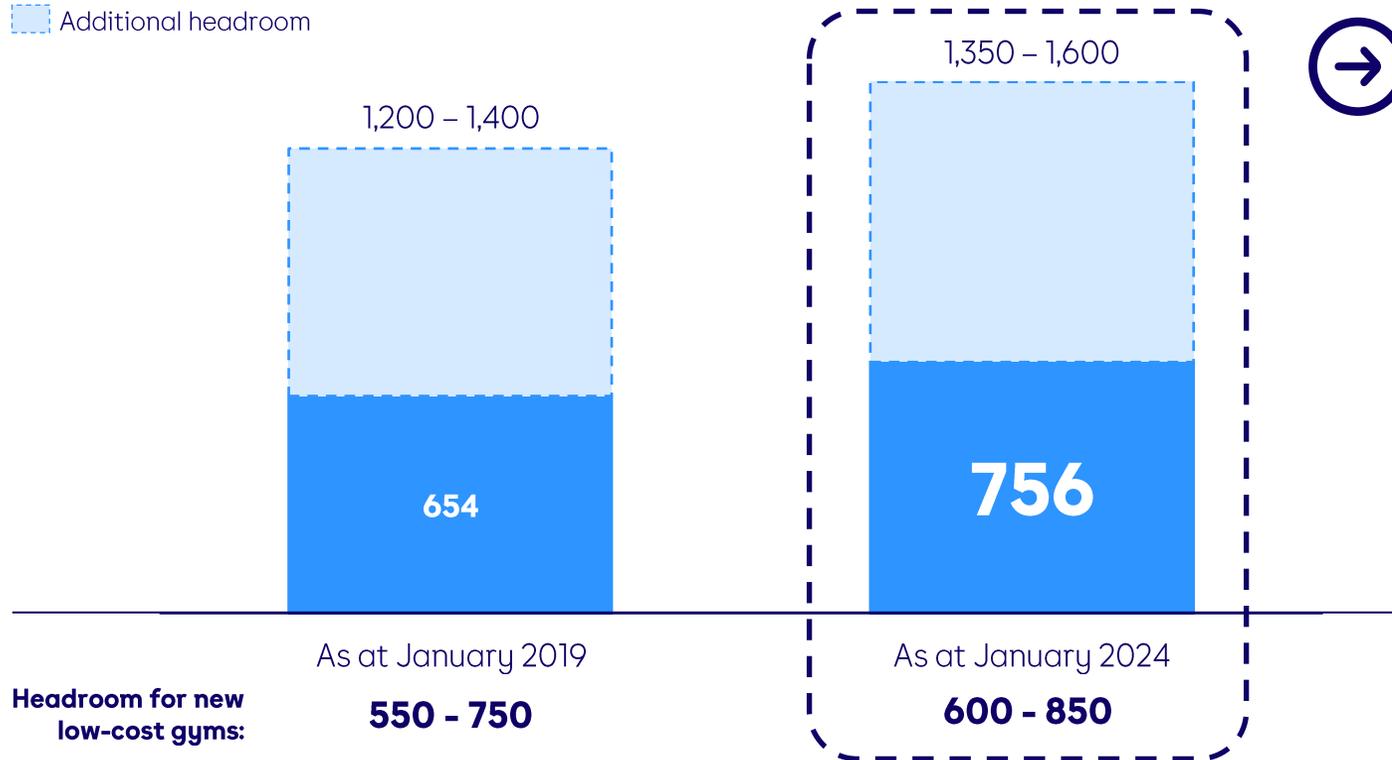


# PwC identify headroom of 600-850 additional UK low-cost gyms

## PwC assessment of low-cost gym market 'full potential'

Number of low-cost gyms

Existing gyms  
Additional headroom



This provides 10-15 years of further expansion for low-cost gyms

And potential for further growth over time

- Closures in other gym sectors
- Macro trends fuelling growth in exercising population
- Low-cost format development

# TGG targeting new sites with proven location criteria...

## Our 'Target' locations focus on proven performance criteria

Examples of high ROIC site characteristics



Greater London and Urban Residential



Areas with high population density



Convenient access



Good visibility / signage opportunities



# ...with other levers to increase new site returns further



**Strengthen  
the core**

**Improved mature  
site returns**



## **Proposition:**

Enhanced tailoring to local markets and continuous improvement

## **Launch & Year 1:**

Optimised strategy prioritising early volume build

## **Cost Leadership:**

Cost efficiency projects, including operating model, energy usage and build cost innovation



**c.50 new  
sites** over  
3 years with  
an average  
**30% ROIC**

# The Next Chapter

Now



Now



Mid Term





# Financial Guidance & Outlook

**Luke Tait**  
**CFO**

# Delivering sustainable growth

## Financial guidance for 2024

### LFL sales growth of 4-5%

- Strong start to the year
- Price increases in Jan / Feb 2024 vs flat-phased 2023

### Costs tightly controlled

- LFL site costs +2% reflecting inflationary increases offset by utility rate reductions and internal cost reduction programmes
- Central costs at 10%-11% of sales

### Disciplined approach to capex

- Total capex of £35-£40m
- 10-12 new sites with London weighting to support 30% ROIC
- Tech capex of £8m this year, supporting Next Chapter strategy
- Maintenance capex of 6% of sales

### Strong Free Cash Flow

- Confidence to fund expansionary capex from Free Cash Flow
- Working capital small inflow
- Interest charge remains high, but no tax

### Target leverage of 1.5-2.0x

- Expect net debt leverage to fall year on year

# Delivering sustainable growth

## Medium term outlook

### LFL sales increases

- Driven by Strengthen the Core
- Pricing ahead of inflation

### Disciplined approach to rollout

- 30% target ROIC for new sites
- Targeting c.50 sites over 3 years
- Funded from Free Cash Flow

### Mature estate ROIC target of 25%

- Drive ROIC from mature estate
- 30% ROIC hurdles on new sites

### Strong Free Cash Flow

- Maintenance capex 6% revenue
- No tax in near term

### Clear capital allocation policy

- Target leverage of <2.0x
- Organic new site growth
- Optionality for cash returns

# Mid-term mature estate ROIC target of 25%

## Mature estate ROIC 21% incl. rent-free

- Include landlord contributions AND rent-free periods to take right commercial decision
- Rent-free periods previously excluded, equivalent to 200bps on ROIC in FY23

## Drive ROIC in the existing estate

- Strengthen the Core presents a significant opportunity to increase ROIC in the existing estate

## Disciplined new site roll out

- Strict 30% ROIC hurdle on all new site appraisals
- Focus on conforming quality sites in Urban Residential and Greater London areas

£m	Mature		New openings
Number of gyms	172	Number of gyms	c.50
<b>Revenue</b>	<b>0.9</b>	<b>Revenue</b>	<b>1.1</b>
Gross profit	99%	Gross profit	99%
Fixed property costs <sup>1</sup>	(30)%	Fixed property costs <sup>1</sup>	(26)%
Other opex	(40)%	Other opex	(34)%
<b>EBITDA LNR</b>	<b>0.3</b>	<b>EBITDA LNR</b>	<b>0.4</b>
<i>EBITDA margin</i>	29%	<i>EBITDA margin</i>	35%
Average capital cost <sup>2</sup>	1.2	Average capital cost <sup>2</sup>	1.4
<b>Mature site ROIC</b>	<b>21%</b>	<b>New site ROIC</b>	<b>30%</b>

<sup>1</sup> Fixed property costs includes normalised rent

<sup>2</sup> Capital cost net of landlord contribution and/or rent free period savings

# Maintenance capex expected at 6% of revenue

- Typically, years 1-10 average £30k pa
- Mid-life refresh of £300k between years 8-12 depending on usage
- Years 10-15 average £50k pa
- Lifecycle average maintenance capex of c.£50k per year
- Supports guidance at 6% of revenue per year

## Kingston Refurbishment





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group

# Summary

**Will Orr**  
**CEO**

# Summary

- 1 Large, growing market with low-cost gaining share
- 2 Best rated low-cost proposition
- 3 LFL revenue opportunities: pricing headroom, acquisition near current sites, better early life retention
- 4 Significant white space opportunity (PwC)
- 5 c.50 new sites over 3 years – focus on quality, funded from FCF, averaging 30% ROIC
- 6 Rigorous capital allocation



**Q&A**





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# Appendix

# Our commitment to ESG and driving sustainable growth



**Social value +18% v FY22**

**>50%** of our members visiting 4+ times per month

**Carbon emissions cut by 32% per gym v FY22**

**SBTi net zero** targets verified

**Employee engagement +10 pp to 8.5/10**

**ISO45001 certification** –first UK national gym chain

# Business KPIs (5 year)

Financial (£m)	2023	2022	2021	2020	2019	YoY
Revenue	204.0	172.9	106.0	80.5	153.1	18%
Group Adj. EBITDA LNR	38.5	38.0	5.7	(10.2)	48.5	1%
Free Cash Flow	27.0	16.7	2.0	(16.6)	32.3	62%
Expansionary Capital Expenditure	16.4	43.0	29.0	21.8	30.9	(62%)
Non-Property Net Debt	66.4	76.0	44.1	47.3	47.4	(13%)

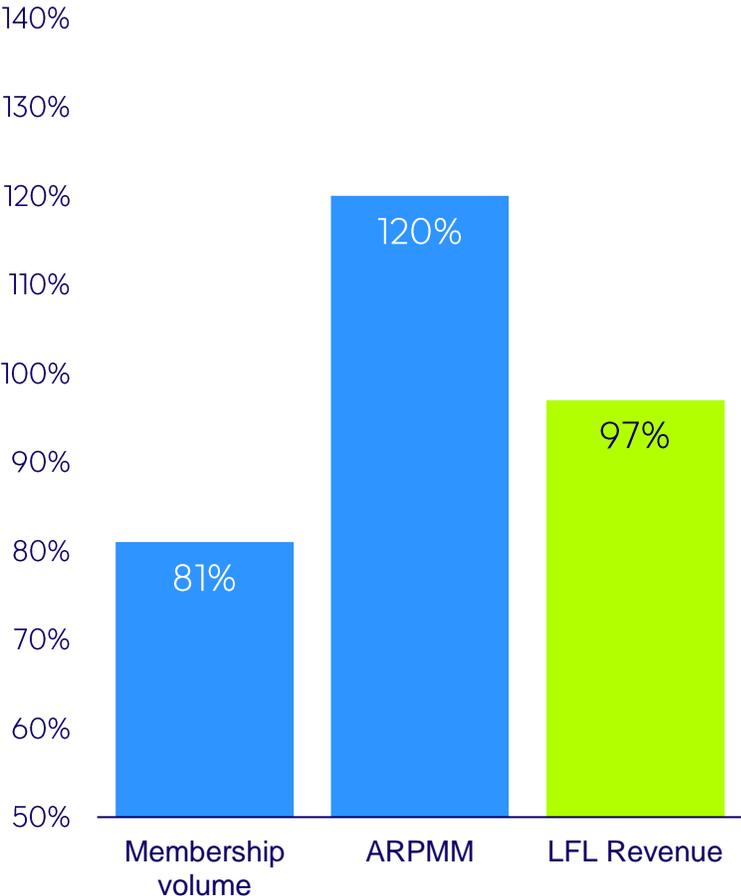
## Operational

Gyms in operation	233	229	202	183	175	2%
Members at year end ('000)	850	821	718	578	794	4%
Average members ('000)	872	808	681	708	796	8%
Average revenue per member per month (£) <sup>1</sup>	19.50	17.82	17.60	17.20	16.02	9%

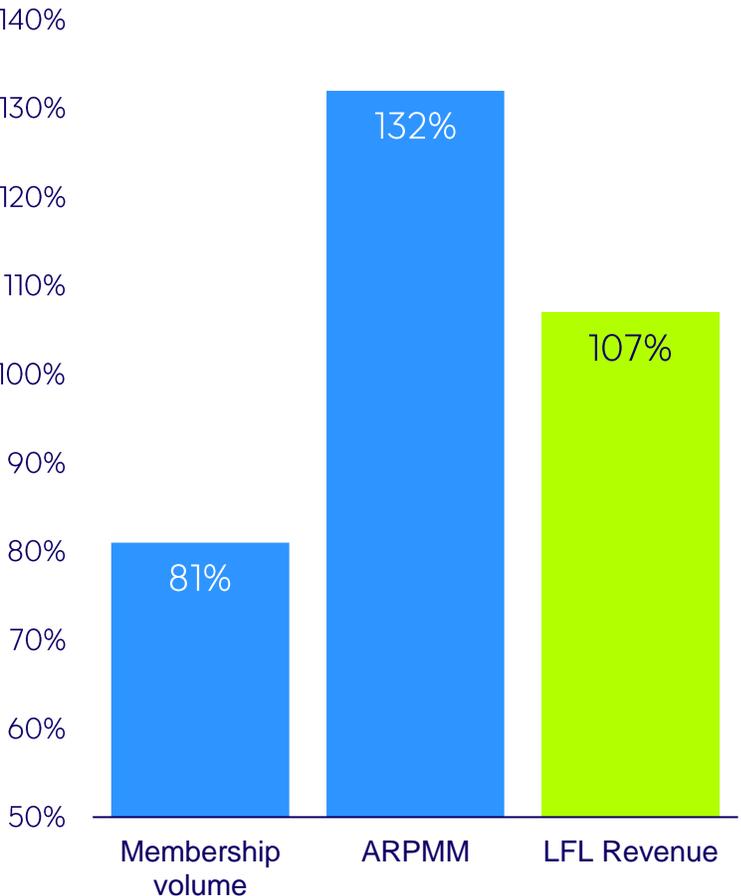


# LFL revenue vs 2019<sup>1</sup>

## 2023



## Jan-Feb 2024



<sup>1</sup> Like-for-like revenue vs 2019 includes all sites open as at 31 December 2018

# Typical site cost breakdown

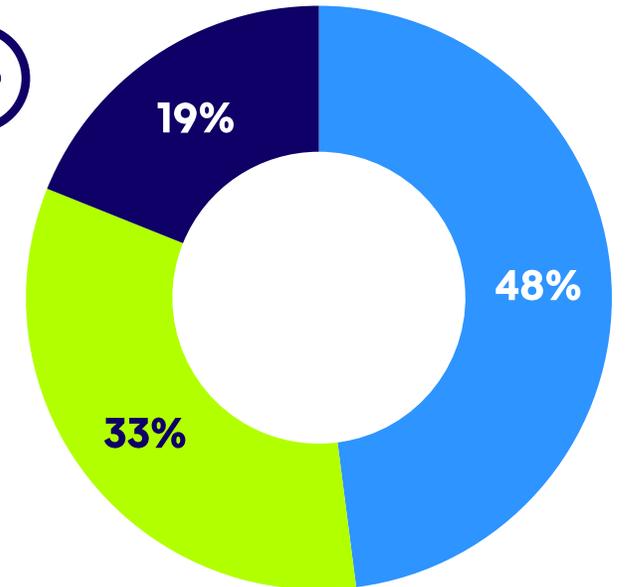
Spend Category	Initial Capex Cost (£k)	%	Policy Depr. Years	Average Depr. Years	Annual Charge (£k)
Building works and related costs	£980	70%	10-15	15	£67
Fixtures and Fittings	£140	10%	5-7	6	£23
Gym Equipment	£280	20%	5-10	7	£39
	<b>£1,400</b>				<b>£129</b>

**70%** of costs relate to long life assets with relatively low maintenance capex requirements

**20%** of spend is on gym equipment

- All main supplier equipment is now covered by a 15 year service agreement
- Currently depreciated between 7 and 9 years

## Gym Equipment



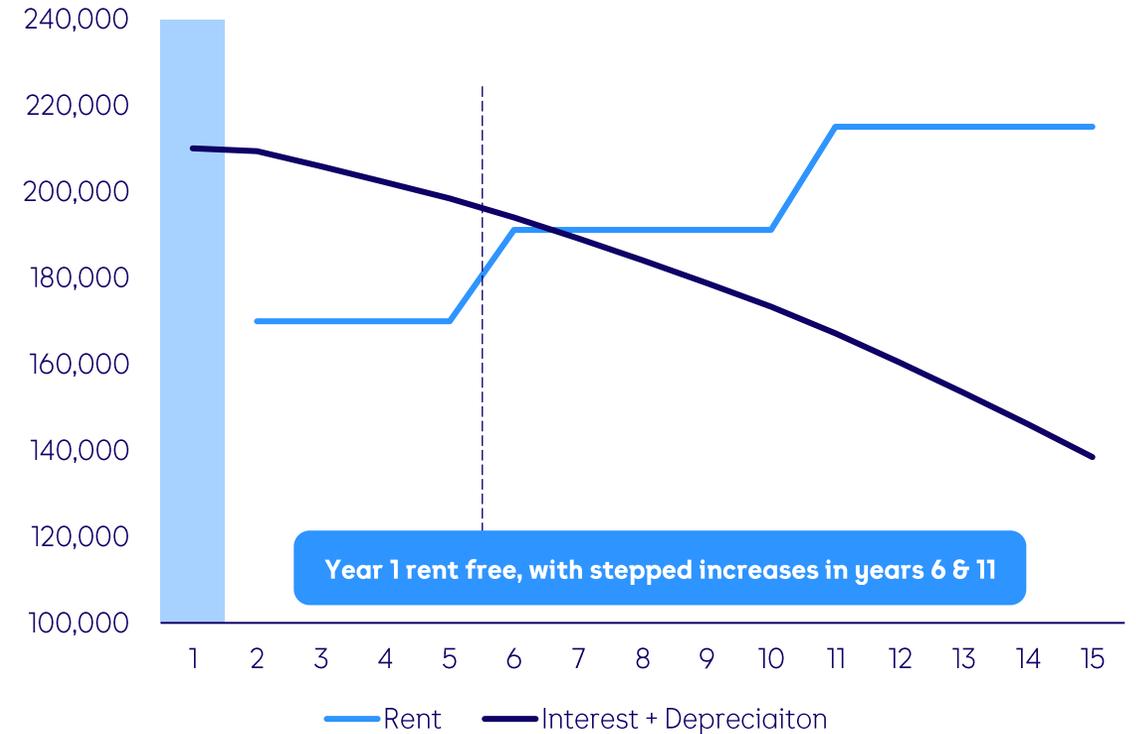
- Strength Equipment (Depr. 9yrs)
- Cardio (Depr. 7yrs)
- Equipment and Accessories (Depr. 5yrs)

# IFRS16 charges are currently £3m higher than cash rent

## Depreciation & Interest vs Property Payments

	£m
Right of use asset depreciation	25.7
Property lease interest	14.5
<b>Total</b>	<b>40.2</b>
<b>Property lease payment</b>	<b>37.0</b>
<i>Variance</i>	3.2

## IFRS 16 - Annual Charge



**Anticipate IFRS16 charge and cash rent aligning in the next 2-3 years**

# Definition of non-statutory measures

## Group Adjusted EBITDA LNR

Operating profit before depreciation, amortisation, share based payments and non-underlying items; less Normalised Rent.

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## Normalised Rent

The contractual rent payable, recognised in the monthly period to which it relates.

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## Adjusted Loss/Profit before Tax

Loss/profit before tax before non-underlying items.

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## Non-Property Net Debt

Bank and non-property lease debt less cash and cash equivalents.

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## Maintenance capital expenditure

Costs of replacement gym equipment and premises refurbishment.

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## Free Cash Flow

Group Adjusted EBITDA LNR and movement in working capital, less maintenance capital expenditure, cash non-underlying items, bank and non-property lease interest and tax.

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## Expansionary capital expenditure

Costs of fit-out of new gyms (both organic and acquired), technology projects and other strategic projects. It is stated net of contributions from landlords.

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## Adjusted Leverage

Non-Property Net Debt divided by Group Adjusted EBITDA LNR.

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## Fixed Charge Cover

Group Adjusted EBITDA divided by Finance costs (excluding interest costs on property leases) less Finance income plus Normalised Rent.

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## ROIC

Return on invested capital. Site Adjusted EBITDA LNR divided by initial invested capital less capital contribution and rent free.

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# Forward-looking statement disclaimer

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