

16 January 2018

The Gym Group plc

Accelerated, profitable growth

The Gym Group plc (“the Company” or “TGG”), the fast growing, nationwide operator of 129 low cost gyms, announces a pre-close trading update for the year ended 31 December 2017.

Financial

- Total year end membership numbers ahead by 35.5% to 607,000 (Dec 2016: 448,000) as the new openings and the existing estate traded strongly; Average Members of 528,000 (Dec 2016: 428,000) up 23.4% (1). The business continues to achieve high membership numbers at launch including one new site opening in the year with our highest ever day one membership.
- Total revenue growth of 24.3% for the year versus 2016.
- Year end net debt of £37.5m (2016: £5.2m) following the Lifestyle acquisition and new site openings.

Operational

- Site numbers expanded by 44% to 128 at year end (2016: 89) with 21 organic openings and 18 sites acquired from Lifestyle Fitness.
- Estimated share of the low cost gym market increased to 22.4% (2016: 17.7%) with TGG having achieved 65% of the estimated low cost market net site growth since March 2017 (2).
- Important milestones achieved in the year including our 100 millionth member visit to The Gym since launch and 100th Gym opened at Feltham by Jonnie Peacock.
- LIVE IT., the Company’s premium pricing product, launched successfully in 44 sites in November 2017. Initial uptake is encouraging with decision taken to rollout the product on a region by region basis across the entire estate by May 2018.
- 17 sites refurbished and rebranded during the year in line with our refurbishment plan.
- Strong site openings profile in Q1 2018 with 4 sites scheduled to open (Q1 2017: 1). We continue to target 15 to 20 openings in 2018.
- Trial underway at one of the 2018 openings of the new member service proposition announced in November 2017.

Lifestyle Fitness Acquisition (18 sites)

- 6 conversions to The Gym brand achieved by year end, ahead of guidance, with further 4 conversions due to be completed by April 2018. The initial conversions are trading well.

In light of the progress made, the Company anticipates its results will be in line with market expectations for earnings in 2017.

Following another strong performance, the Company has created an excellent platform for the coming year. The business is in great shape to achieve the substantial growth in profitability included in its 2018 plans, as it benefits from the significant expansion of the past 2 years.

The Company expects to announce its Preliminary Results in mid-March.

- (1) Average Members excludes sites not open at the period end.
(2) Management estimate based on low cost site openings and closures from March 2017 to December 2017

John Treharne, CEO of The Gym Group, commented:

“This has been another year of accelerated, profitable growth with a record number of newly developed gyms (21) and the acquisition of the Lifestyle Fitness gyms. We are the fastest growing low-cost gym operator, have significantly increased market share and after 10 years of operation are still breaking records, underlining the resilience of our proposition and the constant evolution of our offer. We have had 100 million gym visits since launch in 2008, and our membership of over 600,000, would fit into Wembley, Twickenham, the Bernabeu, the MCG, Old Trafford, Croke Park and the Nou Camp combined.

Looking ahead, we have a very strong foundation and a proven rollout model from which to build the business and increase its profitability further: we expect to open a further 15 - 20 new gyms in 2018 with more in the first half than in recent years. I have every confidence that our very experienced and innovative team is primed to deliver the next stage of our development.”

Investor and analyst conference call

A conference call for analysts and investors will be held at 8.00am (GMT) today. To join the call, please dial:

UK dial-in number: 0844 571 8892
International dial-in number: +44 (0) 207 192 8000
Conference ID: 2775198

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

For further information, please contact

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