

THE GYM GROUP

Last Updated 17/03/2017

Latest Year 31/12/2016

		Page
A	Company Information	2
B	Valuation Summary	3
B1	Valuation Sensitivities	4
C	Projections - Assumptions	5
C1	Projections - P&L	6
C2	Projections - Balance Sheet/Cashflow	7
D	Historic Financial Information and Analysis	8
D0	Charts	9
D1	Historic - Profit & Loss	10
D1.1	Historic - Staff Costs	11
D2	Historic - Balance Sheet	12
D2.1	Historic - Capital Structure	13
D2.2	Historic - Non Current Assets	14
D2.3	Historic - Working Capital	15
D3	Historic - Cashflow	16
*	Appendix - Market Data	17

SHAREINVESTORS.CO.UK

Disclaimer

ShareInvestors take no responsibility for the accuracy of the data presented herein. This analysis is independent and not sponsored by the company presented. Figures may have been adjusted based for our own analysis and presentation purposes.

THE GYM GROUP
Company Information

EPIC	GYM
Accounting Reference	31st Dec
Registered	Croydon, UK
Companies House	https://beta.companieshouse.gov.uk/company/08528493
Website	http://www.tggplc.com/investors/investors-overview

Description

Gym Group is a disruptive health and fitness group offering gym memberships nationwide at around 90 clubs. Members are not tied into contracts and gyms are open 24/7 and thus a service more flexible to suit individual lifestyles. Memberships start from £10.99 a month but is not completely without frills, offering classes on top of the DIY equipment.

Directors

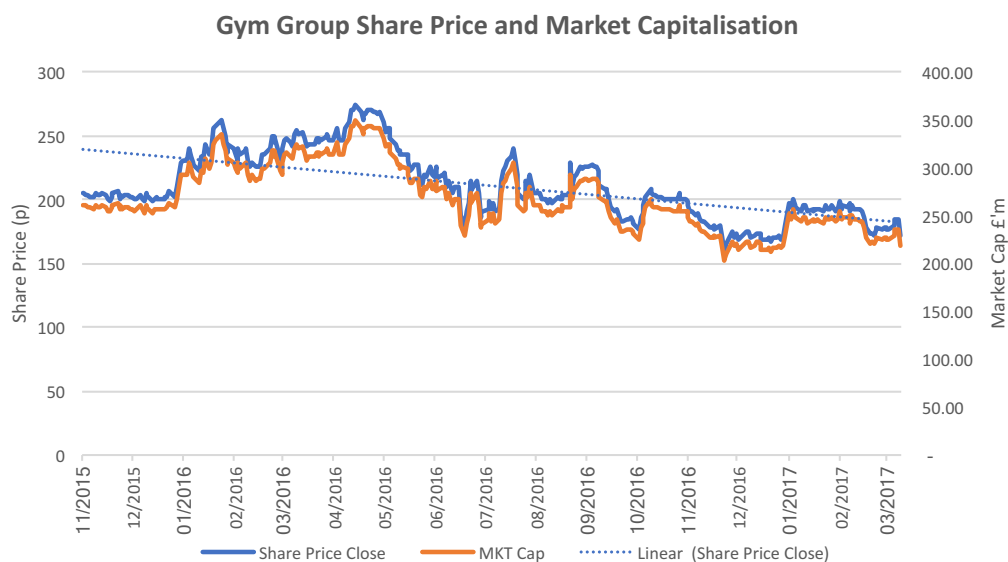
2016

Chairman	Non Executive	Penny Hughes
CEO	Executive	John Treharne
CFO	Executive	Richard Darwin

Core Risks

Competition	The ability to hold or increase revenue. Although some barriers to switching.
Member Experience	Damage reputation could lose or limit new customers.
Organic Roll Out	Availability of sites.

Historic Value	Highest	Highest Date	Lowest	Lowest Date
ITD Share Price (p)	280	21/04/2016	168	26/12/2016
Market Capitalisation ('m)	349	21/04/2016	203	30/11/2016



SHAREINVESTORS.CO.UK

SHAREINVESTORS.CO.UK

THE GYM GROUP
B - VALUATION SUMMARY

CURRENT VALUATION

As at		17/03/2017
Basic Shares	#'m	128.11
Current Share Price	p	172
Market Cap	£'m	220
Dilluted Shares	#'m	128.45
Current Share Price	p	172
Fully Dilluted Market Cap	£'m	221
Estimated Cash	£'m	4.82
Estimated Debt	£'m	10.00
Enterprise Value	£'m	226
NAV	£'m	114.29
(Discount)/Premium to NAV	%	193%
Price:Earnings (PE)	#	38
Price:Cashflow Operations (PCFO)	#	9

CALCULATED VALUATION

Dividend	p	1.00
Current Dividend Yield	%	0.58%
Estimated Dividend Growth Rate (10yr)	%	20%
Dividend Growth Model Valuation	p	344
Net Present Value (NPV10)	£'m	397
NPV Per Share Valuation	p	310
<i>Potential Upside</i>	%	80%
Margin of Safety Required	%	30%
Riskd NPV Per Share Valuation	p	217
<i>Potential Upside</i>	%	26%
Forward PE (5yr Average)	#	15

GUIDANCE

Key

	Public Information Released from Gym Group
	ShareInvestors.co.uk Analyst Estimates

Notes

Discount Rate for all valuations conducted by ShareInvestors is 10%. This represents the opportunity costs of forgoing an investment delivering a return of 10%, itself an achievable return in investing in a diversified equity portfolio.

Margin of Safety is designed to represent that the cashflows projected are risky. The margin of safety applied is the commercial chance of success where known or an approximation based on the certainty of cashflows. Guidance I use:

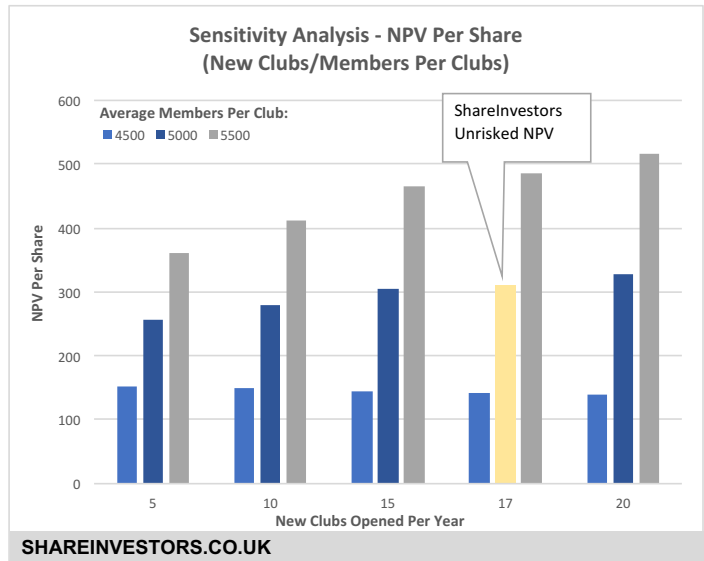
Class	Mos	Risk Factor	Example
Highly Uncertain	90%	10%	Typically 'one trick' exploration, biotech.
Speculative	60%-80%	20%-40%	Companies/Assets in later stage of development.
Growth	30%-50%	50%-70%	Growing companies with earnings visibility.
Steady	10%-20%	80%-90%	Typically defensives, utilities.

THE GYM GROUP
B - VALUATION SENSITIVITIES

New Clubs/Members Per Clubs (NPV per Share)

New Clubs	Members Per Club		
	4500	5000	5500
5	151	257	361
10	149	280	413
15	144	304	464
17	143	310	486
20	140	329	516

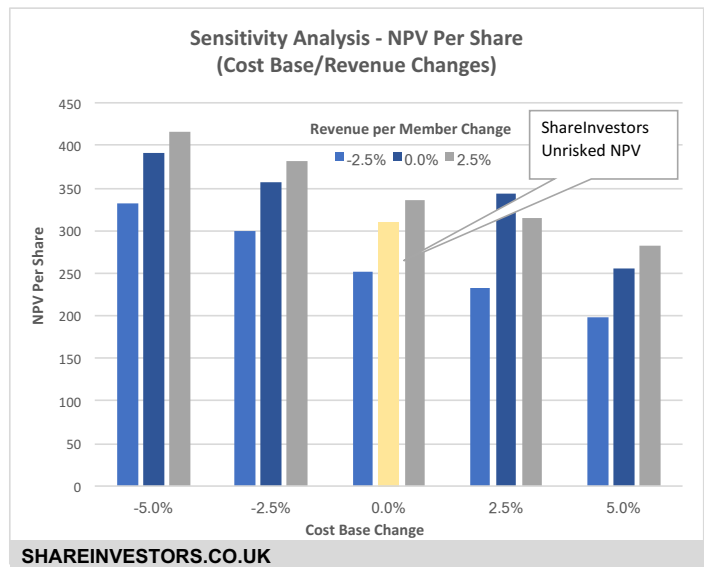
ShareInvestors Probable Valuation



Cost Base/Revenue Changes (NPV per Share)

Cost Change	Member Revenue Change		
	-2.5%	0.0%	2.5%
-5.0%	332	391	416
-2.5%	299	357	382
0.0%	252	310	335
2.5%	232	344	315
5.0%	198	256	282

ShareInvestors Probable Valuation



SHAREINVESTORS.CO.UK

THE GYM GROUP
C) PROJECTIONS (PAGE 1/2)

	ACT PY	PROJ	PROJ	PROJ FY	PROJ	PROJ	PROJ	PROJ	PROJ	PROJ	PROJ	PROJ	PROJ	PROJ	PROJ
Year End 31st Dec	Dec	H1	H2	Dec	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
	2016	2017	2017	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2027
FORECAST ASSUMPTIONS															
Gym Additions (1)	#	15.0	6.0	11.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Total Gyms (End Period)	#	89.0	95.0	106.0	106.0	123.0	140.0	157.0	174.0	191.0	208.0	225.0	242.0	259.0	276.0
Members Per Gym	#	5,033.7	5,050.0	5,050.0	5,050.0	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0
Average Members	#'000	429.0	479.8	535.3	507.5	615.0	700.0	785.0	870.0	955.0	1,040.0	1,125.0	1,210.0	1,295.0	1,380.0
Revenue Inflation Rate	%	-	0.00%	0.00%	-	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Revenue Per Member	£	171.3	89.0	89.0	178.0	179.8	181.6	183.4	185.2	187.1	189.0	190.8	192.7	194.7	196.6
Cost Inflation Rate	%	-	0.00%	0.00%	-	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Pre Open Costs Per Site	£'m	n/a	0.140	0.140	0.140	0.141	0.143	0.144	0.146	0.147	0.149	0.150	0.152	0.153	0.155
Cost Per Site	£'m	0.489	0.245	0.245	0.490	0.495	0.500	0.505	0.510	0.515	0.520	0.525	0.531	0.536	0.541
Effective Tax Rate	%	18%	23%	23%	23%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Finance Cost	£'m	(0.8)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Support CAPEX	£'m	n/a	1.0	1.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Maintenance CAPEX/Revenue (2)	%	4%	7%	7%	7%	7%	8%	8%	8%	9%	9%	9%	9%	9%	9%
New Fit out Per Site	£'m	n/a	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Depreciation Rate on PPE Cost	%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%	9%
Other Costs (inc LTIP)	£'m	(2.3)	(1.0)	(1.0)	(2.0)	(2.0)	(2.0)	(2.1)	(2.1)	(2.1)	(2.1)	(2.1)	(2.2)	(2.2)	(2.2)
Dividend Per Share (paid)	p	0.25	0.75	0.25	1.0	-	-	-	-	-	-	-	-	-	-
Central Costs/Revenue	%	10.5%	9.3%	9.3%	9.3%	9%	9%	8%	8%	7%	7%	6%	6%	5%	5%

Notes

- (1) Management stated medium term is 15-20 sites per annum.
(2) Increased % of Maintenance CAPEX required as portfolio ages.

SHAREINVESTORS.CO.UK

THE GYM GROUP
C) PROJECTIONS (PAGE 2/3)

		ACT PY Dec 2016	PROJ H1 2017	PROJ H2 2017	PROJ FY Dec 2017	PROJ FY 2018	PROJ FY 2019	PROJ FY 2020	PROJ FY 2021	PROJ FY 2022	PROJ FY 2023	PROJ FY 2024	PROJ FY 2025	PROJ FY 2026	PROJ FY 2027
PROJECTED P&L															
Revenue	£'m	73.5	42.7	47.6	90.3	110.6	127.1	144.0	161.1	178.7	196.5	214.7	233.2	252.1	271.3
Site Costs	£'m	(43.5)	(24.1)	(27.5)	(51.6)	(63.3)	(72.4)	(81.7)	(91.2)	(100.9)	(110.7)	(120.8)	(131.0)	(141.4)	(152.0)
Site Operating Profit	£'m	30.0	18.6	20.1	38.7	47.3	54.7	62.3	69.9	77.8	85.8	93.9	102.2	110.7	119.3
Central Costs	£'m	(7.3)	(3.9)	(4.4)	(8.4)	(10.0)	(11.4)	(11.5)	(12.9)	(12.5)	(13.8)	(12.9)	(14.0)	(12.6)	(13.6)
Depreciation	£'m	(12.7)	(6.9)	(7.8)	(14.7)	(18.5)	(21.7)	(25.0)	(28.5)	(32.3)	(36.2)	(40.3)	(44.6)	(49.1)	(53.7)
Other	£'m	(2.3)	(1.0)	(1.0)	(2.0)	(2.0)	(2.0)	(2.1)	(2.1)	(2.1)	(2.1)	(2.1)	(2.2)	(2.2)	(2.2)
Operating Profit	£'m	7.7	6.7	6.9	13.7	16.8	19.5	23.6	26.5	30.9	33.7	38.6	41.5	46.8	49.8
Finance Income	£'m	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance Costs	£'m	(0.8)	(0.2)	(0.2)	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Profit Before Tax	£'m	7.0	6.6	6.8	13.4	16.6	19.4	23.5	26.3	30.8	33.5	38.4	41.3	46.7	49.7
Tax	£'m	(1.2)	(1.5)	(1.6)	(3.1)	(3.3)	(3.9)	(4.7)	(5.3)	(6.2)	(6.7)	(7.7)	(8.3)	(9.3)	(9.9)
Profit After Tax	£'m	5.7	5.1	5.2	10.3	13.3	15.5	18.8	21.1	24.6	26.8	30.7	33.0	37.3	39.7
Earnings Per Share	p	4.46	3.94	4.07	8.01	10.36	12.06	14.63	16.39	19.15	20.89	23.93	25.72	29.06	30.93
EPS Growth	%	n/a	n/a	n/a	79%	29%	16%	21%	12%	17%	9%	15%	8%	13%	6%
Price:Earnings Ratio	#	38	n/a	n/a	21	16.6	14.3	11.8	10.5	9.0	8.2	7.2	6.7	5.9	5.6
Price:Earnings Growth	#	0.56	n/a	n/a	1.29	1.2	1.2	1.1	1.2	1.1	1.1	1.1	1.1	1.1	n/a

SHAREINVESTORS.CO.UK

THE GYM GROUP
C) PROJECTIONS (PAGE 2/2)

Year End 31st Dec		ACT PY Dec 2016	PROJ H1 2017	PROJ H2 2017	PROJ FY Dec 2017	PROJ FY 2018	PROJ FY 2019	PROJ FY 2020	PROJ FY 2021	PROJ FY 2022	PROJ FY 2023	PROJ FY 2024	PROJ FY 2025	PROJ FY 2026	PROJ FY 2027
BALANCE SHEET															
Shares in Issue	#	128.1	128.1	128.1	128.1	128.1	128.1	128.1	128.1	128.1	128.1	128.1	128.1	128.1	128.1
Property															
Property Cost B/F	£'m	115.3	141.5	153.9	141.5	173.6	206.4	241.9	278.9	317.6	359.7	403.7	449.5	497.3	547.0
Disposals	£'m	(0.3)	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions Gym	£'m	23.6	8.4	15.4	23.8	24.0	24.3	24.5	24.8	25.0	25.3	25.5	25.8	26.0	26.3
Additions Central/Maintenance	£'m	2.9	4.0	4.3	8.3	8.7	11.2	12.5	13.9	17.1	18.7	20.3	22.0	23.7	25.4
Property Cost C/F	£'m	141.5	153.9	173.6	173.6	206.4	241.9	278.9	317.6	359.7	403.7	449.5	497.3	547.0	598.7
Accumulated Depreciation B/F	£'m	30.1	42.5	49.4	42.5	57.2	75.7	97.4	122.4	150.9	183.2	219.5	259.8	304.4	353.5
Disposals	£'m	(0.3)	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge	£'m	12.7	6.9	7.8	14.7	18.5	21.7	25.0	28.5	32.3	36.2	40.3	44.6	49.1	53.7
Accumulated Depreciation C/F	£'m	42.4	49.4	57.2	57.2	75.7	97.4	122.4	150.9	183.2	219.5	259.8	304.4	353.5	407.3
Net Book Value	£'m	99.1	104.5	116.5	116.5	130.7	144.5	156.5	166.6	176.5	184.2	189.7	192.8	193.5	191.5
Working Capital - Net (Liabilities)/Assets		(23.5)	(23.0)	(22.5)	(22.5)	(21.5)	(20.5)	(19.5)	(18.5)	(17.5)	(16.5)	(15.5)	(14.5)	(13.5)	(12.5)
CASHFLOW															
Cash flows from operating activities															
Operating profit/(loss)	£'m	7.7	6.7	6.9	13.7	16.8	19.5	23.6	26.5	30.9	33.7	38.6	41.5	46.8	49.8
Depreciation	£'m	12.7	6.9	7.8	14.7	18.5	21.7	25.0	28.5	32.3	36.2	40.3	44.6	49.1	53.7
Working Capital Movement	£'m	7.9	(0.5)	(0.5)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Others	£'m	2.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance/Support CAPEX	£'m	(2.9)	(4.0)	(4.3)	(8.3)	(8.7)	(11.2)	(12.5)	(13.9)	(17.1)	(18.7)	(20.3)	(22.0)	(23.7)	(25.4)
Cash flow from operating activities	£'m	27.5	9.1	9.9	19.0	25.6	29.0	35.1	40.1	45.1	50.2	57.6	63.1	71.2	77.1
Cash flows from investing activities															
Others	£'m	(1.0)	-	-	-	-	-	-	-	-	-	-	-	-	-
Expansionary CAPEX	£'m	(23.6)	(8.4)	(15.4)	(23.8)	(24.0)	(24.3)	(24.5)	(24.8)	(25.0)	(25.3)	(25.5)	(25.8)	(26.0)	(26.3)
Cash flow from investing activities	£'m	(24.6)	(8.4)	(15.4)	(23.8)	(24.0)	(24.3)	(24.5)	(24.8)	(25.0)	(25.3)	(25.5)	(25.8)	(26.0)	(26.3)
Cash flows from financing activities															
Interest Paid	£'m	(0.6)	(0.2)	(0.2)	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Dividends Paid	£'m	(0.3)	(1.0)	(0.3)	(1.3)	-	-	-	-	-	-	-	-	-	-
Cash flows from investing activities	£'m	(0.9)	(1.0)	(0.3)	(1.3)	-	-	-	-	-	-	-	-	-	-
Net increase / (decrease) in cash	£'m	1.9	(0.2)	(5.8)	(6.0)	1.5	4.8	10.6	15.3	20.1	25.0	32.1	37.3	45.2	50.8
Cash Bought Forward	£'m	2.9	4.8	4.6	4.8	(1.2)	0.3	5.0	15.7	31.0	51.1	76.0	108.1	145.4	190.6
Cash Carry Forward	£'m	4.8	4.6	(1.2)	(1.2)	0.3	5.0	15.7	31.0	51.1	76.0	108.1	145.4	190.6	241.4
Potential Dividend (50% FCF)	£'m	n/a	n/a	n/a	1.3	1.3	2.4	5.3	7.7	10.0	12.5	16.0	18.7	22.6	25.4
Potential Dividend Per Share	p	0.25	0.75	0.25	0.0	1.01	1.86	4.15	5.97	7.84	9.74	12.52	14.56	17.63	19.84
Potential Dividend Yield	%	n/a	n/a	n/a	0.59%	0.59%	1.08%	2.41%	3.47%	4.56%	5.66%	7.28%	8.47%	10.25%	11.53%
Dividend Growth	%	n/a	n/a	n/a	0.00%	0.00%	83.13%	123.14%	44.08%	31.20%	24.25%	28.50%	16.36%	21.09%	12.49%
Discounted Cashflow (NPV) - 10YR	£'m	£106.3													
Terminal Value (2.5% growth)	£'m	£291.1													
Net Present Value	£'m	£397.3													

SHAREINVESTORS.CO.UK

THE GYM GROUP
D) HISTORICAL DATA

Year End 31st Dec **2012** **2013** **2014** **2015** **2016**

C0.1) Historical Data

Revenue	£'m	22.30	35.70	45.50	60.00	73.50
Operating Profit	£'m	1.92	(0.19)	2.34	(2.70)	7.70
Net Profit	£'m	(1.23)	(9.27)	(8.78)	(11.50)	5.70
Central Costs	£'m	n/a	n/a	4.00	6.30	7.30
Site Costs	£'m	n/a	n/a	n/a	36.70	43.50
Cashflow from Operations	£'m	7.92	1.31	9.47	11.30	24.90
Free Cash Flow	£'m	(10.18)	(38.39)	(7.53)	(16.90)	2.86
Dividend Per Share	p	-	-	-	-	1.00
Share Price	p	n/a	n/a	n/a	205.00	170.00
Shares in Issue	#	n/a	n/a	n/a	128.00	128.11
Market Capitalisation	£'m	n/a	n/a	n/a	262.40	217.78
Net Debt/(Cash)	£'m	39.10	104.50	68.30	6.11	4.36
Expansionary CAPEX	£'m	n/a	n/a	20.30	28.20	20.90
Maintenance CAPEX	£'m	n/a	n/a	1.60	2.70	2.90
Non Current Assets	£'m	43.60	51.40	67.50	85.40	99.04
Depreciation PPE	£'m	3.89	7.17	9.70	10.90	12.60
Net Assets	£'m	(3.76)	(13.30)	31.60	108.40	114.30
Working Capital	£'m	(22.50)	(9.20)	(14.70)	(16.90)	(23.46)
Director Remuneration	£'m					1.00

C0.2) Non Financial

Gyms	#	32.00	40.00	55.00	74.00	89.00
Gym Openings	#	n/a	8.00	15.00	19.00	15.00
Gyms Mature	#	10.00	16.00	32.00	40.00	55.00
Members End	#'000	166.00	225.00	293.00	376.00	448.00
Members Average	#'000	135.00	212.00	271.00	355.00	429.00
Employees	#	n/a	n/a	n/a	193.00	235.00

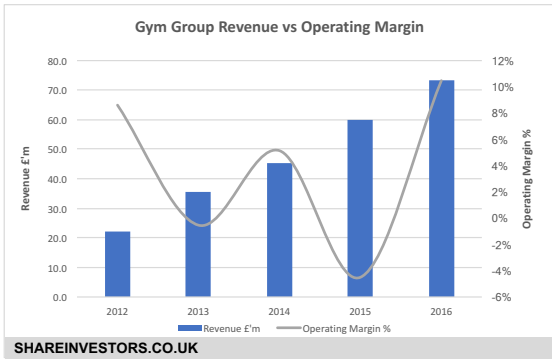
C0.3) Analysis

Revenue Growth	%	n/a	60%	27%	32%	23%
Member Growth	%	n/a	36%	30%	28%	19%
Operating Margin	%	9%	-1%	5%	-5%	10%
ROCE	%	9.1%	-0.5%	4.4%	-3.9%	10.2%
CFO/Revenue	%	36%	4%	21%	19%	34%
CFO/Gym	£'m	0.248	0.033	0.172	0.153	0.280
Revenue/Average Members	£	n/a	168	168	169	171
Revenue/Member per Month	£	n/a	14	14	14	14
Central Costs/Gym	£'000	n/a	n/a	73	85	82
Central Costs/Revenue	%	n/a	n/a	n/a	10.5%	9.9%
Dividend Yield	%	n/a	n/a	n/a	0.0%	0.6%
Members Per Gym	#	5188	5625	5327	5081	5034
Effective Tax Rate	%	n/a	n/a	n/a	n/a	-18%
Price Earnings Ratio	#	n/a	n/a	n/a	n/a	38.21
Maintenance CAPEX/Revenue	%	n/a	n/a	4%	5%	4%
Director Rem/Net Profit	%	n/a	n/a	n/a	n/a	17%
Profit Per Site	£'m	n/a	n/a	n/a	n/a	0.337
Cost per Site	£'m	n/a	n/a	n/a	0.496	0.489

SHAREINVESTORS.CO.UK

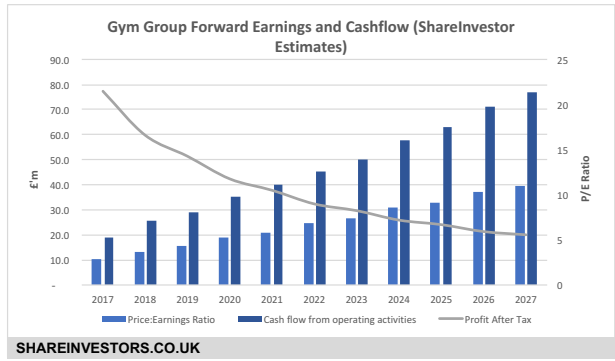
THE GYM GROUP
D) HISTORICAL DATA - CHARTS

Title Gym Group Revenue vs Operating Margin



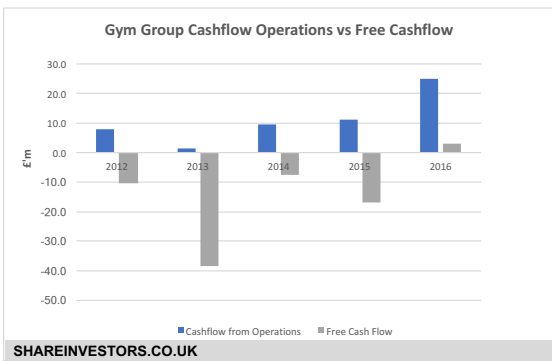
Primary Y Revenue £'m
Secondary Y Operating Margin %

Title Gym Group Forward Earnings and Cashflow (ShareInvestor Estimates)



Primary Y £'m
Secondary Y P/E Ratio

Title Gym Group Cashflow Operations vs Free Cashflow



Primary Y £'m

SHAREINVESTORS.CO.UK

THE GYM GROUP
D1) PROFIT AND LOSS

STATUTORY P&L

Year End 31st Dec **2016**

Revenue	£'m	73.53
Cost of Sales	£'m	(0.83)
Gross Profit	£'m	72.70
Admin Expenses	£'m	(64.99)
Other Income	£'m	-
Operating profit/(loss)	£'m	7.71
Finance Income	£'m	0.02
Finance Costs	£'m	(0.80)
Profit/(loss) before Tax	£'m	6.94
Tax (charge)/ credit	£'m	(1.23)
Profit/(loss) after Tax	£'m	5.71

Earnings per Share

Diluted	p	4.44
---------	---	------

MANAGEMENT P&L

Year End 31st Dec **2016**

Revenue	£'m	73.53
Site Costs	£'m	(43.53)
Site EBITDA	£'m	30.00
Central Costs	£'m	(7.30)
Group Adjusted EBITDA	£'m	22.70
Depreciation	£'m	(12.70)
Amortisation	£'m	(1.44)
LTIP	£'m	(0.54)
Exceptionals	£'m	(0.31)
Operating profit/(loss)	£'m	7.71
Finance Income	£'m	0.02
Finance Costs	£'m	(0.80)
Profit/(loss) before Tax	£'m	6.94
Tax (charge)/ credit	£'m	(1.23)
Profit/(loss) after Tax	£'m	5.71

Tax

Effective Tax Rate	%	18%
--------------------	---	-----

Operating Costs (Site + Central Costs)

Staff Costs	£'m	10.40
Lease Costs	£'m	13.50
Rates/Utilities	£'m	8.09
Pre Open Costs	£'m	2.93
Other	£'m	15.91
Total Operating	£'m	50.83

SHAREINVESTORS.CO.UK

THE GYM GROUP
D1) PROFIT & LOSS

DIRECTOR REMUNERATION

Year End 31st Dec **2016**

Total Remuneration		
John Treharne	£'m	0.31
Jim Graham	£'m	0.21
Richard Darwin	£'m	0.22
Paul Gilbert	£'m	0.05
Penny Hughes	£'m	0.13
Other Non Executives	£'m	0.07
Total	£'m	1.00

STAFF COSTS

Employees		
Operational	#	173.0
Admin	#	62.0
Total	#	235.00
Specified		
Operational	%	74%
Admin	%	26%
Total	%	100%
Total Remuneration	£'m	10.40
<i>Average Cost of Employee</i>	<i>£'000</i>	<i>44.3</i>

SHAREINVESTORS.CO.UK

THE GYM GROUP
D2) BALANCE SHEET

Year End 31st Dec 2015 2016

Non Current Assets			
Property, Plant and Equipment	£'m	85.24	99.04
Intangible Assets	£'m	49.14	48.72
Trade and Other Receivables	£'m	0.18	0.40
Total Non Current Assets	£'m	134.55	148.16
Current Assets			
Inventories	£'m	0.12	0.16
Trade and Other Receivables	£'m	5.65	5.81
Cash and Cash Equivalents	£'m	2.86	4.82
Total Current Assets	£'m	8.64	10.80
Total Assets	£'m	143.19	158.95
Current Liabilities			
Trade and Other Payables	£'m	25.55	34.12
Income Tax Payable	£'m	-	0.13
Total Current Liabilities	£'m	25.55	34.26
Non Current Liabilities			
Borrowings	£'m	8.97	9.18
Provisions	£'m	0.23	0.54
Deffered Tax	£'m	-	0.68
Total Non Current Liabilities	£'m	9.20	10.41
Total Liabilities	£'m	34.74	44.66
Net Assets	£'m	108.44	114.29

Capital and Reserves			
Issued Capital	£'m	0.01	0.01
Own Shares Held	£'m	0.05	0.05
Capital Redemption Reserve	£'m	0.00	0.00
Share Premium	£'m	136.28	136.28
Retained Deficit	£'m	(27.90)	(22.05)
Total Equity Shareholder Funds	£'m	108.44	114.29

SHAREINVESTORS.CO.UK

THE GYM GROUP
D2) BALANCE SHEET

SHARE CAPITAL

Year End 31st Dec **2016** **2017**

Share Capital			
Ordinary Shares Issued	#m	128.11	128.11

Major Shareholders with Disclosable Positions (Excl PDMRs)			
Phoenix Equity Partners 2010 Guernsey Ltd (2)	#m	26.10	-
Bridges Ventures LLP (2)	#m	12.90	-
Merrill Lynch	#m	-	9.87
SFM UK Management LLP	#m	8.90	8.99
Legal & General Investment Management Limited	#m	8.90	8.90
Standard Life Investments Limited	#m	8.40	-
Barralina Asset Management GmbH (1)	#m	-	10.97
Threadneedle Asset Management Limited	#m	7.50	7.50
Quantum Partners LLP	#m	7.40	7.40
FIL Investments International	#m	6.90	6.90
Hargreave Hale Ltd	#m	6.60	6.40
Legal & General Group Plc	#m	5.10	5.10
Total	#m	98.70	72.03
Total	%	77%	56%

Director Holdings			
John Treharne	#m	4.60	4.60
Richard Darwin	#m	1.02	1.02
Paul Gilbert	#m	0.89	0.89
Penny Hughes	#m	0.03	0.03
Total	#m	6.53	6.53
Total	%	5%	5%

Notes

- (1) Appears to be investment vehicle of High Net Worth individual, german national Daniel Crasemann.
(2) Relates to PE original backers.

BORROWINGS

Drawn Borrowings		
Facility A		10.00
Loan Arrangement		(0.82)
Total		9.18

FACILITY A Loan Terms - Barclays/HSBC Bullet		
Start Date		12/11/2015
Term	Yrs	5
End Date		10/11/2020
Remaining at Balance Sheet Date	Yrs	3.86
Loan Arrangement	%	10.0%
Interest Margin + LIBOR	%	2.5%
LIBOR	%	0.5%
Arrangement Fee	%	1.00
Yearly Arrangement Charge		(0.20)
Yearly Interest Costs	£'m	(0.30)

Undrawn Borrowings		
Facility B (1)	£'m	25.00
Revolving Credit	£'m	5.00
Total		30.00

Notes

- (1) To fund acquisitions/CAPEX. Same terms as above.

WACC

Discount Rate	9.40%
---------------	-------

SHAREINVESTORS.CO.UK

THE GYM GROUP
D2) BALANCE SHEET

PROPERTY, PLANT AND EQUIPMENT

Year End 31st Dec 2016

Cost		
Bought Forward	£'m	115.31
Additions	£'m	26.54
Disposals	£'m	(0.34)
Total	£'m	141.50
Specified		
<i>Leasehold Improvements</i>	£'m	90.66
<i>Gym Equipment</i>	£'m	42.80
<i>Other</i>	£'m	8.05
Total	£'m	141.50
Accumulated Depreciation		
Bought Forward	£'m	30.07
Charge	£'m	12.70
Disposals	£'m	(0.29)
Total	£'m	42.48
Net Book Value	£'m	99.03
<i>Effective Depreciation Rate CAPEX</i>	%	9%
<i>Effective Depreciation Rate Revenue</i>	%	17%

SHAREINVESTORS.CO.UK

THE GYM GROUP
D2) BALANCE SHEET

WORKING CAPITAL

Year End 31st Dec 2016

Inventories	£'m	0.16
Other Receivables	£'m	0.93
Prepayments and Accrued Income (1)	£'m	5.29
Trade and Other Receivables	£'m	6.22
Trade Payables (2)	£'m	4.57
Social Security and Other Taxes	£'m	0.31
Lease Incentives and Rental Increases (3)	£'m	16.80
Accruals (4)	£'m	8.60
Deferred Income	£'m	3.70
Trade and Other Payables	£'m	33.99
Net Working Capital (Excl Cash)	£'m	(27.61)
Cash	£'m	4.82
Net Working Capital	£'m	(22.79)

Notes

- (1) Represents revenue booked but cash yet to be received and other costs paid up front but relating to future periods.
- (2) Included is equipment orders, much of TP movement likely to relate to CAPEX.
- (3) Rent Free Periods and other benefits where cash benefit received but to be spread across future accounting periods.
- (4) Rent/Rates and other costs not paid but applicable to period.

SHAREINVESTORS.CO.UK

THE GYM GROUP
D3) CASHFLOW STATEMENT

Year End 31st Dec

2016

Cash flows from operating activities		
Operating profit/(loss)	£'m	7.71
Exceptional items	£'m	0.31
Depreciation of Property, Plant and Equipment	£'m	12.70
Amortisation of Intangibles	£'m	1.44
LTIP	£'m	0.54
Increase/(Decrease) in Trade Payables	£'m	8.58
(Increase)/Decrease in Trade Receivables	£'m	(0.39)
Other Movements	£'m	(0.27)
Maintenance CAPEX	£'m	(2.90)
Tax Paid	£'m	(0.24)
Cash flow from operating activities	£'m	27.48
Cash flows from investing activities		
Expansionary CAPEX	£'m	(23.64)
Purchase of Intangibles	£'m	(1.00)
Interest Received	£'m	0.02
Cash flows from investing activities	£'m	(24.62)
Cash flows from financing activities		
Interest Paid	£'m	(0.57)
Dividends Paid	£'m	(0.32)
Cash flows from investing activities	£'m	(0.89)
Net increase / (decrease) in cash	£'m	1.97
Cash Bought Forward	£'m	2.86
Cash Carry Forward	£'m	4.83
<hr/>		
<i>Operating Cash Conversion EBITDA</i>	%	121%
<i>Operating Cash Conversion - Operating Profit</i>	%	356%
<i>Operating Cash/Earnings Ratio</i>	#	7.93
<i>Free Cashflow</i>	£'m	2.86
<i>Interest Cover from Free Cashflow</i>	#	5.00
<i>Dividend Cover from Free Cashflow</i>	#	8.90

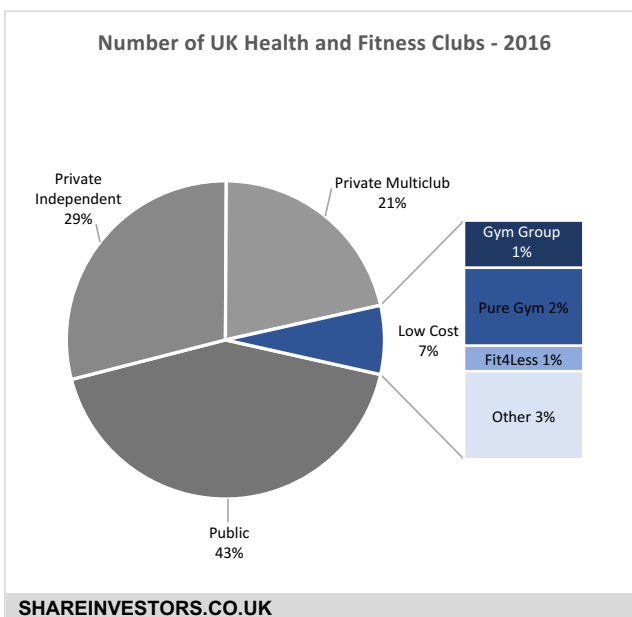
SHAREINVESTORS.CO.UK

THE GYM GROUP
Appendix - Market Data

Number of UK Health and Fitness Clubs - 2016

Public	#	2,735
Private Independent	#	1,872
Private Multiclub	#	1,378
Low Cost	#	450
Total	#	6,435
Low Cost Analysed		
Gym Group		89.00
Pure Gym		147.00
Fit4Less		48.00
Other		166.00
		450

*Source: Leisure Database Company 2016



Headline Rates Per Gym 2016

The Gym	£	16.54
Sports Direct	£	17.06
Easy Gym	£	18.46
Pure Gym	£	19.17
Fit4Less	£	22.18

*Source: Leisure Database Company 2016

