

FITNESS NEWS

Business News and Analysis **Oct. 15, 2019**
N°90

EUROPE

Smeeman leaving EuropeActive

Nathalie Smeeman confirmed earlier today that she has stepped down from her role as executive director of EuropeActive, after about six years.

David Stalker, European chief executive for Myzone, has been appointed as interim executive director of the Brussels-based organisation. He became a member of EuropeActive's board in April.

Smeeman has been credited for turning EuropeActive into an organisation with stable financing and partners, which achieved stronger recognition for the European fitness industry in Brussels.

She will most certainly remain in sports-related organisations.

Sats IPO targets up to €450m valuation

Sats shares are set to hit the Oslo stock exchange next week at a price amounting to an equity value of up to 4,544 million Norwegian kroner (€452.2m).

With 248 clubs across four Nordic countries, the group said last month that it intended to raise about NOK 1.4 billion (€139.3m) by issuing new shares, while potentially allowing existing shareholders to divest part of their stakes.

The third-largest European fitness club operator, Sats confirmed last week that it's moving ahead with the share issue. Existing shares accounting for up to 25% of group's capital will be offered, with an over-allotment option of up to 15% of the offer shares. Sats shares should start trading on October 23.

The price for the new Sats shares has been set at an indicative range of NOK 23.50 to NOK 28.00, amounting to an equity value of at least NOK 4,039 million (€401.9m).

The higher end of the indicative valuation amounts to 8.5 times EBITDA of NOK 531 million on sales of NOK 3,259 million (€324.3m) reported by Sats for 2018.

It compares with current multiples to adjusted 2018 EBITDA of more than 13 for Basic-Fit and nearly 10 for The Gym Group. They both operate at the low-cost end of the market.

Analysts said that investors perhaps saw less potential for growth in mature Nordic fitness markets. It's hardly encouraging that Actic, the only other

Continued on page 5...

FNE#90

You're reading Fitness News Europe, the independent business news publication for executives in the international fitness industry. With an online portal and a bi-monthly newsletter, Fitness News Europe provides reliable business news and often exclusive analysis on the fast-moving fitness market. Check out fitnessnewseurope.com for further information about the publication, to register for a free trial and obtain your subscription.

CONTENTS

Sats targets valuation of up to €450m in IPO.....	p1-5
Basic-Fit gets €100m funding.....	p1-7
InBody doubles European sales.....	p2
Peloton files complaint against Echelon.....	p2
Myzone starts building up German hub.....	p3
Form Factory moves into Slovakia.....	p4
Activ Fitness owner takes over MFit.....	p4
On Air builds clubs around Millennial brand.....	p6
Smeeman quits Europe Active.....	p1

Other news

ClassPass (p7), Frame (p7), Fitbit (p3), Impuls (p6), Loop Fitness (p6), Stages (p3), Trib3 (p7), TRX (p2), World Class (p6)

Fitness News Europe is published by Zelus (France)
info@fitnessnewseurope.com
Editor: Barbara Smit
news@fitnessnewseurope.com

All rights reserved.
ISSN: 2650-8702

The information published in this newsletter cannot be copied or distributed electronically without the publisher's written permission.

French club concept goes On Air

On a Monday morning earlier this month, a muscular young man with multiple neck chains and tattoos walked up the stairs of an On Air gym outside Paris. Appearing as if he had just walked off the set of a rap video, he was apparently recording his arrival on his phone.

"This happens all the time," said Frédéric Vallet, general manager at On Air Fitness. "It was one of our key ideas to create a brand that is visually interesting and instagrammable."

The design includes entrance pods that look like shipping containers, a red and black colour scheme and wall decorations such as a stylish skull. Atop one of the containers is a vintage barber shop.

With eight gyms after two years, On Air is a relatively small business so far, in a market where several franchises have grown to hundreds of gyms, and others are expanding rapidly. But On Air gyms are performing strongly, and the original aspects of the concept have drawn plenty of interest in France.

Along with the design, the On Air concept works with offbeat playlists and a wide range of training equipment. They include experiential areas such as a full-fledged "Ninja Warrior" set and connected Expresso indoor bikes that allow for gamified cycling in a virtual race. "It's unequivocally targeted at Millennials," Vallet explains.

The concept is apparently working out, since the gym of about 1,700 square meters in Maisons-Alfort already has about 3,500 members, less than one year after its opening.

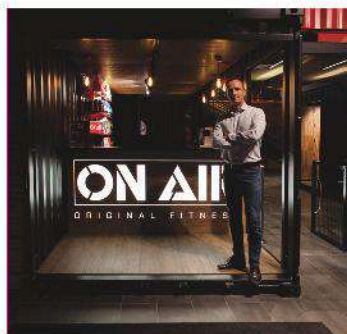
They pay just under €30 per month for access to the club, and they are allowed to share their card with another person in the household (albeit not training at the same time).

But average sales per member are higher, because nearly half of the members take up unlimited sports water for €4.95 per month. Another 15% add on access to the Sisimo vibration machines at the

entrance of the club.

On Air's eight clubs include two franchises. Vallet said another ten gyms should open until next September and he intends to continue with ten to 15 openings per year, in order to closely supervise the expansion.

The idea was informed by many years of experience in



Frédéric Vallet/On Air

the fitness industry by the Bolle family. Claude Bolle was one of the earliest franchisees for Fitness Park, the low-cost concept launched by Groupe Moving. He was joined by his son, Jacques Bolle, running three Fitness Park clubs around Paris.

Two years ago, the Bolles decided to launch their own concept, with Vallet as general manager. "We set out to create a brand first and foremost," Vallet explains. "It's not unlike the restaurant business, where the atmosphere and the decor could be just as important as the food in your plate."

The company teamed up



Photo: On Air

with an agency that previously worked with brands such as Starbucks and Kaporal jeans. It drew inspiration from retail brands such as Hollister and Superdry, as well as gym concepts ranging from McFit

and John Reed to Gymbox and 1Rebel.

"We started from a blank sheet and created codes that would speak to Millennials," said Vallet. That is where the giant skull comes in, as well as activities such as boxing and plenty of strength training.

On Air clubs were named after the sign that lights up in music studios when recording or broadcasting are on. It fits with the idea to turn music into another key component of the concept, with playlists put together by professional DJs and monthly events around music.

"It tends to be hip hop and other trendy stuff, as long as we stay away from the usual music hits," said Vallet.

The largest training area is dedicated to strength, with most of the equipment coming from Gym80 and Technogym.

The vibe created by On Air appears most appealing for men. They make up more than 60% of the members, despite the pink women's training area.

Vallet says that the clubs become profitable with about 2,000 members, not least due to the low staffing levels. There is always one person at the entrance, but no other employees are required to work the floor. The Les Mills classes are held in small studios, with a full schedule of videos.

On Air makes efficient use of the space as well, by using some of the surface for management offices.

The business plans developed for franchisees advise a catchment area of at least 60,000 people within a ten-minute drive. The locations are quite diverse so far, from a suburban high-rise residential area to a busy retail park.

The concept belongs to Gymtonus, a holding company owned at a small majority by the Bolle family, while the remainder is in the hands of associates and managers.

Vallet reckons that there is potential for about 150 clubs around France. The general manager has already received queries from other European countries as well.

Gym Briefs

■ This year's European Fitness Club Leadership Award went to Vidmantas Siugzdinis, chief executive of the Impuls Group, the company behind Impuls Fitness and Lemon Gym in the Baltics. Siugzdinis was particularly chuffed that the recognition went to an industry leader in the relatively small Baltic markets. He has been driving the growth of Impuls and the regional industry for nearly eight years. The award was handed out at the IHRSA European Congress held in Dublin this week. Berlin has been picked as the next destination (more on both shortly).

■ A **World Class** club is under construction in Switzerland, to be operated under a franchising agreement. The upmarket Russian operator said that it agreed with a partner to open a World Class club and to rebuild a hotel in Sion, offering complementary services. World Class said earlier this year that it was projecting a move into Switzerland, among other European markets. The family-oriented Swiss club of about 5,000 square meters is set to open in 2021. A consortium of investors from Russia and Abu Dhabi invested in World Class earlier this year (FNE#71), acquiring a stake of 22.5% in the Russian Fitness Group from VTB Capital.

■ **Loop Fitness**, a leading player in the Danish fitness club market with its circuit training franchise, has moved into Spain with a club in San Javier, in south-eastern Spain. Loop has grown into a group of more than 110 franchised clubs around Denmark, mostly in small cities and suburban areas. It already moved into Poland last year. The Loop concept works with a circuit of 24 minutes that appeals to adults with little athletic pretension, who have no use for mirrors, free weights or loud music. In Spain the concept was adjusted to include showers, as Loop Fitness assumes that more Spaniards will want to train during their relatively long lunch break.