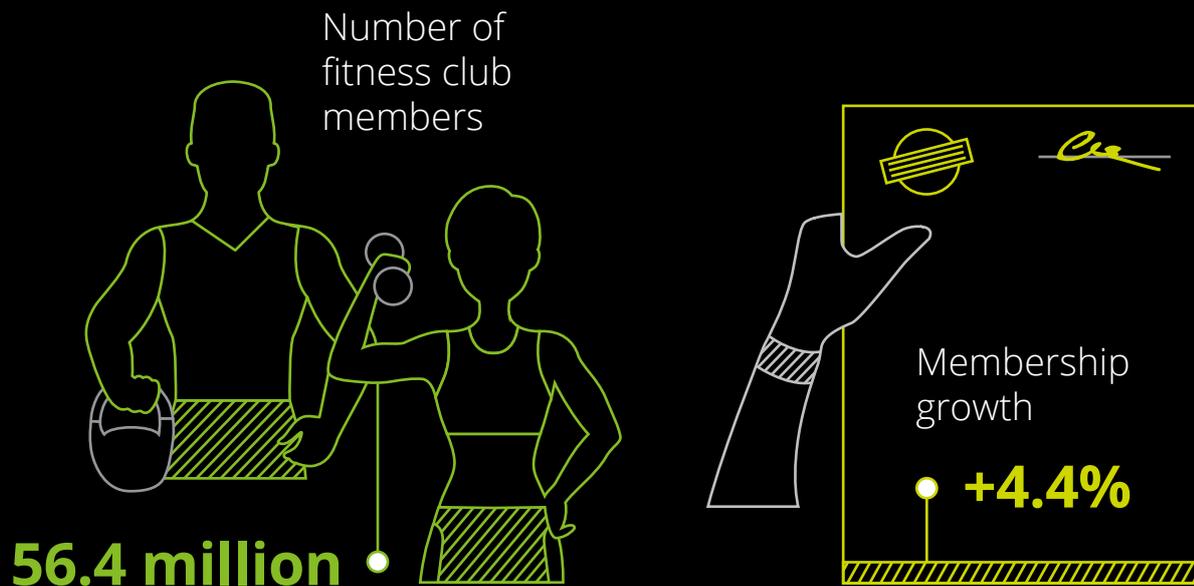


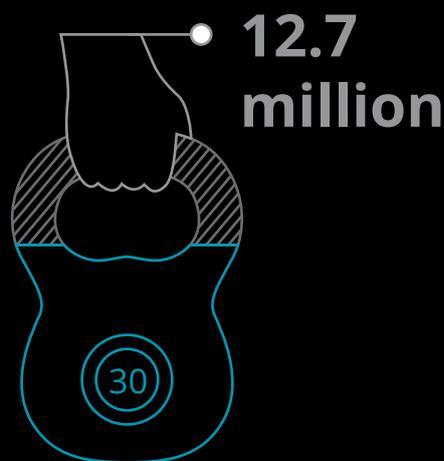
ACTIVE
CONSOLIDATION **M&A**
MEMBERS RETENTION
ENGAGEMENT
EUROPE **FRANCHISE**
TECHNOLOGY **IPO** MOTIVATION
EXPERIENCE PERSPECTIVES
HEALTH & FITNESS
INNOVATION **BOUTIQUE**
PREMIUM
DISCOUNT **DIGITAL** **TRAINER**
OUTDOOR CLUBS
GROWTH MARKET
LIFESTYLE
WEARABLES

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The European Fitness Market at a Glance

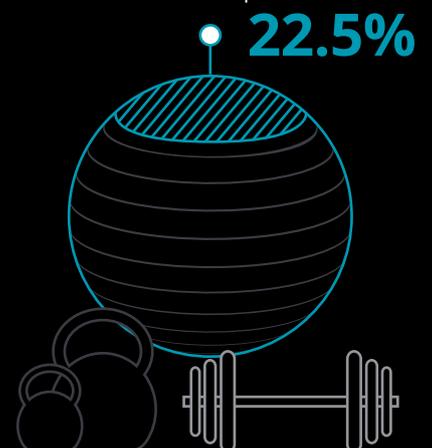


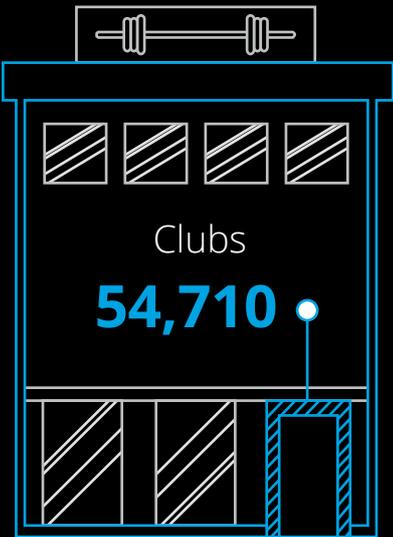
Penetration rate



Members of top 30 operators

Market share of top 30 operators by membership

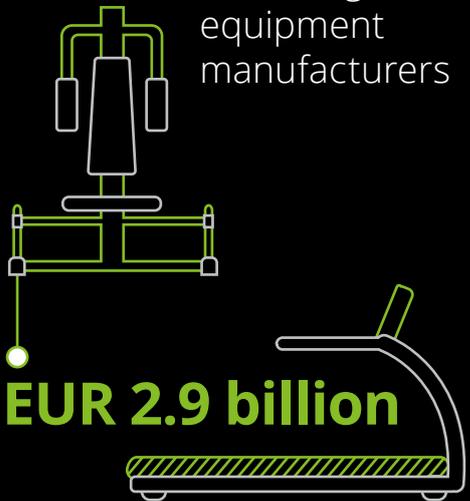




M&A deals



Global net sales of leading equipment manufacturers



EUR 26.3 billion

Average gross membership fee per month



The 30 largest operators had more than 12.7 million members at the end of 2016. This represents 22.5% of the total European market of 56.4 million health and fitness club members.

Executive Summary

In this fourth edition, the 2017 Europe-Active European Health & Fitness Market Report presents the most comprehensive analysis of the European health and fitness industry to date. The report presents current information on the main European fitness markets, the major club operators in Europe and recent merger and acquisition activities, as well as a snapshot of the leading equipment manufacturers worldwide.

As shown in the chapter on the leading operators, the top 10 European fitness operators, as measured by revenue, achieved total revenues of EUR 3.0 billion in 2016. This is equivalent to 11.4% of the total European fitness market, which illustrates that this market is still relatively fragmented. While the total revenues of the European fitness market (including all EU-28 countries as well as Norway, Russia, Turkey and Switzerland) decreased by -0.5% to EUR 26.3 billion in 2016, the year-on-year growth rate amounts to 3.1% at constant currency. This is due to negative exchange rate effects in the UK (-11.1%), Turkey (-9.9%), Russia (-9.0%), Poland (-4.2%), Norway (-3.8%), Switzerland (-2.1%) and Sweden (-1.1%).

Currency-adjusted market growth of 3.1% is primarily related to a 3.4% increase in the number of clubs across all countries, as well as an increase in the average membership per club (+0.9%), leading to a

total increase in members by 4.4%. This is partly offset by a negative development of average monthly membership fees, which decreased by -1.3% at constant currency, following the continued expansion of low-cost operators in the European market.

With respect to membership, the 30 largest operators had more than 12.7 million members at the end of 2016, an increase of 15.5% over the previous year's top 30. This represents 22.5% of the total European market of 56.4 million health and fitness club members at the end of 2016.

The leading operator in terms of membership remains the German discount chain McFIT Group, with an estimated 1.5 million members. The Dutch low-cost operator Basic-Fit reported 1.21 million members at the end of 2016, while the British chain Pure Gym ranks third after increasing its membership by 150,000 to 820,000 in 2016.

All three operators were also among the five fastest-growing operators in terms of members, the others being German discount chain FitX (+140,000 to 340,000) and Swiss-based Migros Group (+256,000 to 451,000). While Migros continued to grow organically by 15,000 members in the Swiss market, its overall growth was mainly due to the addition of franchise operator INJOY (241,000 members) to its portfolio.

This acquisition also places Migros Group (EUR 366 million in revenues) third in the European revenue ranking behind British premium operators Virgin Active (EUR 499 million) and David Lloyd Leisure (EUR 442 million). Migros is followed by Scandinavian market leader Health & Fitness Nordic (EUR 337 million) and McFIT Group (EUR 327 million). Overall, the revenues of the top 10 operators increased by 19.8% at constant currency and 12.2% in euros in 2016, as revenues in euros were negatively affected by the aforementioned exchange rate effects with six of the ten leading companies operating in the UK or Russia.

In 2016, health and fitness club operators remained highly attractive to investors from both inside and outside the industry. As presented in the merger and acquisitions section, there were 17 major M&A transactions in 2016, which ranks only slightly below 2014 and 2015 (19 transactions each) despite the market uncertainty in the deal-heavy UK market connected with the Brexit. This is another indicator of the attractiveness of health and fitness operators to both strategic and financial investors.

In addition to its focus on operators, this report also contains a snapshot of the global equipment industry, highlighting the status and development of leading fitness equipment suppliers. 2016 was another

year of strong growth for the global commercial fitness equipment industry, which has an estimated market size of EUR 2.76 billion. The selected leading manufacturers, which account for 79% of the total commercial market, achieved a growth rate of 14.3% in 2016 (+5.4% on a like-for-like basis, excluding the acquisitions of Cybex by Life Fitness and Octane Fitness by Nautilus).

This report also provides profiles of the largest national fitness markets in Europe. Together, the 18 countries analysed have 54.1 million members (96.0% of the European market), revenues of EUR 25.6 billion (97.3%) and 49,822 clubs (91.1%). With a total market volume of more than EUR 26.3 billion, Europe continues to be the largest fitness market in the world. By comparison, the United States recorded revenues of EUR 23.3 billion (USD 25.8 billion) in 2015 according to the IHRSA Global Report 2016. At the same time, the total market volume exceeds that of the European football market, which amounted to EUR 22.0 billion in the 2014/15 season.

As shown in Figure 1, the two largest national fitness markets in Europe are the United Kingdom and Germany with revenues of EUR 5.1 billion each in 2016. When combined with France (EUR 2.5 billion), Italy (EUR 2.2 billion) and Spain (EUR 2.2 billion), the five leading countries account for 65% of the total European health and fitness market.

At the same time, Eastern European markets such as Poland, Russia and Turkey have entered the top 10, and although these countries have had slower membership growth than the other markets, they will likely offer higher growth potential in the medium to long-term.

In terms of membership, Germany remains the largest market in Europe with a total of 10.1 million members, exceeding the 10 million mark for the first time in 2016. The UK is second with 9.3 million members, followed by France (5.5 million), Italy (5.3 million) and Spain (5.1 million).

As shown in Figure 2, the three largest markets also displayed above-average membership growth rates in 2016, mainly driven by the continued expansion of low-cost operators in all three countries. It should be noted that in all top 10 markets, total membership increased by at least 2.3%, even though considerable differences remain between the individual markets. Turkey and Russia still display considerable market potential with penetration rates of 2.4% and 2.0% respectively. By contrast, Sweden is the most developed market with a penetration rate of 21.1%, which underlines both the relatively high proportion of physically active people in the Swedish population, the higher urbanisation rate, and the presence of various professional large fitness operators in the country.

This report is the most comprehensive piece of research on the European health and fitness market to date, but it is still only a step towards more transparency and knowledge in this industry. Obtaining reliable data on the development of individual national markets and leading fitness operators of the European health and fitness industry remains challenging.

Fig. 1 – Top 10 European fitness markets by revenue in million EUR and share of the European market (2016)

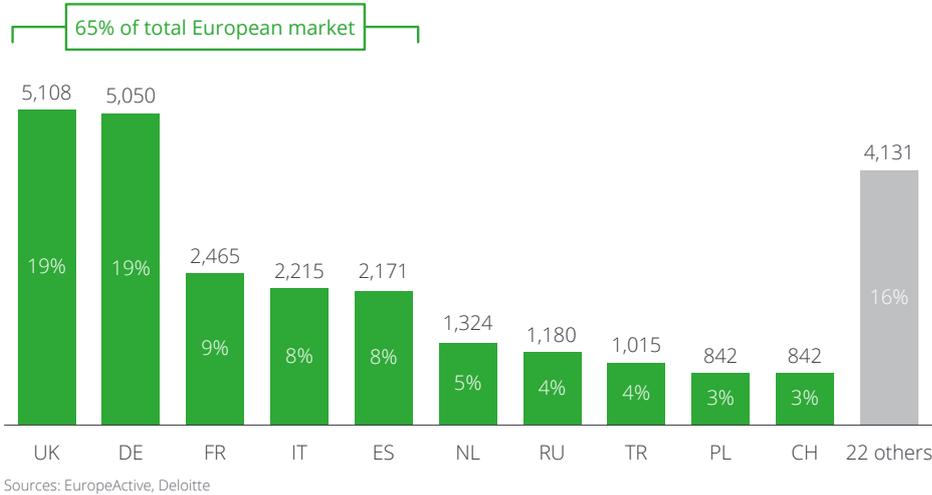
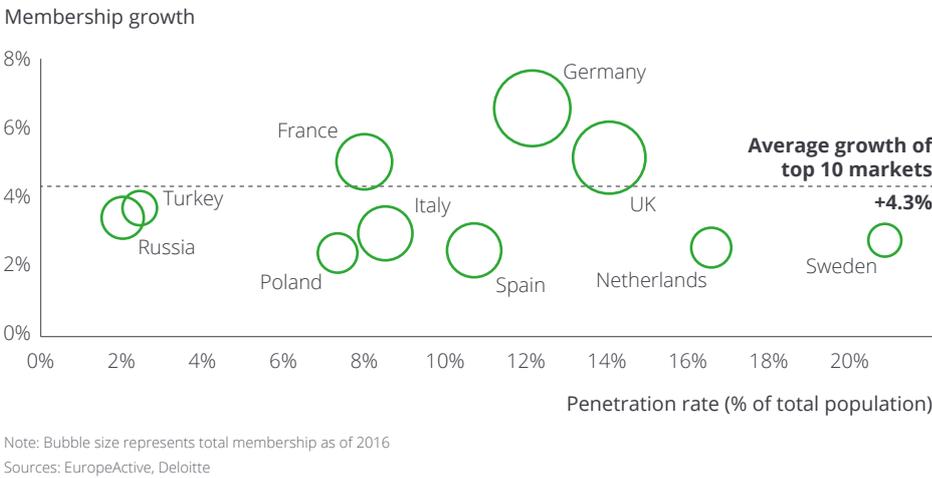


Fig. 2 – Total membership, membership growth and penetration rate of top 10 European fitness markets (2016)





Finland

Market insights

A total of 735,000 people are members of one of the 980 fitness clubs in Finland, which equals 13.4% of the total population. With an estimated membership increase of 55,000 (+8.1%), Finland was among the fastest growing markets in Europe in 2016. This trend – as well as the decrease in average monthly membership fees from EUR 49.9 in 2015 to EUR 48.0 in 2016 – can be attributed primarily to the continued growth of the low-cost segment, which experts estimate to account for more than 30% of Finland's health and fitness clubs and an even larger share of the total membership base.

The low-cost segment includes operators such as EasyFit, Fitness24Seven and Fresh Fitness, which is part of Swedish-based Health & Fitness Nordic that also owns the premium brand SATS ELIXIA. However, the majority of Finnish clubs remain independently owned, with the leading operators accounting for 20% of all clubs. The standard VAT rate in Finland is 24%; however, a discounted rate of 10% applies to fitness memberships.

National association

SKY

Suomen Kunto –
ja terveysliikuntakeskusten yhdistys

Riitta Hämäläinen-Bister

<http://www.sky-ry.fi/>

Fig. 47 – Leading regular operators by number of clubs



* fully or partly a franchise operation

Fig. 48 - Market share of leading operators



	2015	2016	EHFMR average (2016)
Total population	5.5m	5.5m	
Population 15-64	3.5m	3.5m	
Disposable income/person*	EUR 23,282	EUR 24,116	EUR 23,099
% of population engaging in physical activity*	66.0%	66.0%	43.4%
% of population with fitness club membership	12.4%	13.4%	8.1%
Fitness club members	680,000	735,000	
Number of clubs	900	980	
Members/club	756	750	1,087
Physically active people in population/club	4,013	3,696	4,358
Total revenue (excl. VAT)	EUR 407m	EUR 423m	
Average membership fee/month (incl. VAT)	EUR 49.9	EUR 48.0	EUR 41.9
Average membership fee as % of disposable income	2.6%	2.4%	2.2%

*Disposable income figures relate to the respective prior year periods; Physical activity relates to people that are physically active with at least some regularity, according to the EU Eurobarometer 'Sport and physical activity' in 2013. This study did not include Norway, Russia, Switzerland and Turkey.

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