<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>04</td>
</tr>
<tr>
<td>The European Fitness Market at a Glance</td>
<td>06</td>
</tr>
<tr>
<td>Executive Summary</td>
<td>08</td>
</tr>
<tr>
<td>Top 30 Operators – Rankings</td>
<td>12</td>
</tr>
<tr>
<td>Top 30 Operators – Profiles</td>
<td>21</td>
</tr>
<tr>
<td>Other Operators – Short Profiles</td>
<td>54</td>
</tr>
<tr>
<td>Recent Mergers &amp; Acquisitions</td>
<td>58</td>
</tr>
<tr>
<td>Perspectives on the Market</td>
<td>71</td>
</tr>
<tr>
<td>Keith Burnet</td>
<td>72</td>
</tr>
<tr>
<td>Glenn Earlam</td>
<td>76</td>
</tr>
<tr>
<td>Thierry Marquer</td>
<td>80</td>
</tr>
<tr>
<td>Chuck Runyon</td>
<td>84</td>
</tr>
<tr>
<td>Gabriel Sáez</td>
<td>88</td>
</tr>
<tr>
<td>Rainer Schaller &amp; Ralph Scholz</td>
<td>92</td>
</tr>
<tr>
<td>Functional Fitness</td>
<td>96</td>
</tr>
<tr>
<td>The View from Brussels</td>
<td>102</td>
</tr>
<tr>
<td>Snapshot of the Equipment Industry</td>
<td>105</td>
</tr>
<tr>
<td>Top Markets – Overview</td>
<td>114</td>
</tr>
<tr>
<td>Top Markets – Profiles</td>
<td>129</td>
</tr>
<tr>
<td>Appendix</td>
<td>168</td>
</tr>
<tr>
<td>About EuropeActive</td>
<td>169</td>
</tr>
<tr>
<td>EuropeActive Event Calendar</td>
<td>170</td>
</tr>
<tr>
<td>About Deloitte Sports Business Group</td>
<td>171</td>
</tr>
<tr>
<td>Methodology</td>
<td>172</td>
</tr>
<tr>
<td>Glossary</td>
<td>174</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>175</td>
</tr>
</tbody>
</table>
The European Fitness Market at a Glance

Number of fitness club members

60.0 million

Membership growth

+4.0%

Penetration rate

7.6% (total)
9.1% (15+)

Members of top 30 operators

14.1 million

Market share of top 30 operators by membership

23.5%

Global net sales of leading equipment manufacturers

EUR 39.3 billion

Total revenues

EUR 2.9 billion

Average gross membership fee per month

+4.0%

M&A deals

06
Clubs: 59,055

M&A deals: 20

Global net sales of leading equipment manufacturers: EUR 2.9 billion

Average gross membership fee per month: EUR 39.3

Total revenues: EUR 26.6 billion

Members of top 30 operators: 30

Penetration rate: 23.5%

Market share of top 30 operators by membership: 7.6% (total 9.1% (15+))

EUR 26.6 billion

European Health & Fitness Market | Report 2018
Market growth is again primarily driven by a 3.2% increase in the number of clubs across all countries, supported by an increase in the average membership per club (+0.7%), leading to a total increase in members of 4.0% to 60.0 million.
Executive Summary

In this fifth edition, the 2018 EuropeActive European Health & Fitness Market Report presents the most comprehensive analysis of the European health and fitness industry to date. The report contains current information on the major European fitness markets and club operators, recent merger and acquisition activities, a snapshot of the leading equipment manufacturers, a chapter on the functional fitness trend as well as interviews with leading fitness executives.

In terms of revenue, the European health and fitness market grew by 1.9% to EUR 26.6 million in 2017. In addition to the 28 European Union member countries, this figure also includes Norway, Russia, Switzerland, Turkey and Ukraine. The revenue development was, however, negatively affected by exchange rate effects in Turkey (-18.9%), the UK (-6.8%), Ukraine (-3.9%), Switzerland (-1.9%), Sweden (-1.7%), and Norway (-0.3%), which was partly offset by positive currency developments in Russia (+11.8%), Poland (+2.6%), and Denmark (+0.1%). At constant currency exchange rates, the year-on-year growth rate amounts to 3.8%.

Market growth is again primarily driven by a 3.2% increase in the number of clubs across all countries, supported by an increase in the average membership per club (+0.7%), leading to a total increase in members of 4.0% to 60.0 million. This is partly offset by a negative development of average monthly membership fees, which decreased by -0.1% at constant currency, following the continued expansion of low-cost operators.

As shown in the chapter on the leading operators, the top 10 European fitness operators, as measured by revenue, achieved total revenues of EUR 3.1 billion in 2017. While their market share increased from 11.4% to 11.7%, the European fitness market nonetheless remains relatively fragmented. With respect to membership, the 30 largest operators increased their combined market share by 1.0 percentage points to 23.5% and their membership by 1.2 million (+9.5%) to 14.1 million from 2016 to 2017.

This development was predominantly driven by low-cost operators Basic-Fit (+310,000 members), The Gym Group (+159,000), McFIT Group (+110,000), FitX (+108,000) and Pure Gym (+103,000), which ranked as the five fastest-growing companies in terms of absolute membership. While the German operator McFIT Group (1.73 million members), Netherlands-based Basic-Fit (1.52 million) and British market leader Pure Gym (923,000) solidified their positions as the top 3 European operators in terms of membership, The Gym Group (607,000) and FitX (550,000) made significant leaps to fifth and eighth in the overall ranking.

Membership growth of 94,000 was reported by British premium operator David Lloyd Leisure (DLL). In contrast to the aforementioned low-cost chains, this growth is largely...
inorganic following the acquisition of 14 clubs in the UK from rival Virgin Active in June 2017. In addition, DLL further expanded its international presence in 2017 with the opening of a second Spanish club in Madrid in February as well as the acquisition of the Malaspina Sporting Club in Milan. As a result, DLL not only defended its sixth spot in the membership ranking with 580,000 members, but also overtook Virgin Active to become the European market leader in terms of revenue (EUR 483 million).

Ranking second is the Switzerland-based Migros Group (EUR 388 million), which acquired Silhouette Wellness (22 clubs) in 2017 and operated 311 clubs with 466,000 members at year-end. After the sale of 14 clubs in the UK and the divestment of its Iberian business, Virgin Active ranks third with estimated revenues of EUR 356 million, followed by Scandinavian market leader Health & Fitness Nordic (EUR 349 million) and McFIT Group (EUR 347 million). The top 10 by revenue now contains five low-cost operators, namely McFIT Group, Basic-Fit, Pure Gym, Fitness World and clever fit.

In 2017, 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 20 major M&A transactions in 2017, which represents the highest number ever reported in all five annual editions of this report.

In addition to its focus on club operators, this report also provides a snapshot of the global equipment industry, highlighting the position and development of leading fitness equipment suppliers. 2017 was another year of strong growth for the global commercial fitness equipment industry, increasing to an estimated market size of EUR 2.88 billion. 28.8% thereof is estimated to relate to the European market. The selected leading manufacturers, which account for 78% of the total commercial equipment market, achieved growth of 2.7% in 2017.

This report also provides profiles of the largest national fitness markets in Europe. Together, the 19 countries analysed (Ukraine was added for the first time in this report) have 57.6 million members (96.0% of the European market), revenues of EUR 25.9 billion (97.2%) and 53,892 clubs (91.3%).

With a total market volume of about EUR 26.6 billion, Europe continues to be the largest fitness market in the world. By comparison, the United States recorded revenues of EUR 24.9 billion (USD 27.6 billion) in 2016 according to the IHRSA Global Report 2017 despite a significantly higher penetration rate of about 17.5% in the US market, which underlines a further growth potential of the European health and fitness market. At the same time, the total market volume exceeds that of the European football market, which amounted to EUR 24.6 billion in the 2015/16 season.
As shown in Figure 1, Germany (EUR 5.2 billion market size) and the United Kingdom (EUR 5.1 billion) are the two largest national fitness markets in Europe, with Germany taking first place for the first time in 2017. However, this was due to the depreciation of the GBP relative to the EUR: the UK market grew by 6.8% at constant currency in 2017 compared to a 3.0% growth in the German fitness industry. 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.

In terms of membership, Germany remains the largest market in Europe with a total of 10.6 million members (+5.3%), followed by the UK (9.7 million), France (5.7 million), Italy (5.3 million) and Spain (5.2 million). As shown in Figure 2, the three largest markets also displayed above-average membership growth rates in 2017, mainly driven by the continued expansion of low-cost operators in all three countries.

At the same time, considerable differences between the individual markets remain. Markets such as Sweden (21.4% penetration rate) and the Netherlands (17.0%) represent medium-sized countries with high membership figures relative to the population, largely due to the high proportion of physically active people, relatively high urbanisation rates and the presence of large fitness operators in these countries. At the same time, markets such as Turkey and Russia still display considerable market potential with penetration rates of 2.4% and 2.0% respectively.

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.
Market insights
In Ireland, 500,000 people are members at 710 health and fitness clubs, which is equivalent to 10.5% of the total population. According to the national association, the slight decline in clubs and constant membership figure compared to last year's report is due to better market information rather than an actual decline/stagnation, as the market is believed to have slightly grown in 2017 in terms of both clubs and members. With an average of 704 members per club, Ireland has one of the lowest members/club ratios among the selected countries. This is partly driven by the large number of independently-owned facilities, which are estimated to account for 80% of the total club base and generally have a lower member average than chain operators.

By contrast, the ten selected leading operators in the Irish market account for 12% of all clubs and 22% of all members. With 12 clubs, Club Vitae is the leading operator in terms of club totals, followed by the UK-based énergie group (eleven clubs), Aura Leisure and Ben Dunne Fitness (ten clubs each). The standard VAT rate is 23%; a discounted 9% rate applies to gym memberships as well as to the rental of sport facilities and a discounted 13.5% rate applies to fitness classes.

National association
Ireland Active
Conn McCluskey
http://www.irelandactive.ie

Fig. 50 – Leading regular operators by number of clubs

Fig. 51 – Leading micro club operators by number of clubs

*Fully or partly a franchise operation
Fig. 52 – Market share of leading regular operators

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<tr>
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<th>2016</th>
<th>2017</th>
<th>Ø top 19 countries</th>
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</thead>
<tbody>
<tr>
<td>Total population</td>
<td>4.7m</td>
<td>4.8m</td>
<td></td>
</tr>
<tr>
<td>Population 15+</td>
<td>3.7m</td>
<td>3.7m</td>
<td></td>
</tr>
<tr>
<td>Disposable income / person*</td>
<td>EUR 19,877</td>
<td>EUR 20,001</td>
<td>EUR 23,167</td>
</tr>
<tr>
<td>% of population engaging in physical activity**</td>
<td>53.0%</td>
<td>53.0%</td>
<td>42.5%</td>
</tr>
<tr>
<td>% of population with fitness club membership</td>
<td>10.6%</td>
<td>10.5%</td>
<td>8.0%</td>
</tr>
<tr>
<td>% of 15+ population with fitness club membership</td>
<td>13.6%</td>
<td>13.4%</td>
<td>9.7%</td>
</tr>
<tr>
<td>Fitness club members</td>
<td>500,000</td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td>Number of clubs</td>
<td>730</td>
<td>710</td>
<td></td>
</tr>
<tr>
<td>Members / club</td>
<td>685</td>
<td>704</td>
<td>1,068</td>
</tr>
<tr>
<td>Physically active people / club**</td>
<td>3,430</td>
<td>3,564</td>
<td>4,110</td>
</tr>
<tr>
<td>Total revenue (excl. VAT)</td>
<td>EUR 297m</td>
<td>EUR 297m</td>
<td></td>
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<tr>
<td>Average membership fee / month (incl. VAT)</td>
<td>EUR 49.1</td>
<td>EUR 49.1</td>
<td>EUR 39.7</td>
</tr>
<tr>
<td>Average membership fee as % of disposable income</td>
<td>3.0%</td>
<td>2.9%</td>
<td>2.1%</td>
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</tbody>
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*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” published in 2018.
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