



Pure Gym continues rapid expansion as clear UK industry leader

Financial Results for 12 months to 31 December 2016

- 38 new/converted gyms opened, including 18 LA Fitness conversions, taking the year-end total to 170 Pure Gyms which has since progressed to 174 as of the end of February;
- 41% growth in EBITDA and 28% growth in revenue despite several LA Fitness gyms being closed for conversion at times during the year;
- 23% growth in members to 822,000, a third with no previous gym membership and nearly double the next largest participant in the UK gym market;
- Membership growth has continued to be very strong in early 2017 with over 930,000 members as of the end of February – an increase of over 100,000 since the year end;
- Converted LA Fitness sites performing very well as Pure Gyms with many showing outstanding uplifts in member numbers, revenue and profit performance;
- Excellent outlook for the future with strong pipeline of new sites and further investment in technology and marketing that will support revenue and profit growth.

	2016 ¹	2015	Change (%)
Revenue (£'000)	159,937	125,201	+ 28%
Group EBITDA ² (£'000)	39,524	27,989	+ 41%
Gyms (trading as Pure Gym)	170	132	+ 29%
Gyms (trading as LAX / LA Fitness) ³	2	24	
Members	822,000	670,000	+ 23%

March 30 2017, London - Pure Gym, the UK's largest gym operator today announces strong annual results for 2016 with excellent growth in members, revenue and profits.

The Group's ongoing expansion and popular offering of affordable, flexible and high-quality gyms, continues to appeal to people across the country with membership growing by 152k to 822k over the year. Over a third of the new members indicated that they have not been gym members before, demonstrating the group's continued success in widening access to fitness as well as winning market share from 'old style' operators. The impressive membership growth has continued into 2017 with over 100,000 members joining Pure Gym by the end of February - over 13% net growth since YE 2016.

Revenues grew 28% to £159.9m and group EBITDA exceeded management expectations, growing by 41%. This was despite the temporary closure and loss of revenue associated with converting 18 LA Fitness sites to the Pure Gym format.

2016 saw another year of significant site expansion with Pure Gyms now located right across the UK. This scale delivers significant commercial benefits, giving Pure Gym a very attractive multi-site offering to members and makes the company an increasingly popular counterparty for landlords wanting a strong covenant, from a business with outstanding, long term prospects. Pure Gym sites

¹ The results for the year ended 31 December 2016, including comparative financial information, relate to Gym Topco Limited (company registration 08508586). They have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and their interpretations adopted by the European Union. While the financial information included in this results announcement has been prepared in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient information to comply with IFRS.

² Group EBITDA is defined as earnings before interest, tax, depreciation, amortisation, profit/loss on disposal of property, plant and equipment and exceptional costs.

³ Two remaining LA Fitness sites to be converted in 2017.

are increasingly popular in retail parks and shopping centres with both owners and retail outlets benefitting from increased footfall as gym users come and go during the week. The business' growth also creates economies of scale by lowering operating costs and supporting larger, more sophisticated marketing campaigns.

Commenting on the results, Humphrey Cobbold, Chief Executive, said:

"Thanks to the hard work of our exceptional colleagues across the country, Pure Gym consolidated its leadership position in 2016 and we now have an enviable spread of sites across the UK, including 40 in the London area. Almost a million people currently enjoy our affordable and flexible offer and we've introduced a variety of different membership options to suit a wide range of personal circumstances.

No operator in the history of the gym and fitness sector in the UK has ever achieved this scale of membership and we are passionately pursuing our vision of making great fitness opportunities and facilities available for everybody in the country. For 2017, expansion remains our priority with four new gyms open already and plans for 20 to 25 openings this year in total. Despite our size, we retain a 'challenger brand' entrepreneurial spirit with a relentless focus on ensuring our offer appeals to 21st century consumers who want quality and value for money, the flexibility of a no contract offer and facilities they actually use."

The company's investment in technology – led by a strong team of in-house software developers with over 120 years of combined, relevant experience - remains a focus both to enhance the member experience and more efficiently manage the business. Based on this technology capability, Pure Gym is developing increasingly sophisticated yield management capabilities akin to hotels or airlines. This allows the business to respond to patterns of site usage by flexing the member price and offer as well as improving both member experience and profitability. Yield management has been particularly effective at supporting like for like performance in mature gyms⁴.

The company's profile and brand recognition continued to grow in 2016, driven by three successful national TV advertising campaigns featuring our brand ambassador Sir Chris Hoy – the six times Olympic Champion. Analysis of these campaigns confirmed an excellent return on investment through growing brand awareness, which encouraged people to trial our offer and prompted new joiners.

On the outlook for 2017 and beyond Mr Cobbold commented:

"Pure Gym's impressive expansion continues and the scope for further growth is considerable. Half of our sites are under two years old and so they offer significant further growth potential. We therefore expect 2017 to be another year of healthy progression for all the key performance indicators – volume, yield, revenue, profits and cashflow. Looking further ahead we are excited about the potential of the business in a market where Pure Gym benefits from being the clear leader and in which value gyms still represent under 10% of the number of facilities in the UK and Pure Gym's share of facilities is still only in the low single digits.

The structural trends underpinning our growth are intensifying: technology continues to disrupt established sectors and in the gym market consumers are increasingly health aware but want the ability to be active when it suits them at an affordable price. Pure Gym intends to remain in the forefront of these structural trends and developments by continuing to invest and expand the range of options it offers the people of the UK and beyond."

ENDS

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Notes to editors

1. Pure Gym is the UK's leading gym operator providing low-cost and high-quality fitness facilities for more than 930,000 members spread across 176 sites. Pure Gym was founded in 2008 and pioneered the model for affordable, flexible, high-quality fitness clubs in the UK.

⁴ Sites open for more than 24 months

Members pay monthly and have no contract commitment. Most of its gyms are open 24 hours a day across the UK and offer a full range of top of the line equipment including cardiovascular equipment, fixed-resistance and free weights. Each gym offers over 220 pieces of fitness equipment and up to 80 group exercise classes each week delivered by around 2,000 personal trainers. In May 2013 funds affiliated with CCMP Capital Advisors, LLC bought a majority stake in the business.

2. The company received a number of awards and accolades over the year including being recognised as one of the top ten most disruptive businesses in the UK the Virgin Media Business Disruptor 10, and appearing in both the Sunday Times Virgin Fast Track 100 and The Sunday Times Top 100 companies to work for.