

26 August 2020

FY2020 Full Year Results

Tech smarts deliver solid results while multiple acquisitions create a foundation for further international expansion.

Canberra, Australia - Viva Leisure Limited (“Viva Leisure” or “the Company”), a leading Australian health club owner and operator, has today announced its results for the full year ended 30 June 2020.

Financial highlights

	8 Months (July to February)			12 Months (July to June)		
	FY2020 Underlying (\$million)	FY2019 Underlying (\$million)	Variance %	FY2020 Underlying (\$million)	FY2019 Underlying (\$million)	Variance %
Revenue	33.16	20.48	61.9%	40.89	40.89	23.6%
EBITDA	7.78	4.49	73.1%	6.07	7.29	(16.7%)
EBITDA Margin	23.4%	21.9%		14.8%	22.0%	

The main driver of performance is membership revenue which was severely impacted with the mandatory closure of all facilities on 23 March 2020 for a period of 10+ weeks. This resulted in revenue falling short from previous guidance by approximately \$18m (which was withdrawn shortly after our clubs were mandatorily shut down due to COVID-19). For the 8 months prior to COVID-19, EBITDA was tracking at 73.1% above the previous corresponding period. This only included 15 days of FitnFast ownership.

	30 June 2020	30 June 2019	Variance
Membership	94,196	54,039	74%

Other important metrics (excluding AASB-16):

- EBITDA CAGR (FY2016 to FY2020) still strong at 27.0%;
- EBITDA margin achieved was 14.8% for the full year, however for the 8 months to February 2020 was 23.4%, an increase on the FY2019 full year which was 22.0%; and
- Revenue CAGR (FY2016 to FY2020) of 17.3%.

Strategic and operational achievements

- The number of operating locations increased from 40 to 79 during FY2020;
- Competed and fully integrated four acquisitions, totalling 26 new locations in FY2020;
- Agreed to terms for the acquisition of Australian Fitness Management, the Master Franchisor of Plus Fitness (settled the acquisition 21 August 2020); and
- Monthly member visitations peaked at 450k visits in February 2020 (excluding FitnFast) and had recovered to 500k (including FitnFast) in July 2020;
- Completed two equity capital raises of \$20m and \$25m respectively.

Result Commentary

Commenting on the FY2020 results, Viva Leisure's CEO Harry Konstantinou said:

"COVID-19 has affected the health club industry significantly after mandatory shutdown of facilities occurred on 23 March 2020, effectively reducing Viva Leisure's income to zero. Since then, my Team and I have worked diligently to return the business to pre-COVID levels. The FY2020 full year result is an outstanding result during an unprecedented period. The business is in an excellent position to continue development from here."

Current trading

Viva Leisure has seen strong recovery and performance from all business brands in the first two months of FY2021.

Monthly recurring revenue is tracking towards \$5million for August 2020, with Victorian locations closed and NSW clubs still operating with restrictions.

Membership now exceeds 95,700 and continues to grow each day.

Outlook

Viva Leisure maintains its entrepreneurial drive to ensure that it can respond to market conditions quickly, provide the best quality service and facilities possible to members and lead in its chosen markets. FY2021 will see Viva Leisure continue to expand in a controlled manner to achieve its strategic objectives.

The Australian Fitness Management (Plus Fitness) acquisition completed on 21 August 2020 will provide additional opportunities to grow the business into new markets. Our strong balance sheet and return to positive cashflow will allow the Company to take advantage of any future opportunities.

ENDS

This announcement has been authorised for release to the ASX by the Board of Directors of the Company.

MARKET ANNOUNCEMENT



For further information, please contact:

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Results briefing

An investor conference call, including Q&A, will commence at 10:30 am AEST today.

In addition to the conference call, a live link will be made available via a webcast at:

<https://webcast.openbriefing.com/6472/>

Participants of the dial-in or webcast are encouraged to register 15 minutes before the start of the presentation.

Dial-in details

Participant Toll:	+61 2 8038 5221
Participant Toll free:	1800 123 296
Conference ID:	7742537

About Viva Leisure:

Founded in 2004, Viva Leisure operates health clubs (gymnasiums) within the health and leisure industry. Viva Leisure's mission is to connect health and fitness to as many people as possible and aims to provide its members with affordable, accessible and awesome facilities.

Viva Leisure offers customers several different membership options and a range of different types of facilities from big-box fitness facilities to boutique fitness facilities. The Company currently operates over 80+ health clubs within the Australian Capital Territory, New South Wales, Queensland and Victoria, with the majority operating under the Club Lime brand.