



# VIVA

LEISURE

ATTITUDE IS  
EVERYTHING.

**RESULTS PRESENTATION**

**FY2021 FULL YEAR**

**17 AUGUST 2021**

**Viva Leisure Limited**  
**ASX: VVA**

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# PRESENTING TODAY

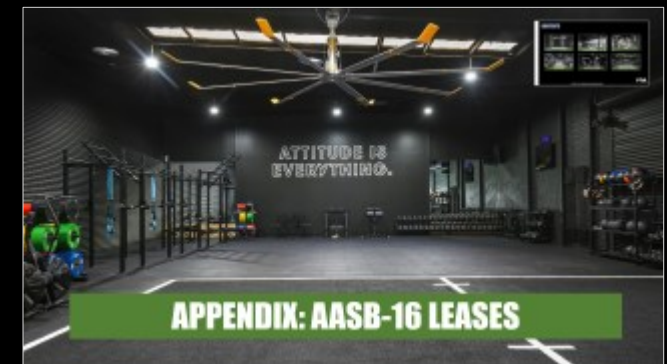


**Harry Konstantinou**  
Managing Director & Chief Executive Officer



**Kym Gallagher**  
Chief Financial Officer

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# WORD FROM OUR CEO

“ *Despite a difficult year where all our facilities across Australia had just two months of being open at the same time, I am proud of my team for managing to achieve an increase in all key metrics being Members, Locations, Revenue, EBITDA and NPAT.*

*A 97% increase in EBITDA over the previous year is an outstanding result, as is doubling revenue to over \$83 million.* ”



Harry Konstantinou



# home of hiiit

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 one of hiiit PERFORMANCE HIGHLIGHTS	 club 10	 4.4
 MEMBER BENEFIT	 RANGE & COMFORT PRICE	 AFTERNOON AFTER 10 EURO

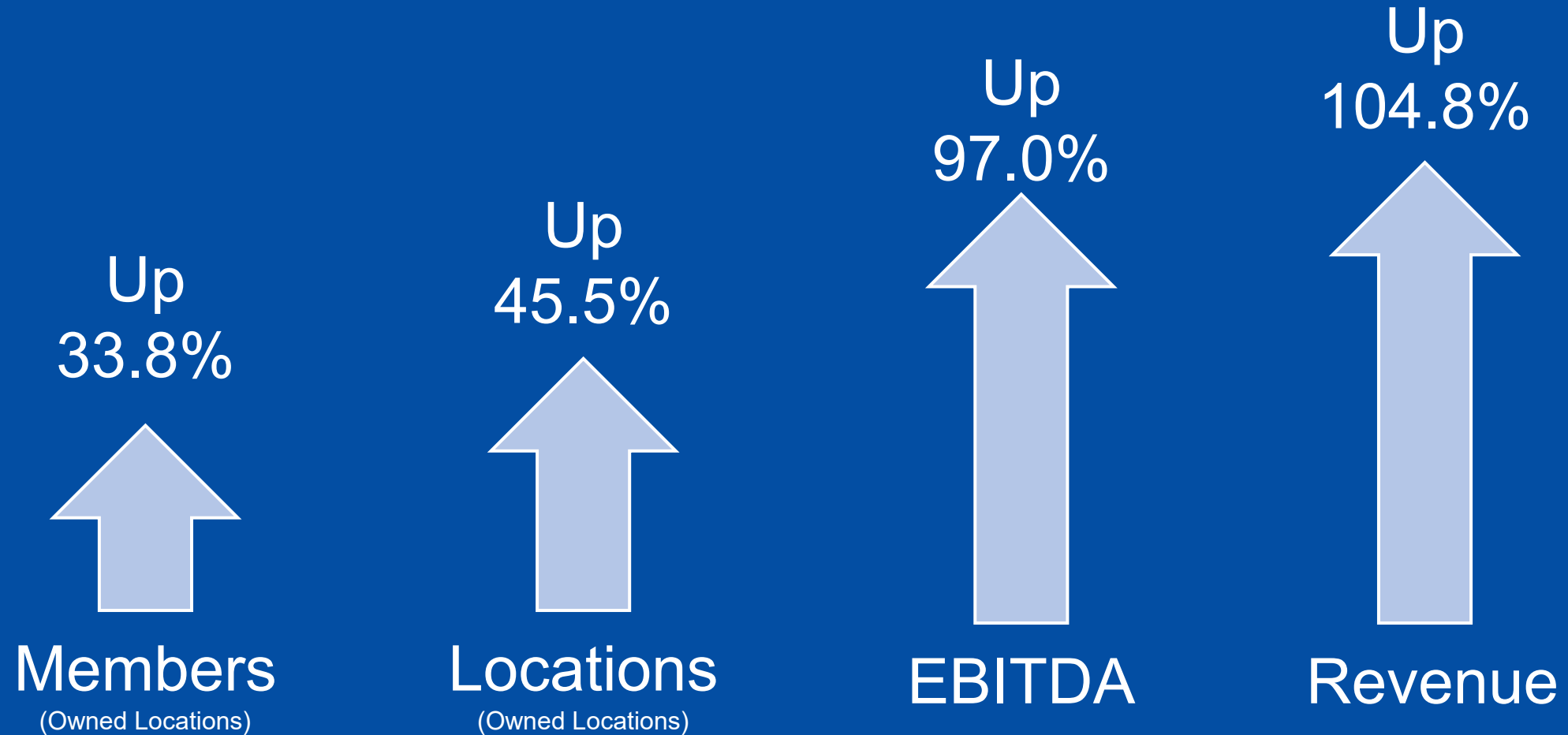
PROFIT FULL YEAR RESULTS PRESENTATION

**VIA**



**PERFORMANCE HIGHLIGHTS**

# PERFORMANCE SUMMARY



Comparison to PCP (June 2020 to June 2021)

FY2021 FULL YEAR RESULTS PRESENTATION

# PERFORMANCE HIGHLIGHTS

Consolidated (All Segments)			
REVENUE (\$m)	EBITDA (\$m)*	NPAT *	EBITDA MARGIN*
<b>\$83.7</b>	<b>\$11.95</b>	<b>\$0.90</b>	<b>14.3%</b>
PCP % 104.8%	PCP % 97.0%	PCP % 4.6%	PCP 14.8%

Consolidated (Owned locations only)				Consolidated (All Segments)	
CLUB m2	UTILISATION	MEMBERS	LOCATIONS	MEMBERS	LOCATIONS
<b>97,103</b>	<b>64.8%</b>	<b>126,006</b>	<b>115</b>	<b>298,376</b>	<b>309</b>
PCP 75,038	PCP 61.7%	PCP 94,196	PCP 79	PCP 94,196	PCP 79

\* Excluding impacts of AASB16



# OPERATIONAL ACHIEVEMENTS

**115**

Locations  
(June 2021)

+14%

Locations  
(ACT)

**41**

June 2020

**47**

June 2021

+56%

Locations  
(NSW)

**23**

June 2020

**36**

June 2021

+50%

Locations  
(QLD)

**10**

June 2020

**15**

June 2021

+240%

Locations  
(VIC)

**5**

June 2020

**17**

June 2021

- Locations increased by 45% during FY2021 building a solid base for FY2022 and beyond
- Percentage of ACT locations now represent approximately 40% of all locations (was >70% at IPO in June 2019)
- Focus continues to be growth of locations and members in Queensland and Victoria which increased 50% and 240% respectively over FY2021
- Location numbers indicated do not include Plus Fitness franchise locations. The Plus Fitness master franchisor (Australian Fitness Management) was acquired in August 2021
- 117 Locations operating as at 18 August 2021

# LOCATIONS

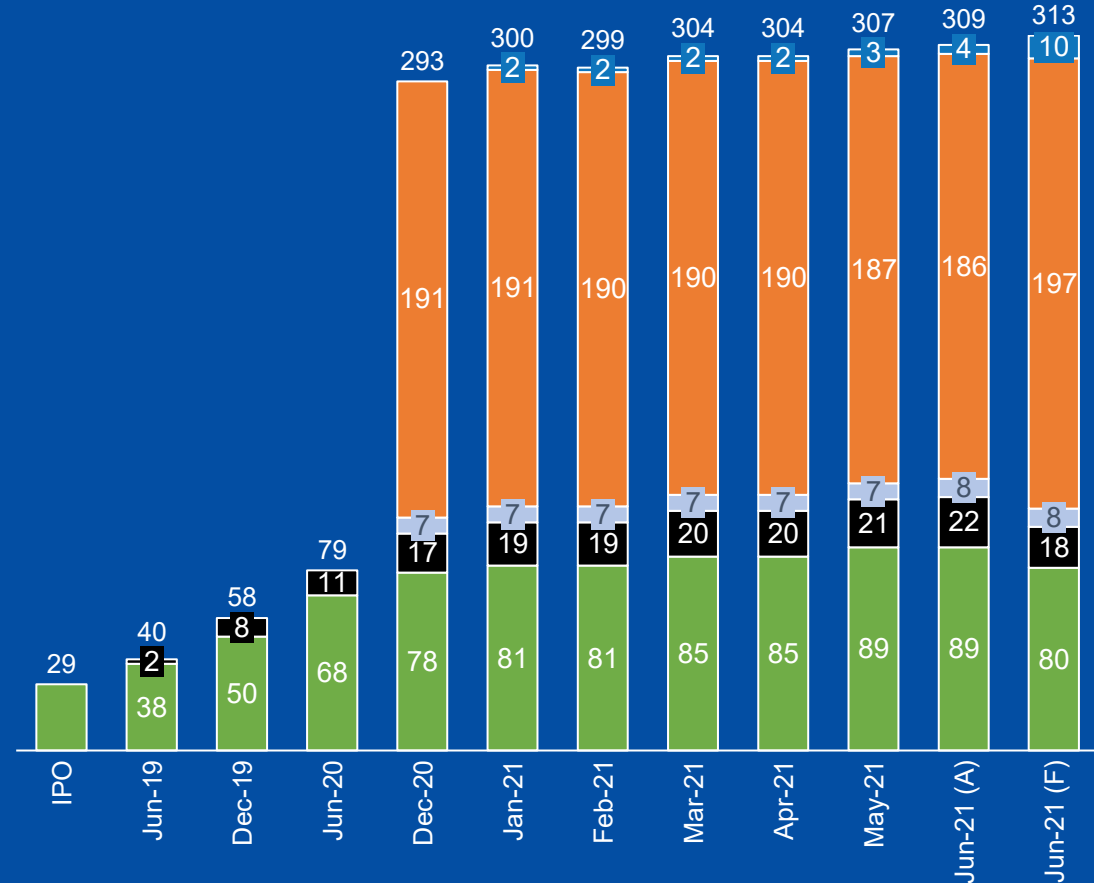
- **Health Clubs & Other & Hiit Republic** are all Corporate owned locations (referenced as "Viva" in the map)
- **Plus Fitness** includes both Corporate and Franchised locations.
- Includes New Zealand (3) and India (5) locations
- Jun-21 (F) Forecast refers to target set in August 2020



# AUSTRALIA

VIVA PLUS

As at 30 June 2021

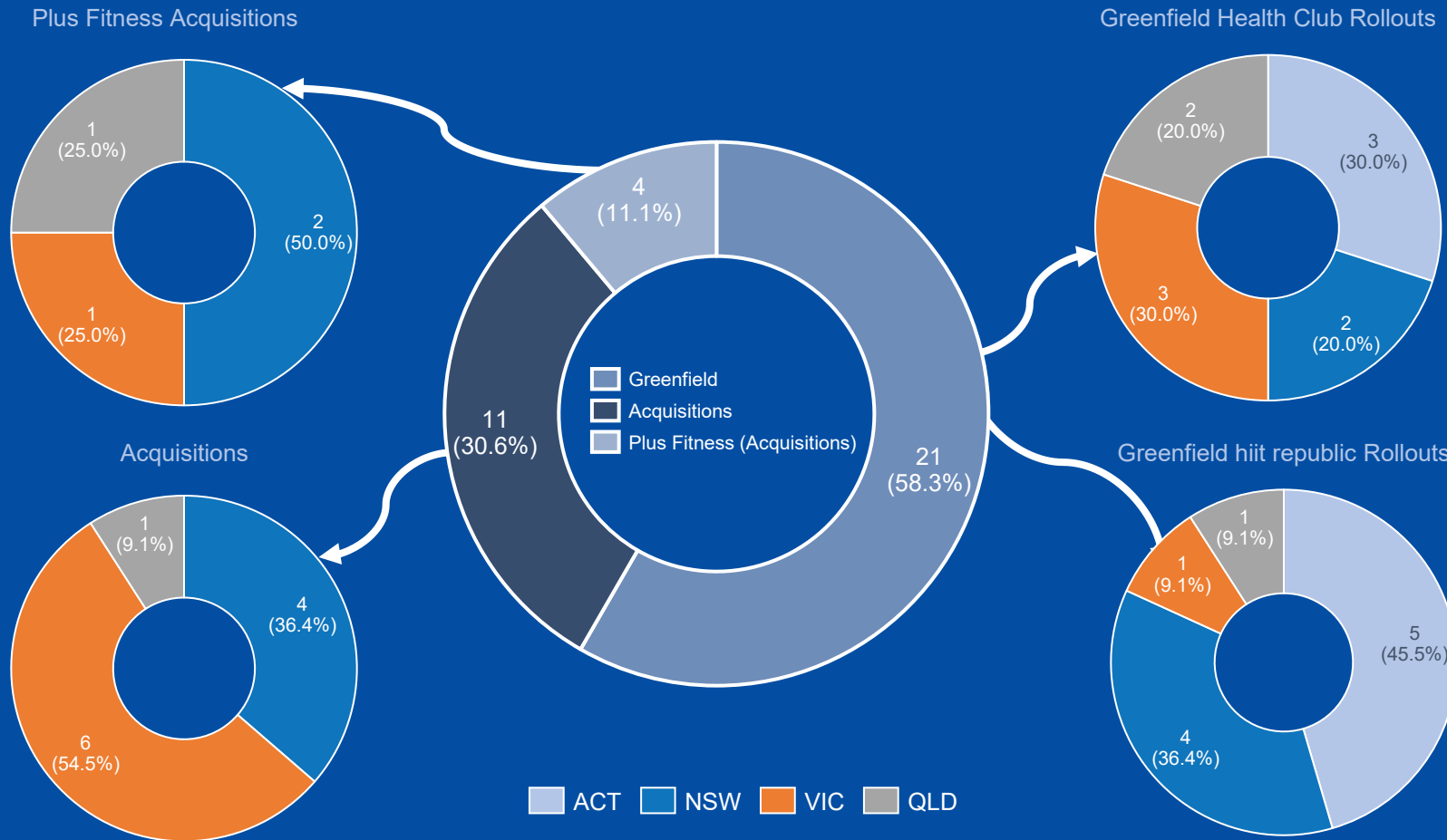


- Plus Fitness AU (Viva Owned)
- Plus Fitness AU (Franchisee Owned)
- Plus Fitness NZ/IN (Franchisee Owned)
- Hiit Republic
- Health Clubs & Other



# ACQUISITIONS & GREENFIELDS

## Locations



➤ Despite the impacts of COVID, Viva Leisure has continued to invest for the future

➤ In FY2021:

- Viva Leisure invested **\$54.8 million** on Acquisitions, Greenfield rollouts and location upgrades:
  - \$27.3m Plant & Equipment
  - \$27.5m Acquisitions

➤ 36 locations opened or acquired, including the acquisition of the Plus Fitness master franchisor

➤ In FY2020:

- Viva Leisure invested **\$35.1 million**
  - \$17.3m Plant & Equipment
  - \$17.8m Acquisitions

➤ 39 locations opened or acquired



SLIME

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POWER FLOOR, THE NEW REALITY FOR THE GYM FLOOR

**VIVA**

# FINANCIAL RESULTS

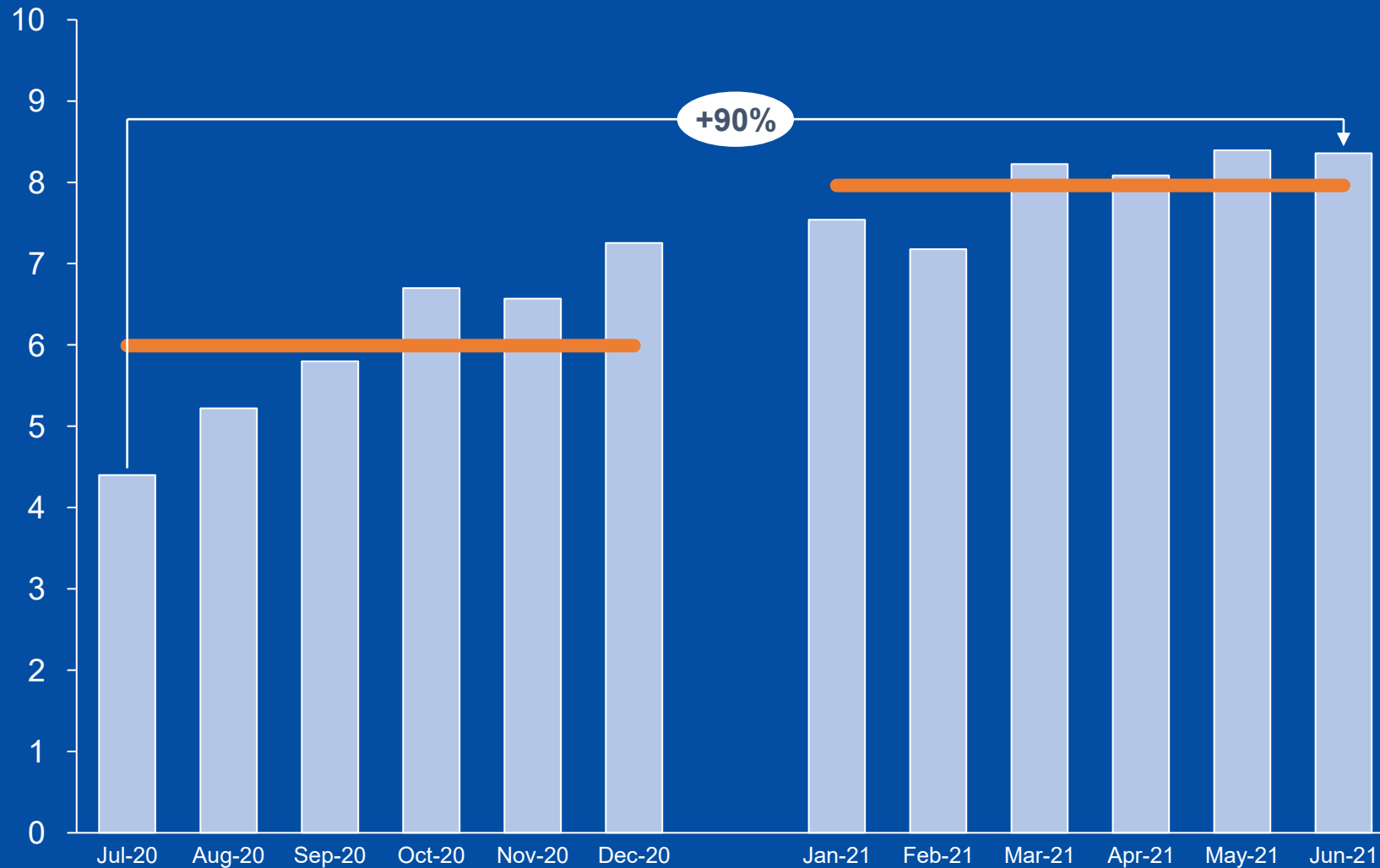
# FY2021 FULL YEAR RESULTS

Profit and Loss (\$m)	FY2021 (Ex AASB-16)	FY2020 (Ex AASB-16)	Variance %
Revenue	83.72	40.89	104.8%
Operating Costs	(71.77)	(34.82)	106.1%
<b>EBITDA</b>	<b>11.95</b>	<b>6.07</b>	<b>97.0%</b>
Depreciation / Amortisation	(8.96)	(4.07)	120.0%
<b>EBIT</b>	<b>2.99</b>	<b>2.00</b>	<b>49.2%</b>
Finance Costs	(1.70)	(0.76)	123.7%
<b>Net Profit Before Tax</b>	<b>1.29</b>	<b>1.24</b>	<b>4.6%</b>
Tax	0.39	0.37	
<b>Net Profit After Tax</b>	<b>0.90</b>	<b>0.86</b>	<b>4.6%</b>

- Revenue Growth of 104.8% despite COVID-19 impacts
- Expenses include >\$1m in legal fees, acquisition and cap raise costs
- June 2021 impacted by \$600k in revenue due to COVID lockdowns having a direct impact on EBITDA
- D&A increase includes impact of an additional 36 clubs

Results above exclude impacts of AASB16

# FY2021 REVENUE SUMMARY (\$m)

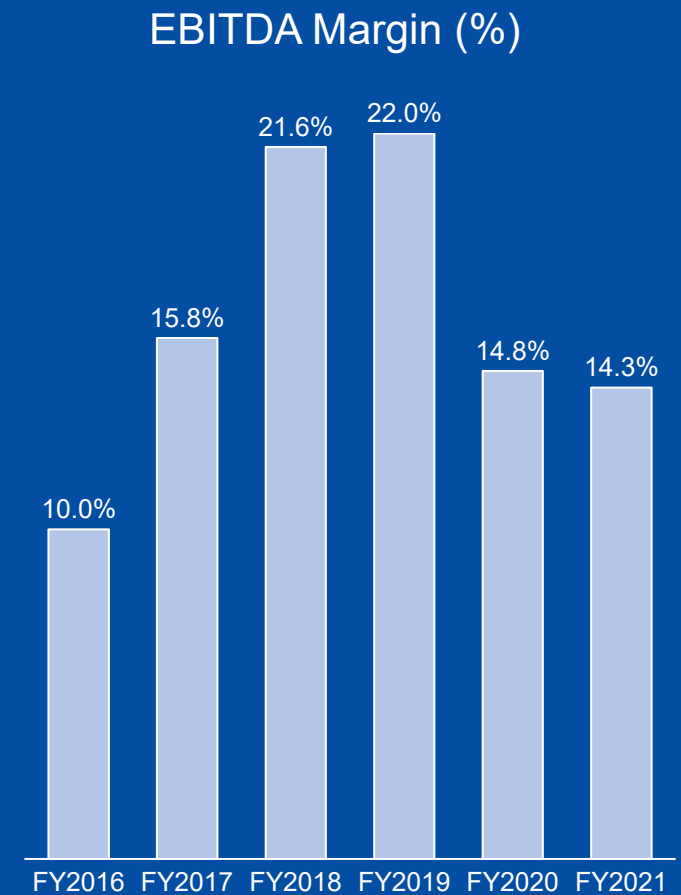
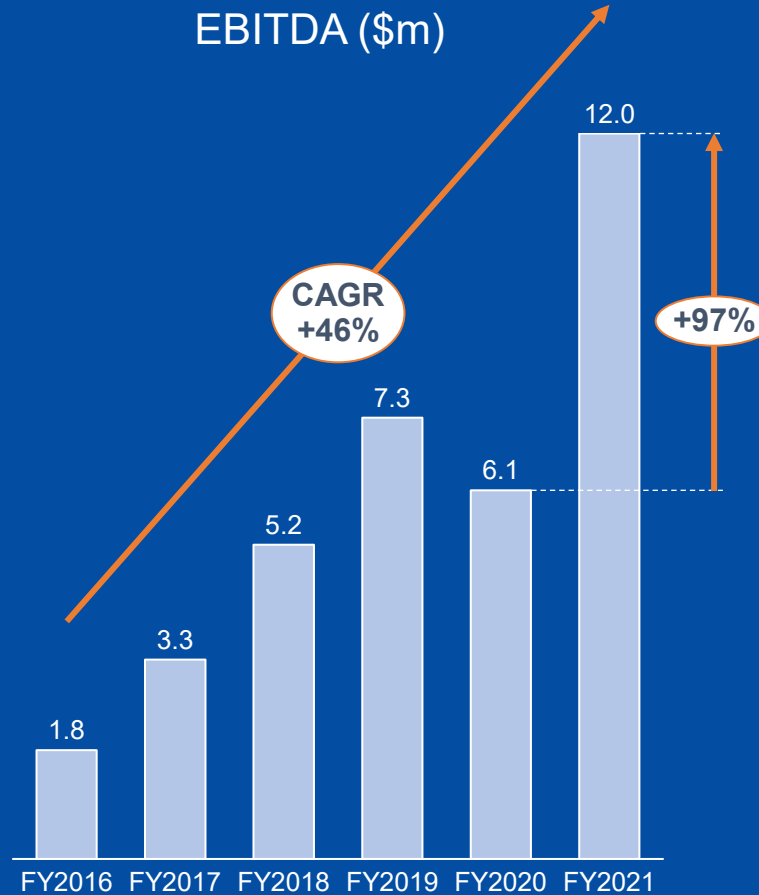
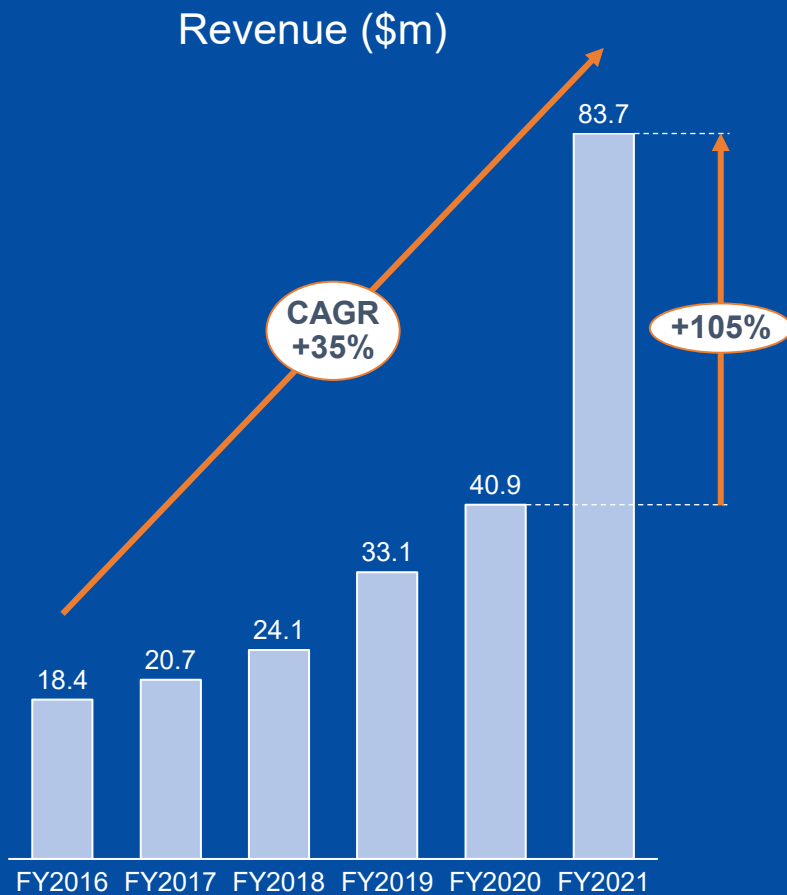


- Average Revenue per month
  - H1: ~\$6m
  - H2: ~\$8m
- Revenue increased by 90% between July 2020 and June 2021

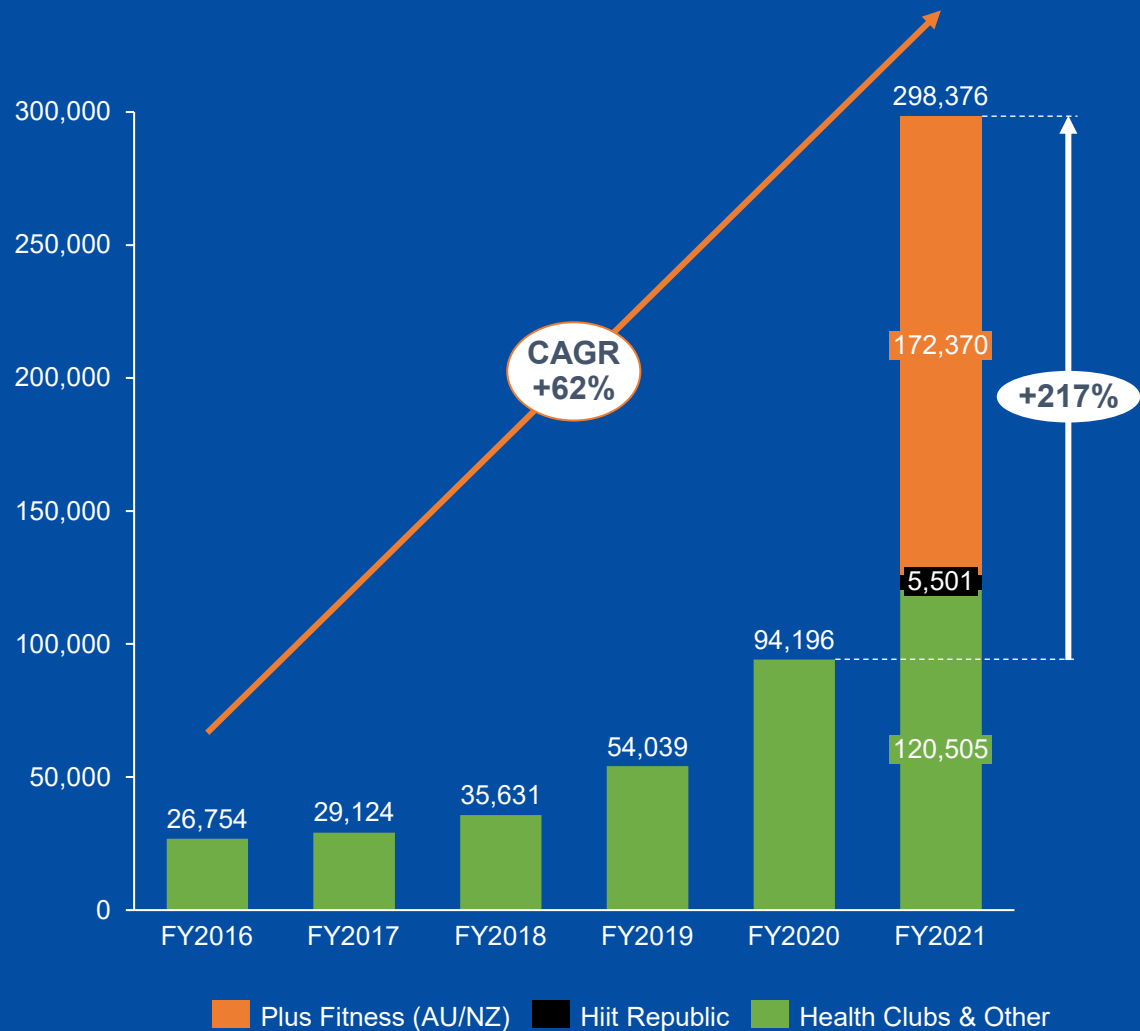
— Average    ■ Revenue

# FINANCIAL SNAPSHOT

EBITDA Margin impacted by COVID stop/start lockdowns in addition to significant (21) greenfield club rollouts during FY2021. New club rollouts provide trailing contribution (ie: 12 months) from opening as they ramp up.



# MEMBER SNAPSHOT



From June 2021, Plus Fitness Corporate Owned locations now included in **Health Clubs & Other**

## Members by State Viva owned locations only

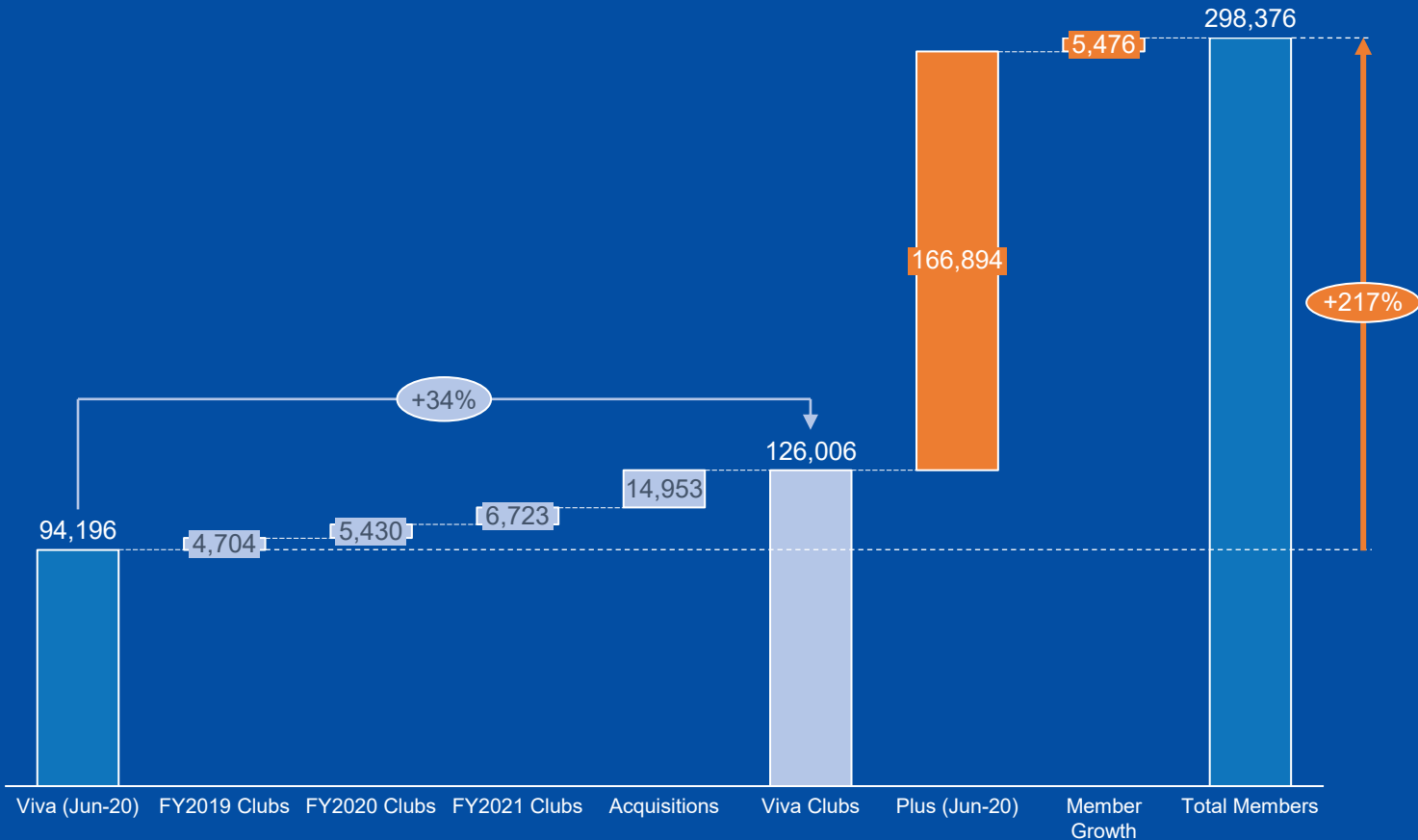


## Members by Segment





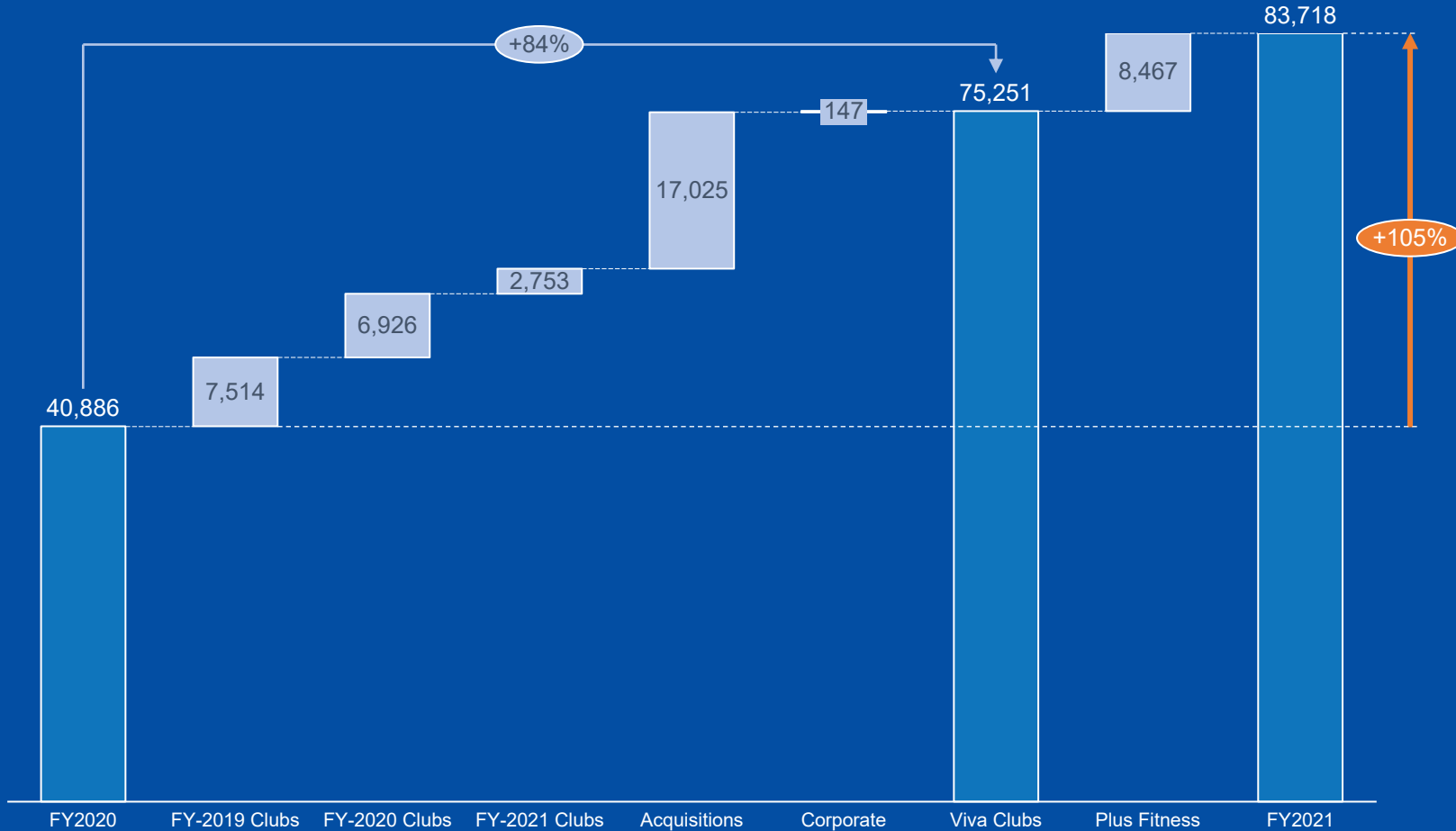
# MEMBERSHIP GROWTH



- **FY2019 Clubs** refers to membership growth for locations opened or acquired in FY2019 or earlier
- **FY2020 Clubs** and **FY2021 Clubs** refers to membership growth for locations opened in the respective years
- **Acquisitions** column represents membership growth from locations acquired in FY2020 and FY2021
- **Locations Included:**
  - FY19 Clubs: 40
  - FY20 Clubs: 16
  - FY21 Clubs: 20
  - Acquisitions: 39

(as at 30 June 2021)

# REVENUE GROWTH (\$'000)



- **FY2019 Clubs** refers to revenue growth for locations opened or acquired in FY2019 or earlier
- **FY2020 Clubs** and **FY2021 Clubs** refers to revenue growth for locations opened in the respective years
- **Acquisitions** column represents revenue growth from locations acquired in FY2020 and FY2021
- **Plus Fitness** column represents revenue from date of acquisition (21 August 2020)
- Locations Included:
  - FY19 Clubs: 40
  - FY20 Clubs: 16
  - FY21 Clubs: 20
  - Acquisitions: 39

# BALANCE SHEET

Balance Sheet (\$m)	FY2021	FY2020
Cash	17.29	30.10
Receivables and other Current Assets	6.44	5.62
Plant and Equipment	51.71	28.65
Right of Use Assets	204.88	176.88
Intangibles	47.92	20.53
Deferred Tax	69.90	57.73
<b>Total Assets</b>	<b>398.14</b>	<b>319.51</b>
Trade and other Payables	6.39	5.10
Contract Liabilities	4.44	0.86
Leases – Equipment	15.54	14.52
Leases – Rental Properties	204.62	168.11
Borrowings – Other	10.01	7.99
Provisions	8.67	6.13
Current and Deferred Tax	62.12	53.49
<b>Total Liabilities</b>	<b>311.79</b>	<b>256.20</b>
<b>Net Assets</b>	<b>86.35</b>	<b>63.32</b>

- Proceeds of Capital raises strengthened Balance Sheet
- Investments in new businesses (organic and acquisition) driving profit expansion
- Maintaining low levels of debt

# CASHFLOW

Cashflows (\$m)	FY2021	FY2020
Opening cash	30.10	14.39
Cashflows from operations	25.36	3.04
Investment in plant and equipment	(27.26)	(17.33)
Acquisition of businesses	(27.54)	(17.73)
Impact of capital raising	28.94	43.15
Proceeds/(repayment) of debt	2.02	7.99
Lease Principal Reductions	(14.33)	(3.40)
Closing cash	17.29	30.10

- Deployment of capital raises towards rollouts and acquisitions
- Major acquisitions of Australian Fitness Management (Plus Fitness) and Pinnacle Health Clubs
- Large cash investment in greenfield roll-out program

# FY2021 GUIDANCE RECONCILIATION (\$m)

Metric	Guidance	Actual	Addbacks	Actual After Addbacks	Comments
<b>Revenue</b>	\$81 to \$83	\$83.7	\$0.6 (May/June 2021 lockdown revenue reduction)	\$84.3	<ul style="list-style-type: none"> <li>➤ Revenue was above expectations notwithstanding three unexpected lockdowns</li> </ul>
<b>Trading EBITDA</b> (Excluding any one-off adjustments / pre-AASB16)	\$13 to \$13.5	\$11.95 <sup>+</sup> (actual)	\$1.7 (as shown below and revenue from May/June reduction)	\$13.65	<ul style="list-style-type: none"> <li>➤ One off adjustments totalled \$1.1m, details below</li> </ul>
<b>EBITDA Margin</b>	16.5% to 17.5%	14.3%		16.2%	<ul style="list-style-type: none"> <li>➤ Margin affected by loss of momentum due to lockdowns</li> </ul>
<b>One off adjustments (\$m)</b>					
Legals: Cap Raise & acquisitions (Plus Fitness & Pinnacle)			\$0.2		
New CBA Facility: Establishment fees and legals			\$0.1		
Legals: AFM Franchisee dispute			\$0.4		
Due Diligence Legal and Accounting: Acquisitions			\$0.4		
Total One off adjustments (non recurring)			\$1.1		

- Viva Leisure provided guidance to the market on 25 May 2021
- Following the guidance being issued, there were three subsequent lockdowns which put pressure on the issued guidance:
  - VIC: from 27 May for 21 days
  - NSW: from 25 June, 6 days in FY2021
  - QLD: from 29 June, 2 days in FY2021
- During the lockdowns, the majority of staff working in those regions were stood-down, however the wage savings were not able to offset the income loss, and this affected EBITDA (ie: rents needed to be paid, no income)
- \$0.6 million loss of revenue net of cost savings attributed to the May/June lockdown
- A reconciliation of that guidance compared to actual results is provided

<sup>+</sup>Statutory Result



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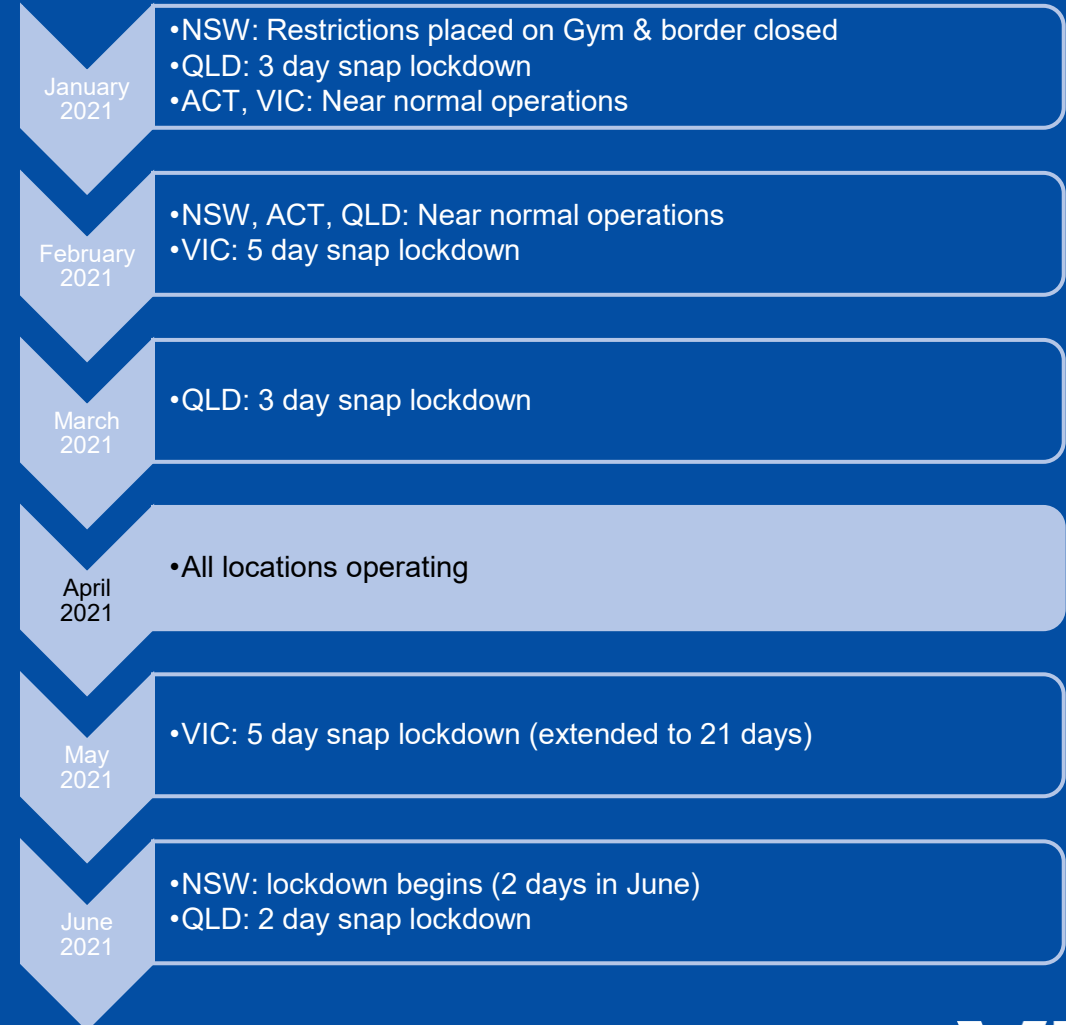
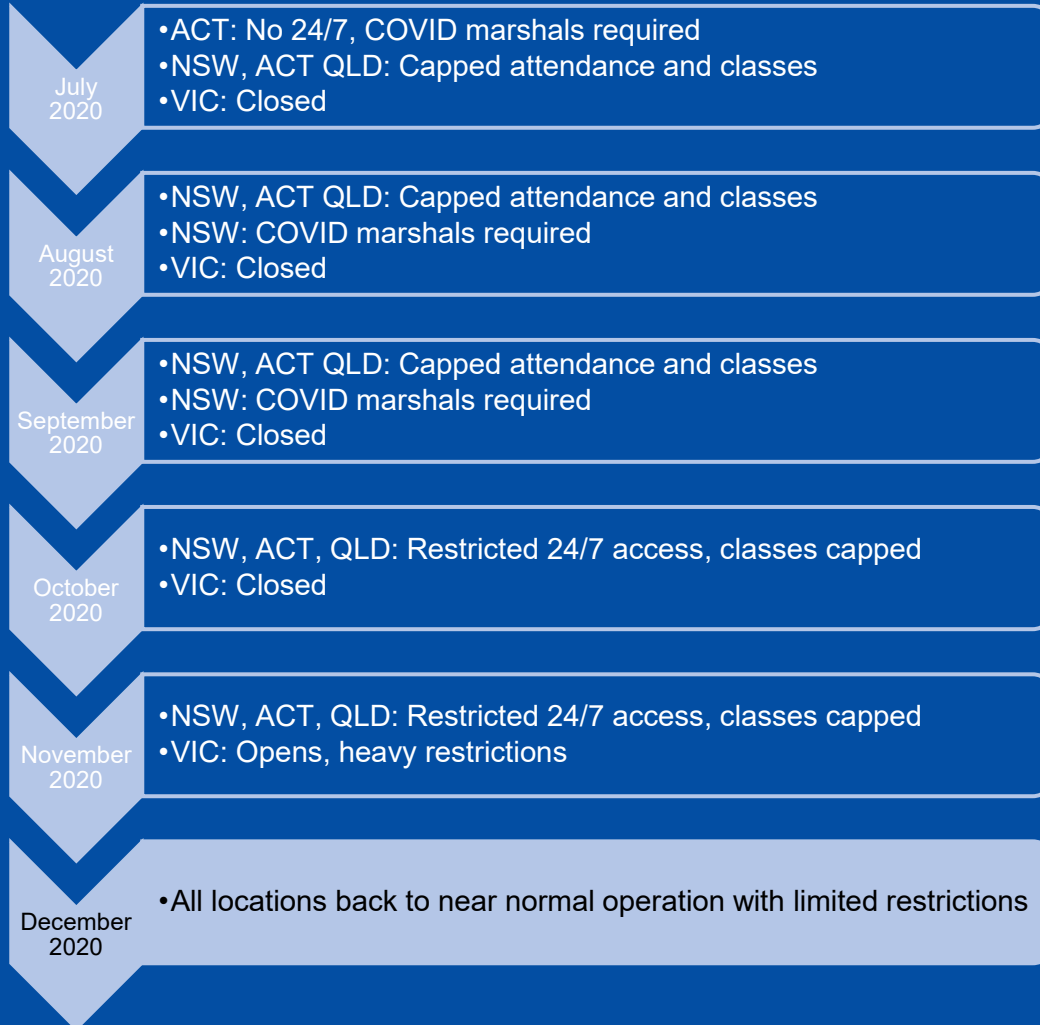

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# COVID-19

# COVID-19 INTERRUPTIONS

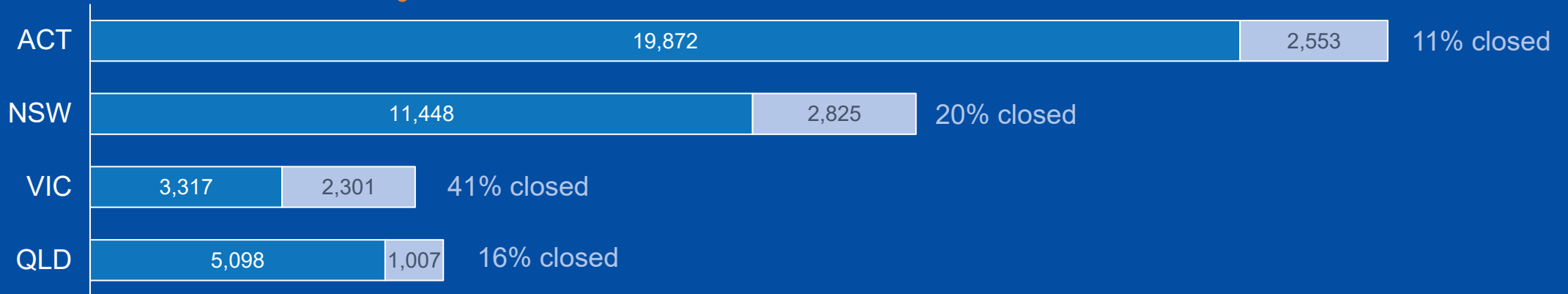
*In FY2021, there were only two months which were considered 'normal operation' for Viva Leisure with all locations open.*



# COVID-19 INTERRUPTION BY DAYS

*One unit represents a single location and a single day that the location was either opened or closed.*

*Period: March 2020 to 14 August 2021*



- Stop/Start snap lockdowns are causing significant disruption to member signup momentum
- States/Territories that have a clear run without disruption, have encouraging and strong new member enrolment
- Entire period from the original COVID shutdown (March 2020) presented to highlight large period of not being able to operate/open

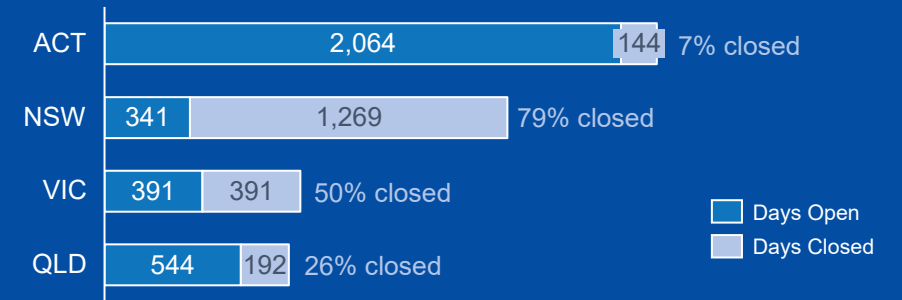


# COVID-19 IMPACTS FOR FY2022



- As at 15 August 2021
- Expectations/Forecasts shown are for budgeting purposes only and are not actual advice
- Unaudited management information

Period: YTD FY2022 (15 Aug 2021)



- COVID impacts for the start of FY2022 are significant with three out of four States and Territories Viva Leisure operates in currently in lockdown
- Lockdown days refer to days our facilities were unable to trade due to Government mandated closure (example: ACT 49 clubs locked down for 3 days from 13/8 to 15/8, lockdown ongoing)
- Lockdowns are causing significant disruption to trading momentum
- The financial impact of the July and August 2021 lockdowns to date is approximately:
  - Loss of Revenue: \$6.90 million
  - Reduction in Costs: \$2.70 million
  - EBITDA Impact: \$4.20 million
- The financial impact of NSW continuing in lockdown from September 2021 to November 2021 is expected to result in:
  - Loss of Revenue: \$5.20 million
  - Reduction in Costs: \$1.60 million
  - EBITDA Impact: \$3.60 million
- **Actions taken**
  - Temporary stand-down of staff where possible and appropriate
  - Freeze on capital expenditure, including roll-out program
  - Freeze on acquisitions that are not already committed

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PHOTO: PETER LINN / GETTY IMAGES FOR VIVA

VIVA

## BRANDS & SEGMENT UPDATE



# CLUBLIME

## Health Clubs

- There are **73 Club Lime** health clubs in Australia, the second largest non-franchised health club brand in Australia
  - The largest non-franchised health club brand in Australia operates **90 locations**
- The Viva Leisure Health Club Portfolio includes **89 locations**:
  - 73 x Club Lime branded
  - 11 x Other brands in the process of re-branding
  - 5 x Plus Fitness corporate owned locations
- In addition, there are 5 Club Lime sub-brand locations, including:
  - Club Lime Psyche Life (x2)
  - Club Lime Aquatics (x2)
  - Studio by Club Lime



# GROUNDUP

## Our new boutique offering

- Yoga, Pilates and Barre – 3 studios, 1 location, 1 membership
- Clean, white, natural fit-out
  
- First location in Belconnen, ACT opened July 2021, utilising part of the Belconnen leased area
- Second location secured. Third location under negotiation
  
- Key Statistics
  - 409 active members in less than 6 weeks of opening
    - 169 (41%) GroundUp only / 240 (59%) GroundUp/Club Lime/Hiit Republic Membership
    - ~250 Existing members upgraded / ~160 new members
  - Average weekly rate \$49.49 (inc GST)
  - >\$950k annualised revenue run rate, including:
    - ~\$310k annualised revenue from existing member upgrades
    - ~\$375k annualised revenue from new members



# hiit republic

	August 2021	August 2020	
Average size of club	359 m2	364 m2	
Clubs Opened and Operating	22	13	➤ All key metrics for Hiit Republic continue to improve in line with original expectations
Additional locations secured	5	10	
Total Members	6,076	3,520	➤ Average Revenue Per Member calculated as the <b>average revenue for each active member</b> which can be affected by lockdowns and new club openings in any given month
Average members per club	276	270	
Average EBITDA margin (locations open >12 months)	50.6%	50.0%	
Average Utilisation (at 1.5 members per m2)	46.4%	49.9%	➤ Revenue run rate expected to exceed \$1 million per month once 25 locations opened
First Club Opened	March 2019		
Average Revenue per member (incl GST)	\$35.63 pw	\$34.21 pw	
Current Revenue Run-rate	~\$925,000 per month	~\$522,000 per month	





Acquisition Completed 13 February 2020

Clubs Acquired 13

Clubs still trading as FNF 2 (Aug 2020: 8)

- Two NSW locations not yet converted to Club Lime
  - Campbelltown (Macarthur Square)
  - Shellharbour



Acquisition Completed 3 February 2021

Clubs Acquired 6

Clubs still trading as Pinnacle 6

- Viva Leisure implemented a 'watch and learn' approach to this acquisition due to its different offering in the market compared to other Viva Leisure health clubs
- Full IT systems integration expected to be completed in August 2021
- Full migration to Viva Leisure direct debit system expected in September 2021 (contract expires November 2021, negotiating early release). Saving of approximately \$22k per month in direct debit fees
- Likely to continue trading as Pinnacle for another 6 months
- Since acquired, 2 months without lockdowns, 4 months with intermittent Government mandated lockdowns





Acquisition Completed 21 August 2020  
Total Members ~175,000 (Franchisee Members)  
Clubs Acquired 4  
Clubs being settled 2 (AU)

**Update:**

- Commenced review of locations to determine opportunities for growth
- Started to review IT systems to understand what immediate synergies may be possible
- Back-office app and access control changes in anticipation of future 'bolt on' of Plus Fitness membership system to Viva Leisure unique access app
- Roadmap of franchisee synergies review commenced

# CHAIN COLLECTIVE GROUP

- Viva Leisure has established a wholly owned subsidiary **Chain Collective Group (CCG)** with a majority independent board
- Board Composition:
  - Peter McGregor (Independent Chair)
  - Arthur McColl (NED with extensive Fitness franchising experience)
  - Harry Konstantinou (Viva Leisure, CEO)
- CCG mandate is to grow the Viva Leisure franchising division, which currently includes Plus Fitness but is planned to grow during FY2022
- The changed structure allows the new CCG board to dedicate its attention on growing the franchising opportunity available to the Company, and also provides a structural divide between Viva Leisure corporate operated locations and franchisee locations
- CCG is able to call on any of the Viva Leisure corporate resources, including IT systems.



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VIEW ALL THE BEST THINGS TO DO

VIA



# Q & A





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POWER FULL. YOUR RESULTS ARE OUR PRIORITY.

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**APPENDIX: AASB-16 LEASES**

# STATUTORY RECONCILIATION

Underlying & AASB 16 for the Full Year Ended 30 June 2021

Profit and Loss (\$m)	FY21 Statutory	AASB16 Impact	FY21 (pre AASB16)
Revenue	83.7		83.7
Expenses	49.6	22.1	71.7
<b>EBITDA</b>	<b>34.1</b>	<b>(22.1)</b>	<b>12.0</b>
Depreciation and Amortisation	30.1	(21.1)	<b>9.0</b>
EBIT	4.0	(1.0)	3.0
Finance Costs	12.8	(11.1)	1.7
<b>Profit Before Tax</b>	<b>(8.8)</b>		<b>1.3</b>
Income Tax Expense	(2.4)		0.4
<b>Net Profit After Tax</b>	<b>(6.4)</b>		<b>0.9</b>
Earnings per share (basic - cents)	<b>(8.24)</b>		<b>1.17</b>

- Inclusion of rental expenses paid
- Removal of amortisation of Right of Use Asset
- Removal of finance charges against rental liabilities