

# VIVA LEISURE

## THE VIVA STORY Investor Presentation

ATTITUDE IS  
EVERYTHING.

**Ord Minnett Wealth Management Conference  
Leisure, Tourism & Gaming Day  
24 March 2022**

**ASX: VVA**



# Welcome to Viva

Viva Leisure operates in all four segments of the health and leisure industry, originally commencing operations in 2004.

Viva listed on the ASX in 2019 with 29 locations and now operates over 137 corporate owned locations as well as over 200 locations as part of its Plus Fitness brand of franchised clubs.

A member visits a Viva facility every 1.4 seconds of the day





# Our vision and mission

Viva Leisure's mission is to connect health and fitness to as many people as possible by providing *affordable, accessible and awesome* facilities within the reach of all.

Unlike our peers who target one part of the fitness market, we believe that there is no solution that satisfies everyone's fitness needs and therefore we operate in all segments to reach as many members as possible.



# The Fitness Industry

The fitness industry in Australia is big business and gaining momentum

Significant amount of Australians are overweight or obese, as well as an increasing awareness of health matters, especially post COVID-19

## Key Statistics<sup>1</sup>

- ~5,000 fitness businesses
- \$2.0bn Annual Revenue
- 4% Growth (2022-2027)
- Life cycle stage of industry is Growth
- Highly fragmented market with >30% of facilities available for consolidation or acquisition



<sup>1</sup>IBISWorld, Gyms and Fitness Centres in Australia (Sep 2021)



# The four segments of the fitness market



# At a glance

**2004**  
Founded

**2019**  
Listed on ASX

**137**  
Owned locations

**200+**  
Franchised locations

**3**  
Countries

**\$83.7M**  
FY 21 Revenue

**\$12.0M**  
FY 21 EBITDA+

**67 greenfield locations opened**  
**70 acquired locations with 30 separate acquisitions completed**  
**Target of 400 corporate owned locations by end of CY2025**

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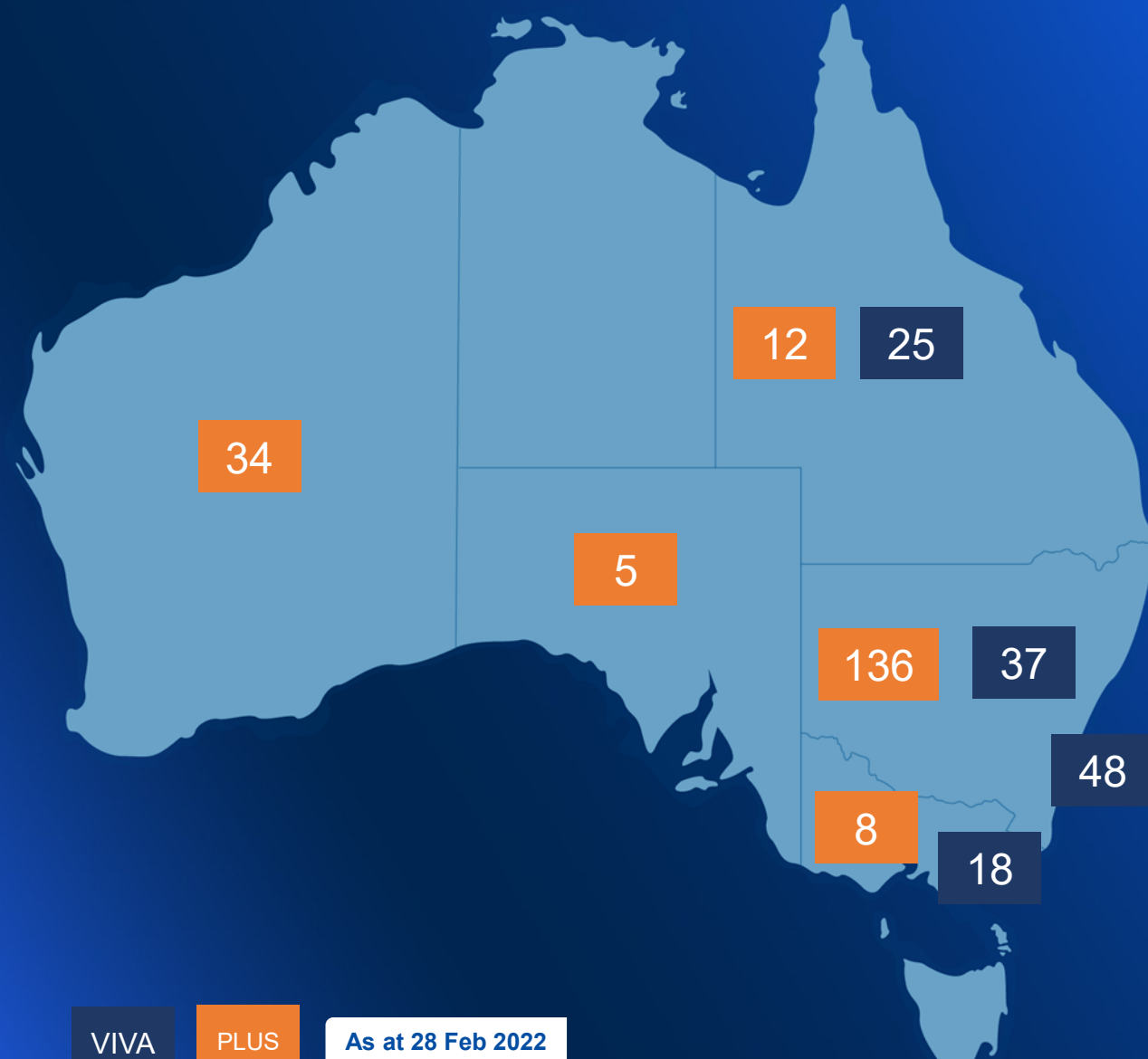
<b>Unique Hub &amp; Spoke Model</b>	<ul style="list-style-type: none"><li>▪ Larger clubs, supported by smaller clubs and boutiques, creating a unique Viva Leisure membership eco-system</li><li>▪ Operating in all segments of the fitness market provides a service for all participants</li></ul>
<b>Market Leading</b>	<ul style="list-style-type: none"><li>▪ Fastest growing gym group in Australia by number of clubs opened and acquired in FY2020 and FY2021</li><li>▪ 2<sup>nd</sup> largest owner of health clubs in Australia</li><li>▪ 3<sup>rd</sup> largest health club membership in Australia</li><li>▪ 4<sup>th</sup> largest network of clubs</li></ul>
<b>Technology focused business</b>	<ul style="list-style-type: none"><li>▪ CEO with extensive Information technology experience</li><li>▪ Bespoke IT systems, built by Viva, for Viva</li><li>▪ Management portal with live data to assist in decision making</li><li>▪ Simplest online joining system in the market</li></ul>
<b>Membership</b>	<ul style="list-style-type: none"><li>▪ 145,000+ direct members as at February 2022</li><li>▪ ~165,000 Franchise members as part of Plus Fitness</li><li>▪ <b>310,000+ total members</b></li></ul>
<b>Regionally and suburban metro focused</b>	<ul style="list-style-type: none"><li>▪ 70% of operating costs relate to wages and rental</li><li>▪ Regional and suburban-metro focus helps to reduce rental expense and increase margins</li></ul>
<b>Recurring revenue model</b>	<ul style="list-style-type: none"><li>▪ &gt;85% of members on 14-day direct debit payments</li><li>▪ All direct debits managed in-house, helping to increase business margins</li><li>▪ Strong cashflow profile</li></ul>

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# Reaching more Australians

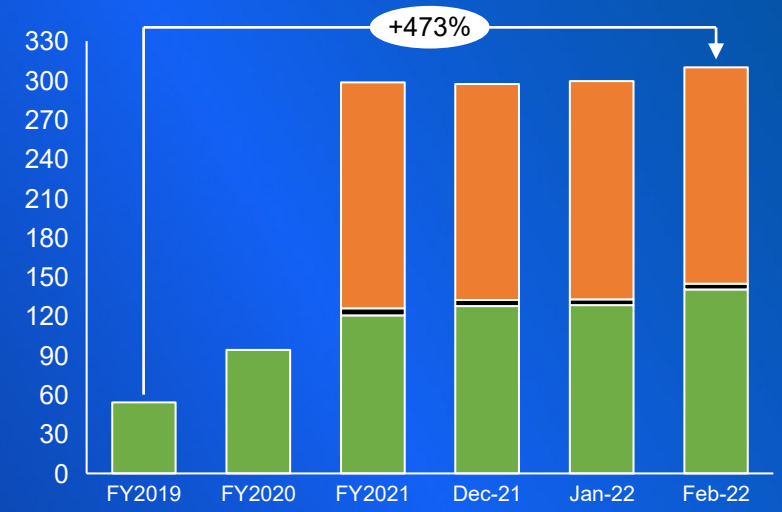
- **Health Clubs & Other & Hiit Republic** are all Corporate owned locations (referenced as "Viva" in the map)
- **Plus Fitness** includes both Corporate and Franchised locations.

## THE VIVA STORY

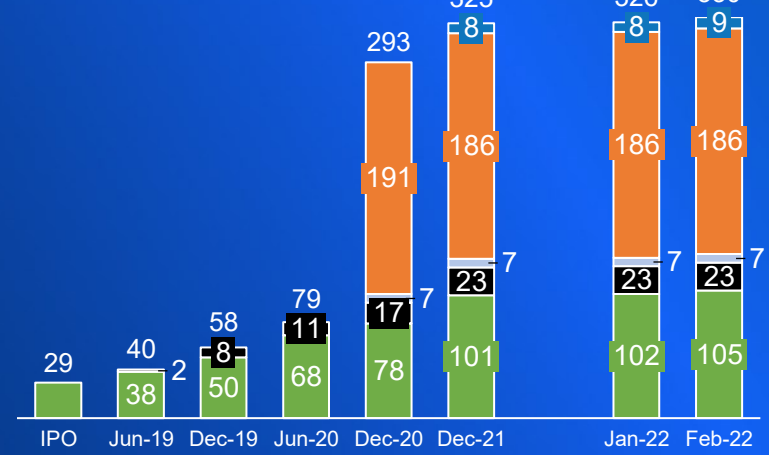


VIVA PLUS As at 28 Feb 2022

Members ('000)



Locations



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





# It is all about being local

Our data tells us:

- Members use the closest facilities rather than travelling
  - Even if they aren't as good
  - Even more so in suburban metro areas
- Members want variety
  - cardio and strength at the gym
  - functional training at studios
  - Pilates and Yoga at boutiques
- More regular visits to facilities = longer term membership

**Viva is the only provider in the market that provides this variety across multiple brands**



# Viva's expanding portfolio targets all segments



	Club Lime	Hiit Republic	Plus Fitness	GroundUp	Psycle Life	Rebalance Pilates & Yoga	Club Lime Aquatics
Segment	Health Clubs	Boutique	Health Clubs	Boutique	Boutique	Boutique	Aquatics
Target Market	High quality facilities, mid market price point	High quality facilities, mid market price point	Low cost, low service market	High quality facilities, high price point	Cycling – Niche market	Medium quality facilities, med market price point	Aquatics
Target Price Point	\$12-\$25pw	\$39-\$45pw	\$13-\$16pw	\$45-\$75pw	\$20-\$25pw	\$39-\$45pw	Casual Entry
Opened or Acquired	Opened	Opened	Acquired	Opened	Opened	Acquired	Opened
Corporate Locations	91	23	9	1	2	9	2
Franchised Locations	-	To be franchised late CY2022	192	-	-	To be franchised late CY2022	-
Additional Locations Secured	11	4	2 Corporate 21 Franchisee	2	-	1	-



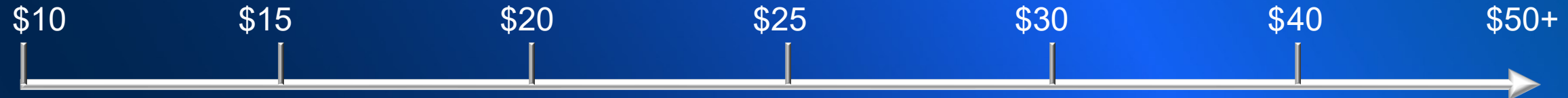
# 100% better and 25% cheaper than these competitors

Brand	Average Cost per week (inc GST)	24 Hour Access	Member Roaming between locations	Add a Health Club Option	Add Pilates & Yoga Option
	\$36.90	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> +\$5 pw	<input checked="" type="checkbox"/> +\$18 pw
	\$60-\$80	<input type="checkbox"/>	<input type="checkbox"/> +	<input type="checkbox"/>	<input type="checkbox"/> FS8 Option different membership
	\$60-\$70	<input type="checkbox"/>	<input checked="" type="checkbox"/> After 30 days	<input type="checkbox"/>	<input type="checkbox"/>
	\$49	<input type="checkbox"/>	<input type="checkbox"/> +	<input type="checkbox"/>	<input type="checkbox"/>

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 \*Some Franchisees allow roaming between locations they own  
 Source: Public information on company websites and management enquiries as at 22 March 2022

# Viva brands target all markets

## RATE PER WEEK



## COMPETITORS



## VIVA BRANDS



Source: Public information on company websites and management enquiries as at 22 March 2022  
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## The Viva Fitness as a Service (FaaS) model

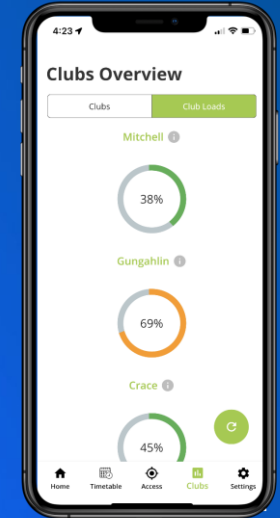
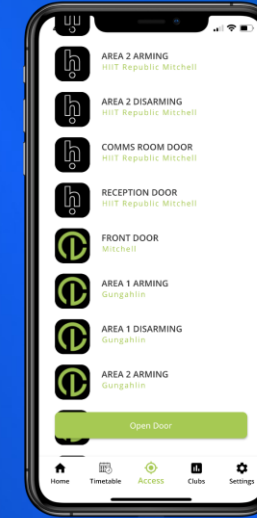
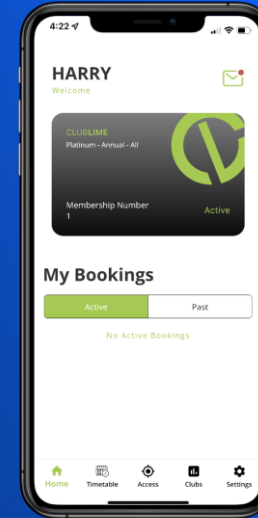
	Viva Leisure's Model	Traditional Model
<b>Pricing</b>	<ul style="list-style-type: none"> <li>Affordable, no fixed contract term, no access pass fee</li> </ul>	<ul style="list-style-type: none"> <li>Expensive locked-in pricing model with joining fees</li> </ul>
<b>Sign-up Process</b>	<ul style="list-style-type: none"> <li>Online, 3 minutes to complete, no paper forms</li> </ul>	<ul style="list-style-type: none"> <li>Paper based, completed in person, sometimes requiring an 'interview to join'; or join online by completing direct debit authority, and then membership form in club (on paper)</li> </ul>
<b>Capacity</b>	<ul style="list-style-type: none"> <li>Targeting 2 members per square metre, additional spoke locations added as target approaching; ensures quality of service offering maintained</li> </ul>	<ul style="list-style-type: none"> <li>Sign-up as many members as possible into the one location, happy to 'over-trade', hope all members don't turn up regularly</li> </ul>
<b>Terms</b>	<ul style="list-style-type: none"> <li>Flexible terms, no fixed contracts, 28-day cancellation process</li> </ul>	<ul style="list-style-type: none"> <li>Locked-in long term contracts, difficult to exit</li> </ul>
<b>Offering</b>	<ul style="list-style-type: none"> <li>With locations of all sizes, the complete service, class and equipment offering is available across the network of facilities</li> </ul>	<ul style="list-style-type: none"> <li>Limited offering based on available space. Franchise operators offering identical equipment in all locations.</li> </ul>
<b>Ease of Use</b>	<ul style="list-style-type: none"> <li>Intuitive membership self-serve portal and app to manage membership</li> </ul>	<ul style="list-style-type: none"> <li>All membership management via email, telephone or in-person at the club</li> </ul>

# The best joining experience in the market

THE VIVA STORY



Time to first workout: 5 minutes



VIVA TECHNOLOGY

Time to first workout: 0-2 days (to visit the club during staffed hours)

Others



TECHNOLOGY ?



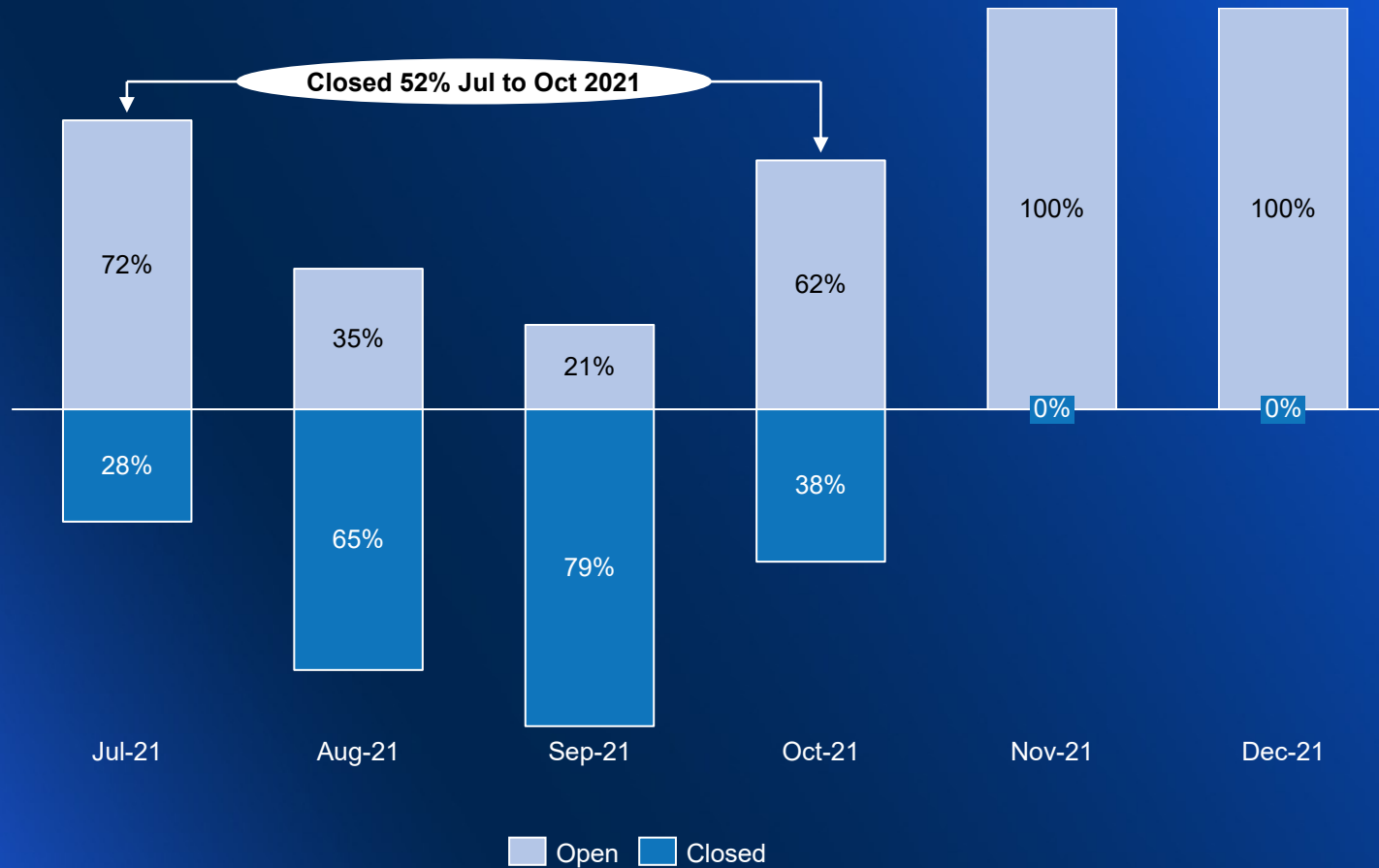




# FINANCIAL METRICS



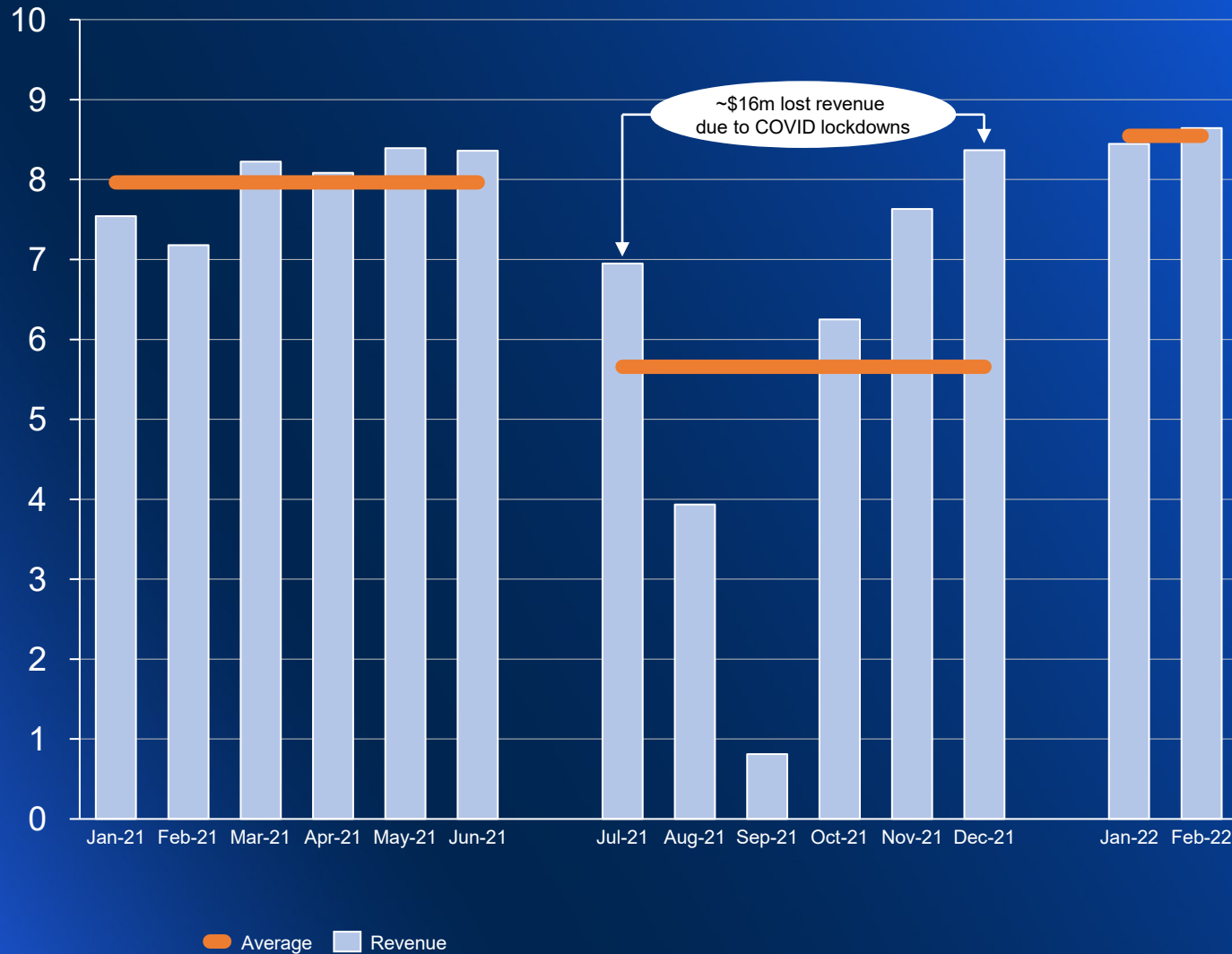
# COVID restrictions impacted our ability to open locations



## COMMENTS

- Locations were on average closed 52% of the first four months of the half year
- Locations were closed 35% of the entire 1H-FY2022 period
- Based on a day count per location available to open
- Since Nov 2021 all locations have been permitted to open

# Revenue (\$m)



## COMMENTS

- July 2021 to December 2021:
  - Based on June 2021 revenue with no growth factored in, during the period approximately \$16m of revenue was lost due to lockdowns
- February 2022:
  - Record revenue month for Viva Leisure in the shortest month of the year
  - One Plus Fitness club opening in February (~\$400k revenue)
  - Revenues were 19% higher than February 2021 revenue



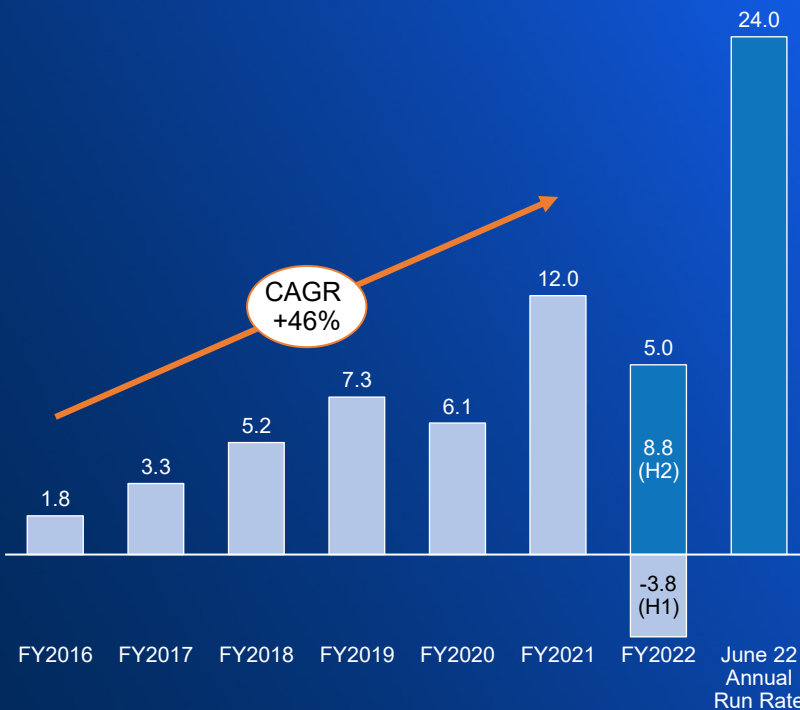
# Financial Snapshot

Revenue, EBITDA and EBITDA margin impacted by COVID-19 lockdowns

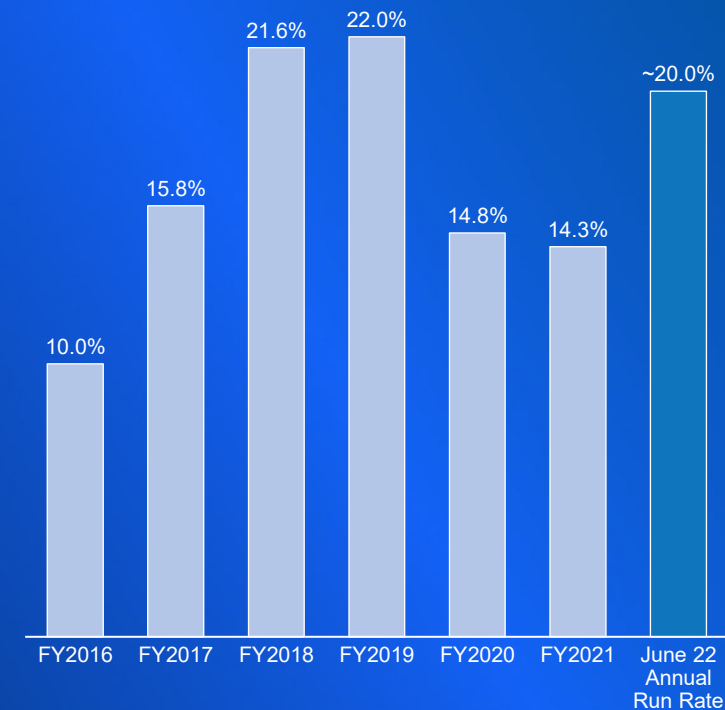
## Revenue (\$m)



## EBITDA+ (\$m)



## EBITDA Margin (%)



FY2022(H2) EBITDA based on guidance of \$54-\$56m revenue at 15-17% margin  
Assuming no further interruptions or lockdowns during period

EBITDA Margin impacted by COVID interruptions and greenfield site rollouts

■ Forecast ■ Revenue

“June 22 Annual Run Rate” as reported to the market in H1-FY22 Results Release

+EBITDA excluding impacts of AASB-16

# Growth expected to return in 2H FY2022

## H2-FY22 GUIDANCE<sup>1</sup>

**\$54-56m**

Revenue

**15-17%**

EBITDA Margin

## JUNE 2022 RUN-RATE ESTIMATE<sup>1</sup>

**>\$10m**

June 2022 Revenue

**>20%**

June 2022 EBITDA Margin

<sup>1</sup> Excluding any one-off adjustments and no future COVID lockdowns

A man with a beard and short hair is captured mid-air, performing a high jump over a bar. He is wearing a dark grey t-shirt, grey shorts, and red socks with white stripes. The background is a dark wall with horizontal lines and the word "home" in a stylized font. Other people are visible in the background, some standing and some using equipment. The overall scene is a fitness or gym environment.

home **iiit**

**QUESTIONS**



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# VIVA LEISURE

Authorised for release by the  
Viva Leisure Board.

**Investor Enquiries:**

Ronn Bechler

Market Eye

E: [ronn.bechler@marketeye.com.au](mailto:ronn.bechler@marketeye.com.au)

P: +61 400 009 774

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**Media Enquiries:**

Tristan Everett

Market Eye

E: [tristan.everett@marketeye.com.au](mailto:tristan.everett@marketeye.com.au)

P: +61 403 789 096

