

BASIC-FIT 2023 CMD CFO UPDATE

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9 November 2023

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BASIC-FIT

AGENDA



Recent
events



Finance



Club
economics



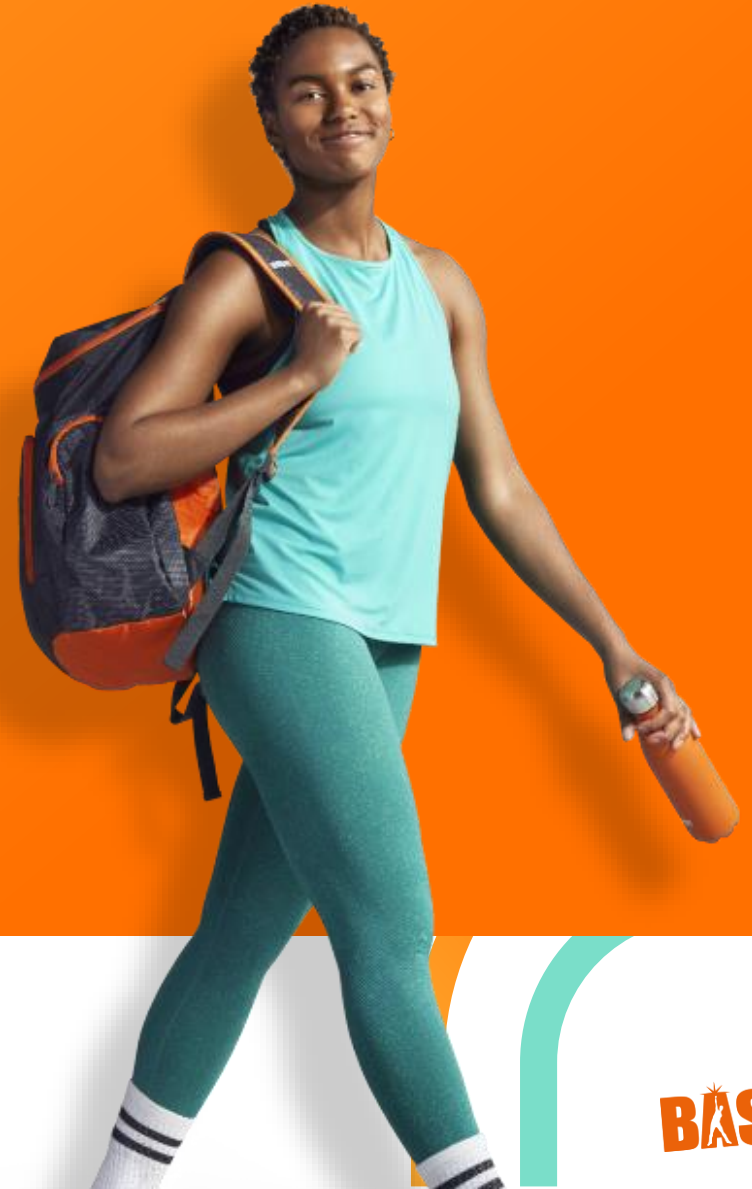
Sustainability



Key
takeaways

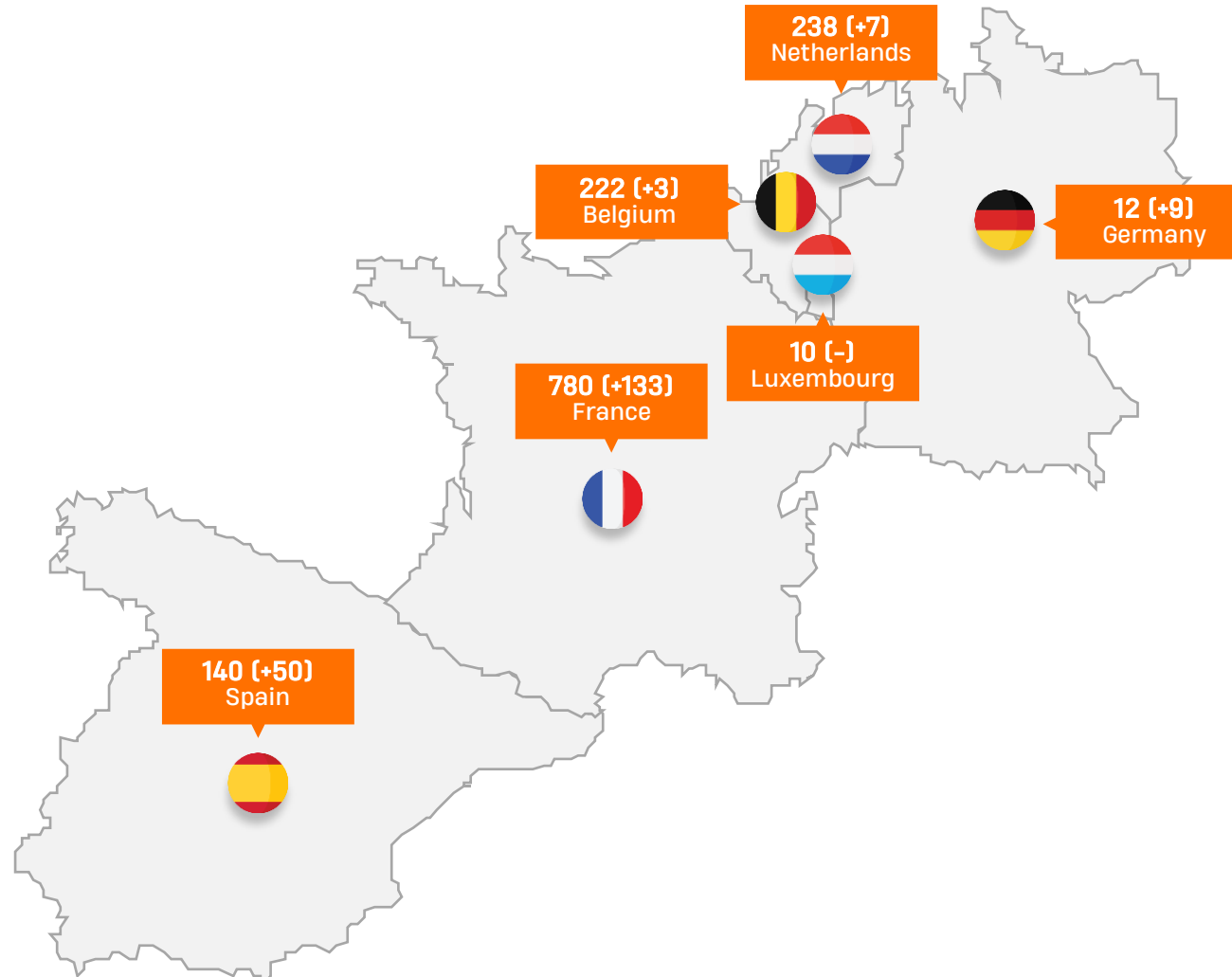


RECENT EVENTS



BASIC-FIT

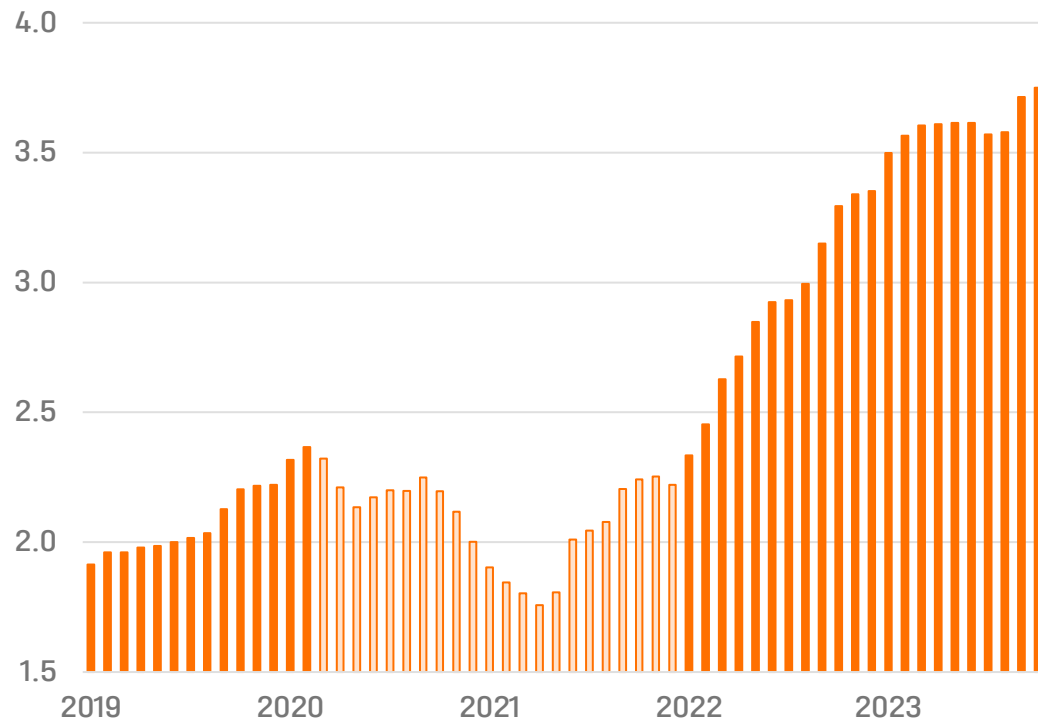
FURTHER STRONG NETWORK GROWTH: 202 NET CLUB GROWTH YTD



- 1,402 clubs compared to 1,200 at the end of 2022
- France: 133 net club growth (+21% vs. 2022)
- Spain: 50 net club growth (+56% vs. 2022)
- 12 clubs in Germany; gradual acceleration of club openings in 2024 and onwards

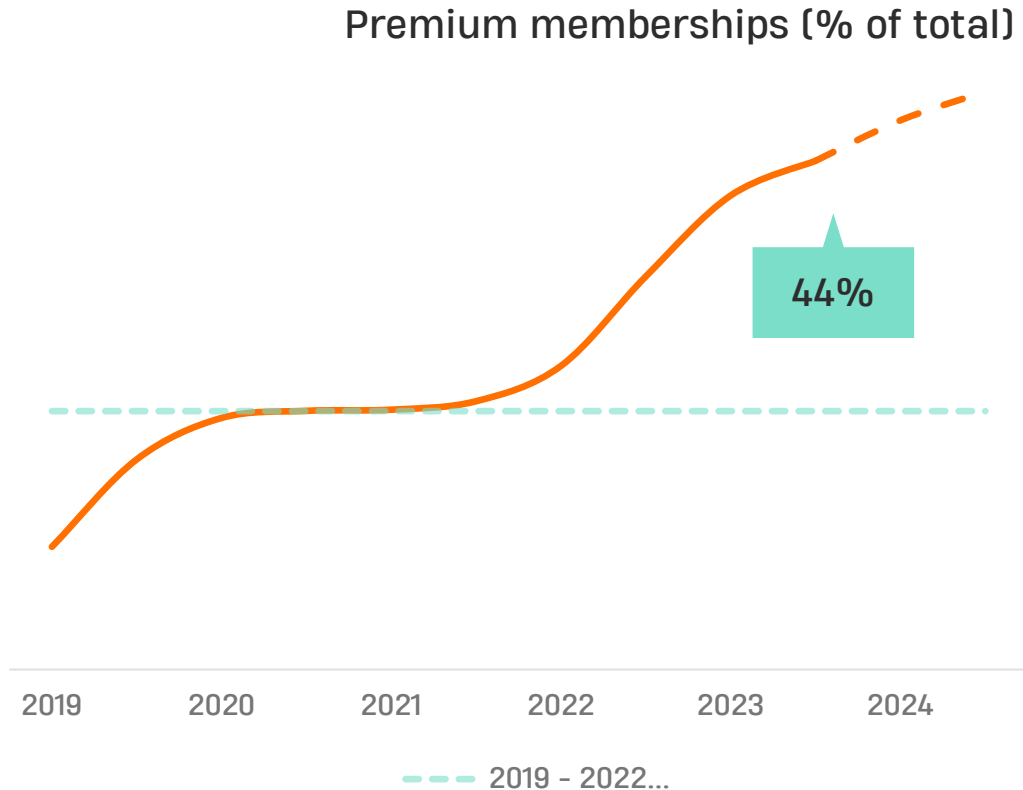
MEMBERSHIP GROWTH BACK ON TRACK

Memberships 2019 - Oct 2023



- 🔗 Normalisation of growth trends in France in H2 2023
- 🔗 Successful founding member campaigns
- 🔗 Since Q2 2023 churn has normalised to ca. 4%/month
- 🔗 We expect to end 2023 with 3.8 million memberships

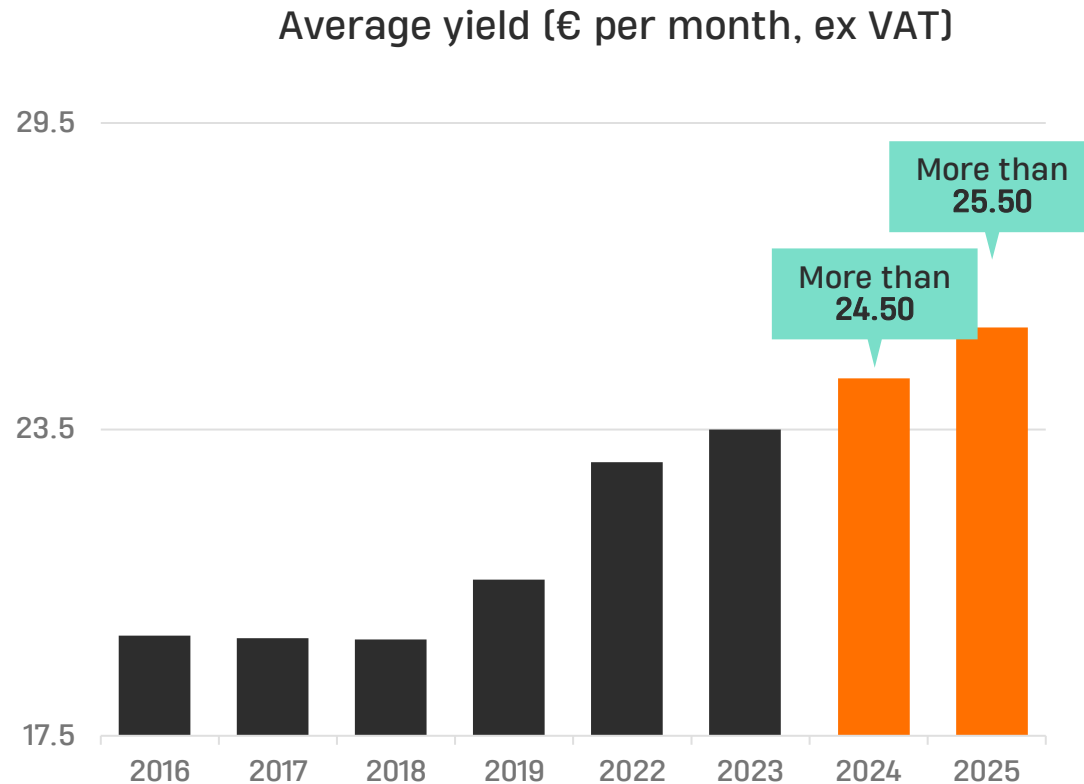
PREMIUM MEMBERSHIPS HAVE DOUBLED SINCE 2021



- ⚙ Penetration rate increased from 23% in 2021 to 44%
- ⚙ Perceived value continues to drive Premium take-up rate
- ⚙ Further increase expected to more than 50% in 2024*
- ⚙ Positive impact on yield, but cannibalisation on joiners

YIELD DEVELOPMENT

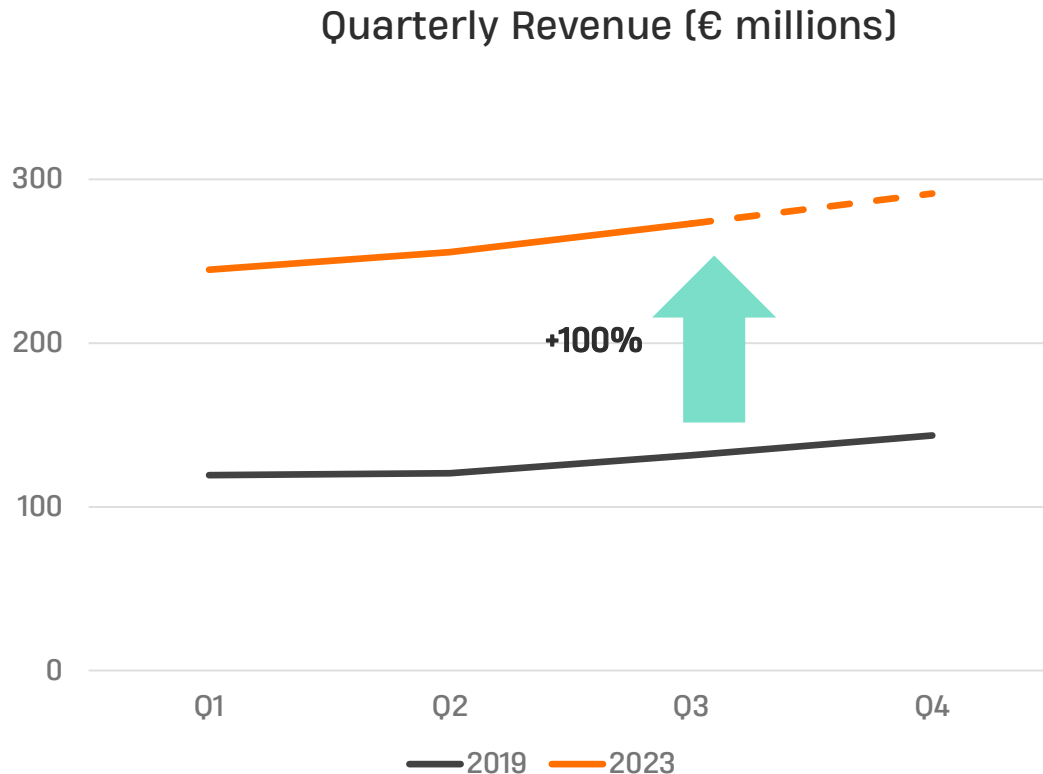
PREMIUM AND PRICING DRIVE FURTHER YIELD INCREASE



- 9M 2023 yield of €23.28
- FY2023 yield at least €23.50
- 2024 & 2025 upward trend*:
 - + Around 55% Premium membership uptake
 - + Price increase Comfort to €24.99/4wks
 - + €1.00/4-wks yearly indexation legacy Comfort
 - + Decreasing legacy memberships
 - /- Founding members

9M 2023

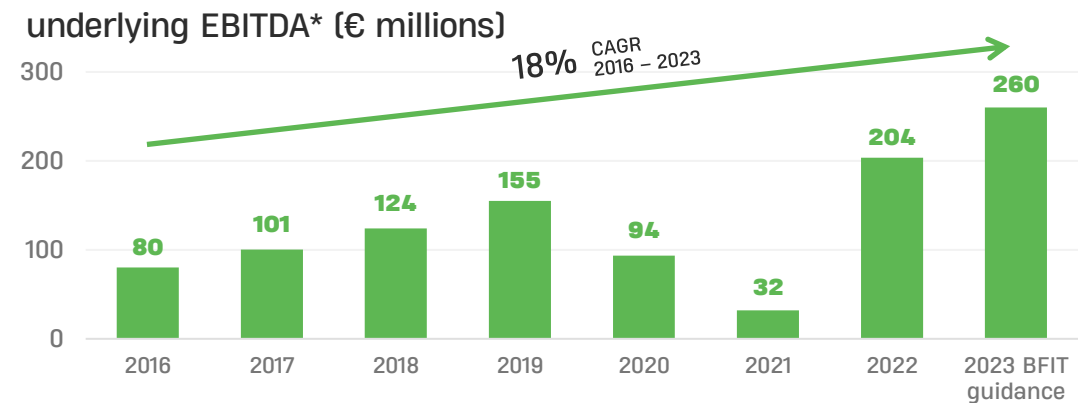
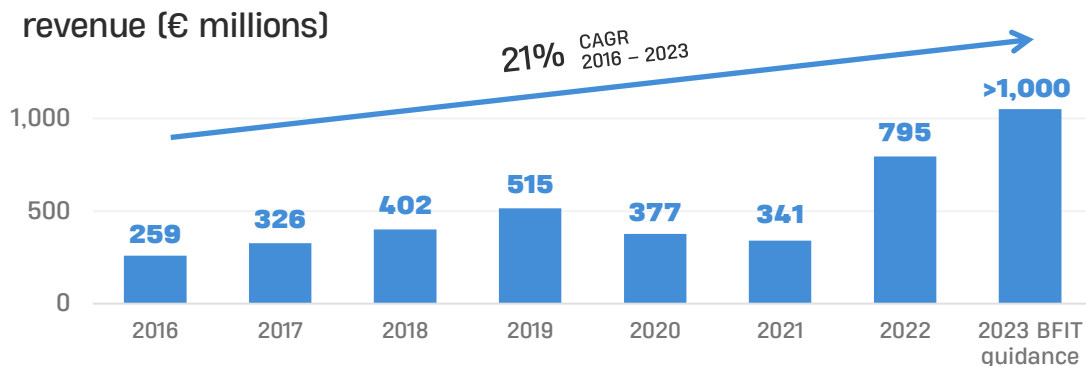
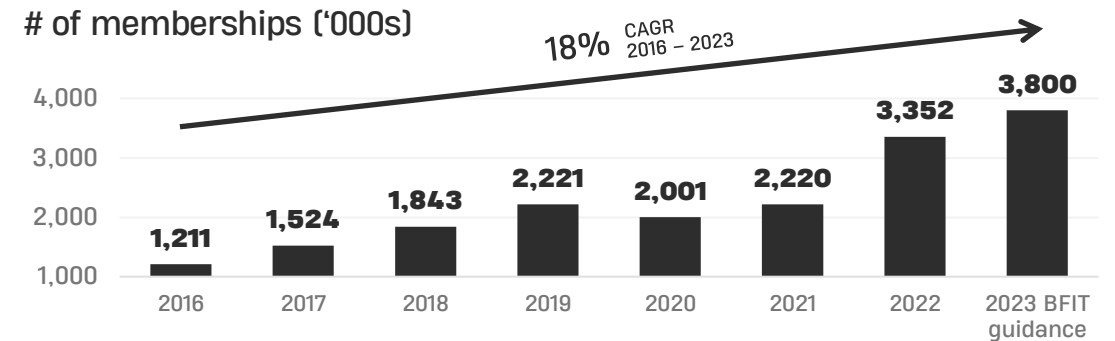
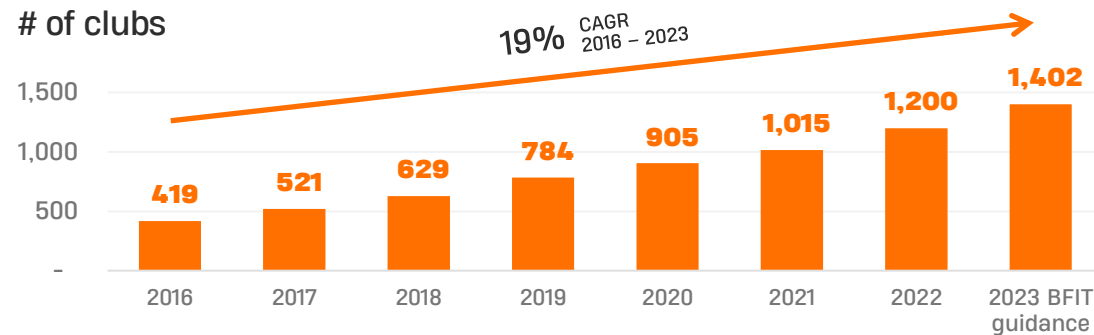
STRONG REVENUE GROWTH



- 🔑 9M 2023 revenue of €765 million (+36% yoy)
- 🔑 On track to generate more than €1 billion revenue in 2023
- 🔑 Annual revenue has doubled in 4 years, in spite of COVID-19

OUR TRACK RECORD OF GROWTH

ALL KPI'S HAVE STRONG CAGR BETWEEN 2016-2023

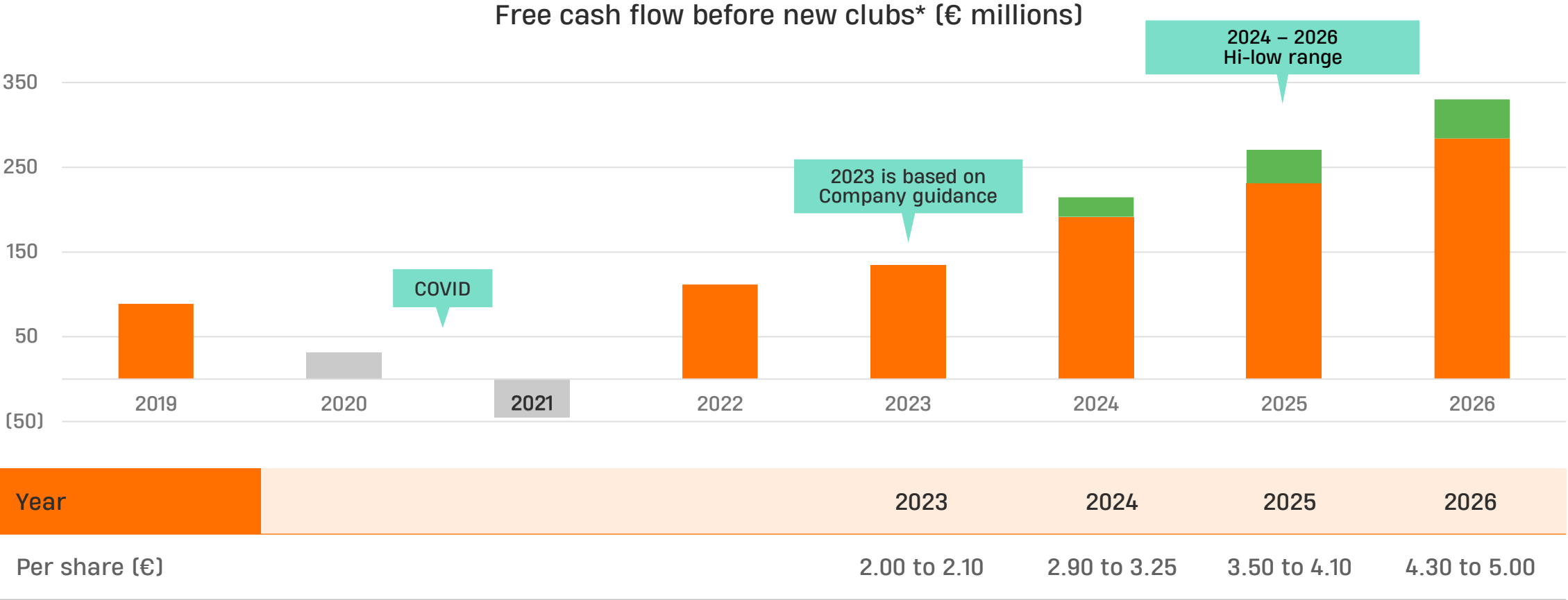


FINANCE



BASIC-FIT

FREE CASH GENERATION BEFORE NEW CLUB CAPEX
DELIVERING SIGNIFICANT GROWTH IN PER-SHARE VALUE OVER TIME



* Group underlying EBITDA, minus maintenance capex, other CAPEX, cash interest and cash taxes

MAINTENANCE CAPEX FOR THE GROUP STAYS €55K UNTIL 2030



Maintenance capex of €55k per club on average long term thanks to our Smart refurbishing



Average annual maintenance costs in other club opex around €15k per club



Average annual maintenance capex of a mature club in its full replacement cycle is estimated to decrease to approx. €62k from previously approx. €75k



NEW CLUB CAPEX

30% ROIC IS ALWAYS LEADING WHEN OPENING NEW CLUBS



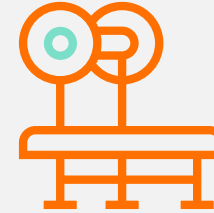
Average building costs around €1.20 million in 2023 and around €1.25 million in 2024 & 2025



Average club building costs represent a mix of countries, larger and smaller clubs and city and regional clubs



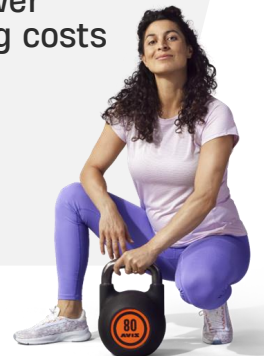
We continue to have the best prices and terms in the industry for buying fitness equipment



Fitness equipment kit prices are relatively stable thanks to multi-year contracts and shift from cardio to strength

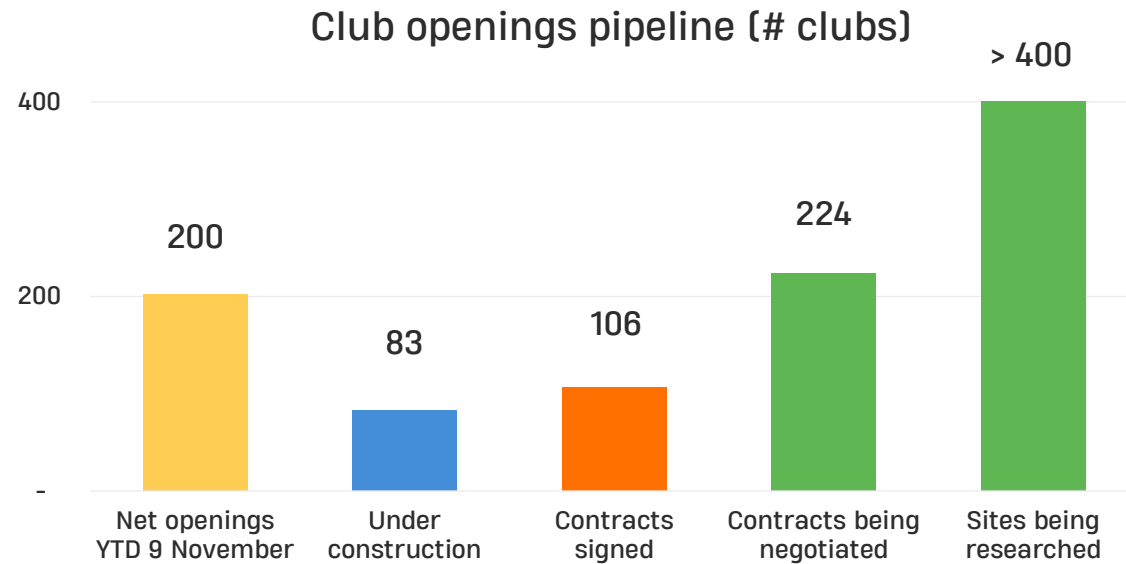


Implementation of new tools to help design clubs and lower building costs



FULL CLUB OPENINGS PIPELINE

- 🔑 Club network is expected to grow in line with long-term targets
- 🔑 Flexibility in timing of openings in case of M&A transactions and/or macro developments



BASIC-FIT

CORPORATE OVERHEAD UPDATE

🔗 Corporate overhead medium term expectations:

- Marketing 5.5% - 6.0% of revenue
- Head quarters between 6.0% - 7.0% of revenue

🔗 Excluding marketing, we expect operating leverage in the medium term:

- + Scale benefits
- + Efficiency gains in customer care
- + Further streamlining processes
- /- Additional investments due to increasing EU regulation like CSRD and EU Taxonomy

PLUGGED IN: NEW ENERGY DEPARTMENT

INITIATIVES ARE BEING ROLLED OUT

- 🔑 Remote facility
- 🔑 Purchase strategy
- 🔑 Phasing out natural gas
- 🔑 Investigating installing solar panels

RESULTING IN

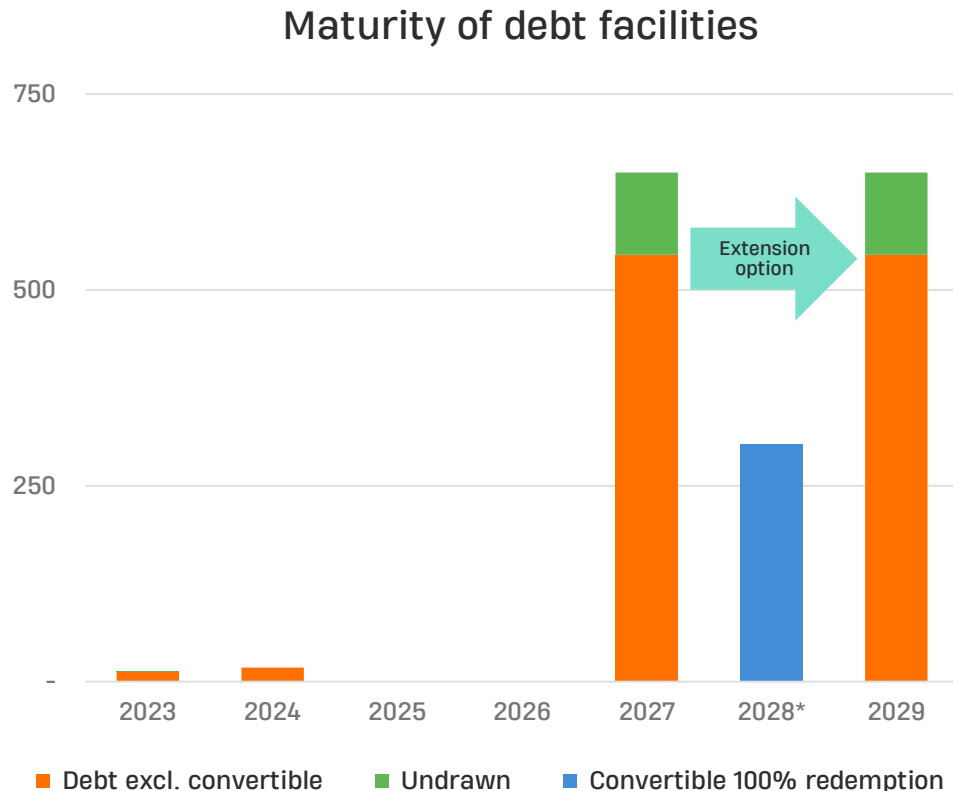
- 🔑 €35k annual energy costs per club in 2024 and 2025
- 🔑 80% expected consumption fixed for 2024
- 🔑 On track to reduce consumption by 20%



BASIC-FIT

SOLID FINANCING STRUCTURE

NO SIGNIFICANT DEBT REPAYMENTS NEXT THREE YEARS



- ⚙️ Limited debt repayments in medium-term:
 - GO-C: €13 million repaid in H1 2023
 - Schuldschein: €18 million redemption Oct 2024
- ⚙️ Syndicated facilities: €650** million due June 2027 + options to extend by two years to June 2029
- ⚙️ €150*** million undrawn / uncommitted revolving facility accordion
- ⚙️ Convertible bond loan €303.7 million; Maturity June 2028, conversion price €50.63/share
- ⚙️ Net debt/adj. EBITDA ratio of 2.57 as of June 2023.
- ⚙️ Mid-term target net debt/adj. EBITDA ratio below 2.0

* Convertible bondholders have a put option for an early redemption in June 2026

** Syndicated facilities: €545 million drawn as of June 30, 2023

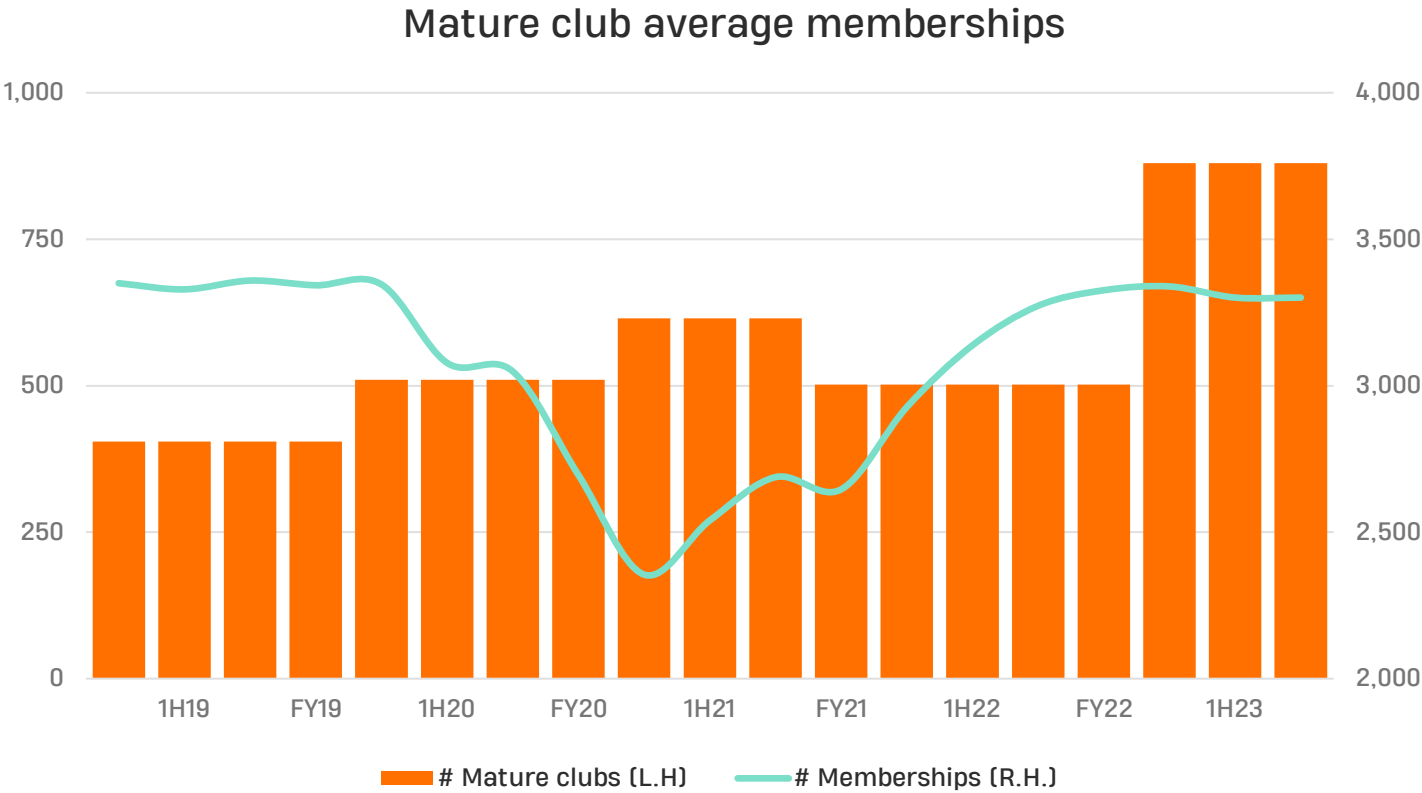
*** Not included in the €400 million revolving facility

CLUB ECONOMICS



MATURE CLUB PERFORMANCE

STABLE AVERAGE MEMBERSHIPS



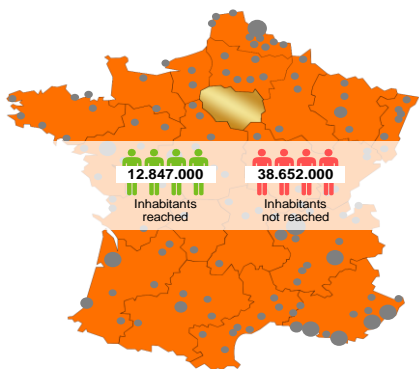
- 🔗 Mature clubs account for 64%* of total clubs and 79%* of total club revenue
- 🔗 Average mature club memberships around 3,300 in 2023
- 🔗 Medium term effects from club mix (regional) and cannibalisation from high Premium membership uptake. Short term effect from COVID club vintages 2019, 2020 & 2021

GROWING WITH REGIONAL CLUBS

2022 & 2023 PEAK YEARS IN TERMS OF OPENINGS

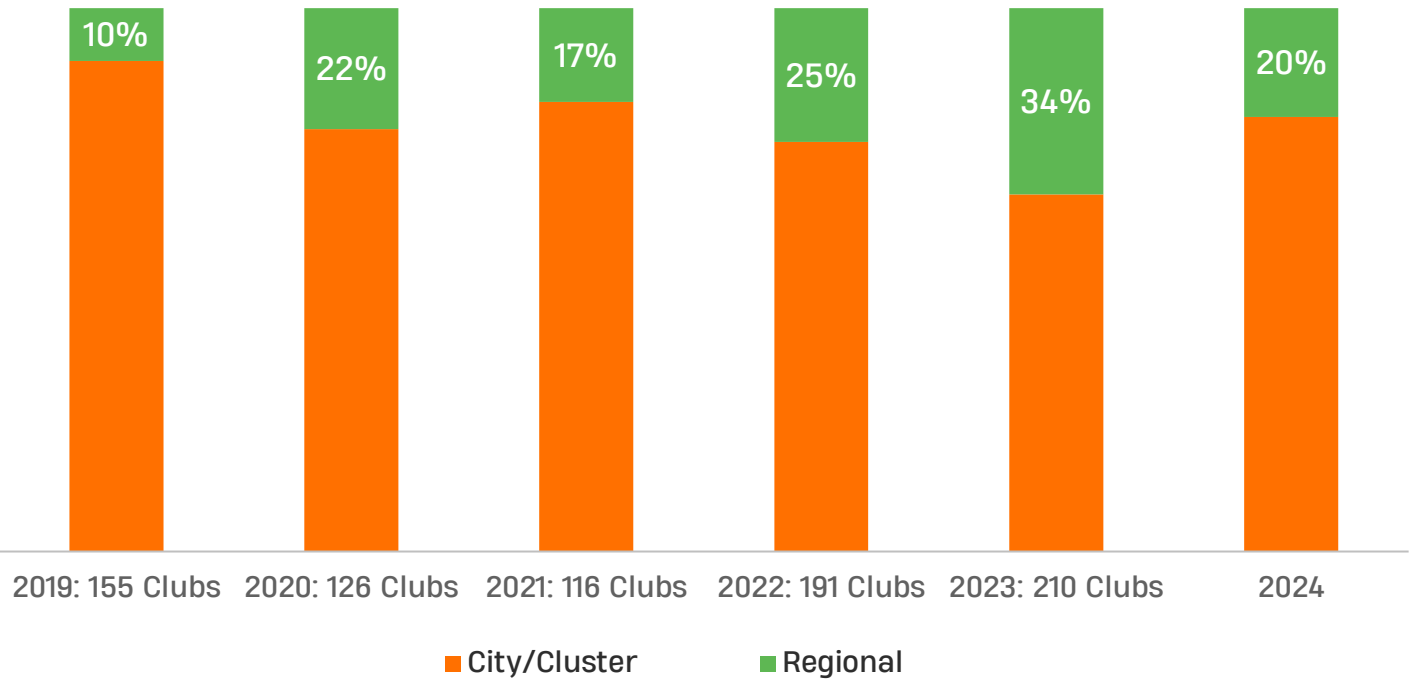
2017 CMD Presentation Redouane

Step 4



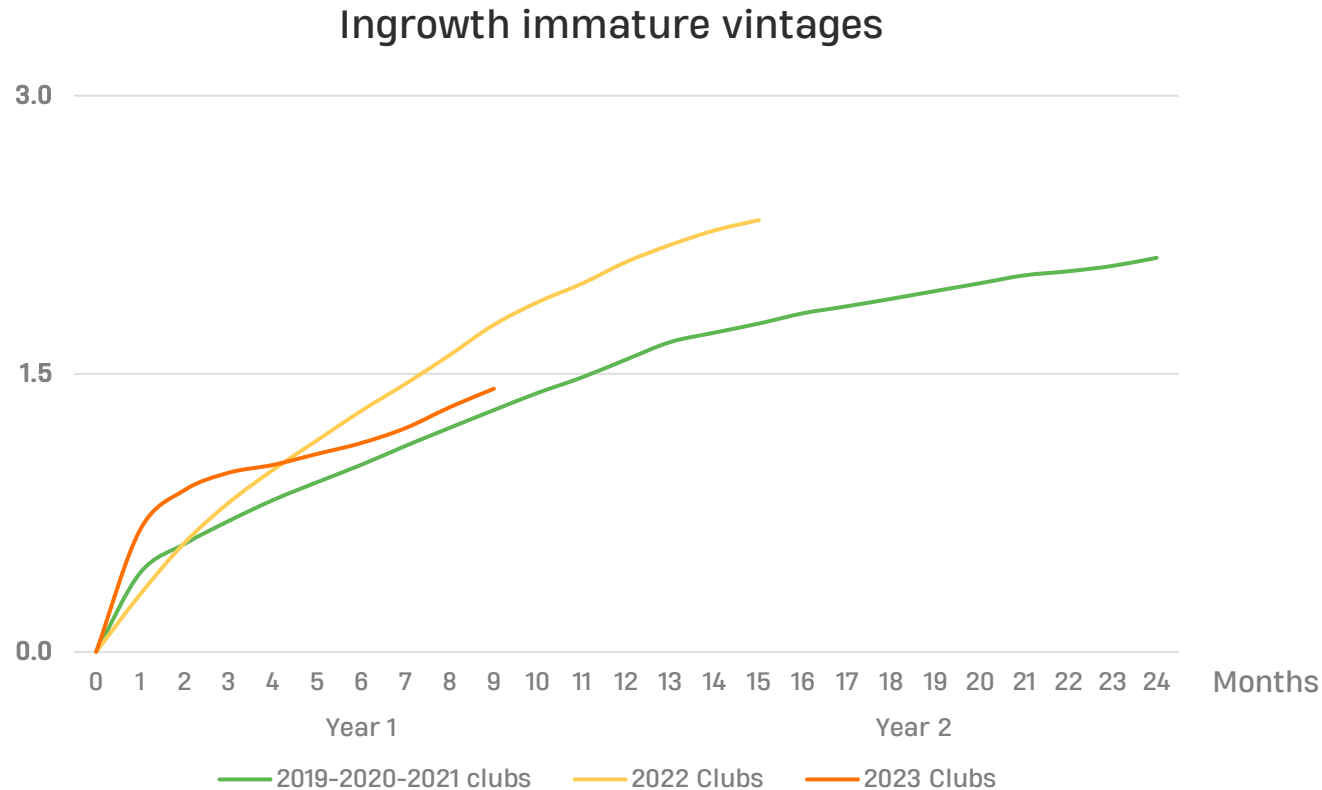
Cities with less than 30k inhabitants
300 clubs

Regional club openings 2019 - 2024



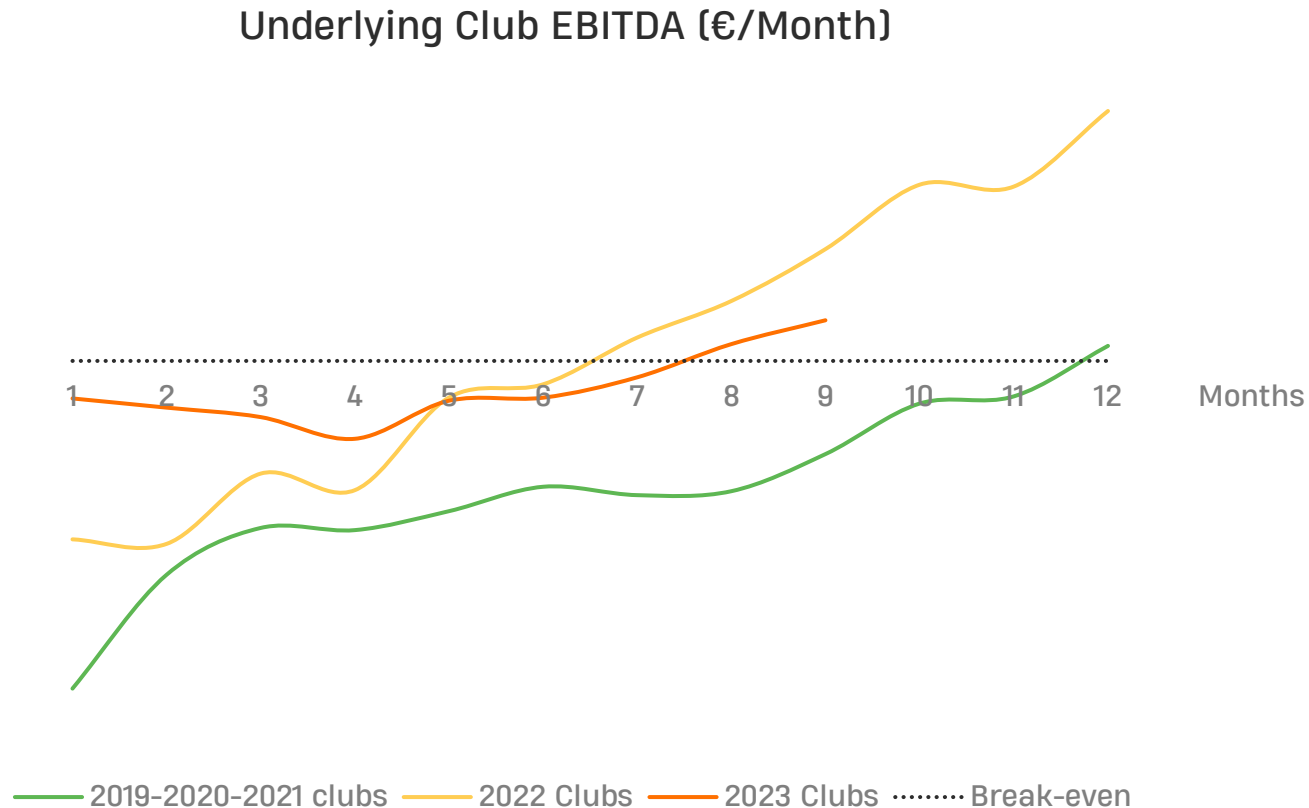
NEW CLUB INGROWTH TRENDS: MEMBERSHIPS

COVID AND PRICING/PREMIUM IMPACT TRENDS



- 2019-2021 impacted by COVID measures
- 2022 recovery year, particularly in Q2 and Q3
- 2023 influence from more regional club openings, price increase and high Premium uptake

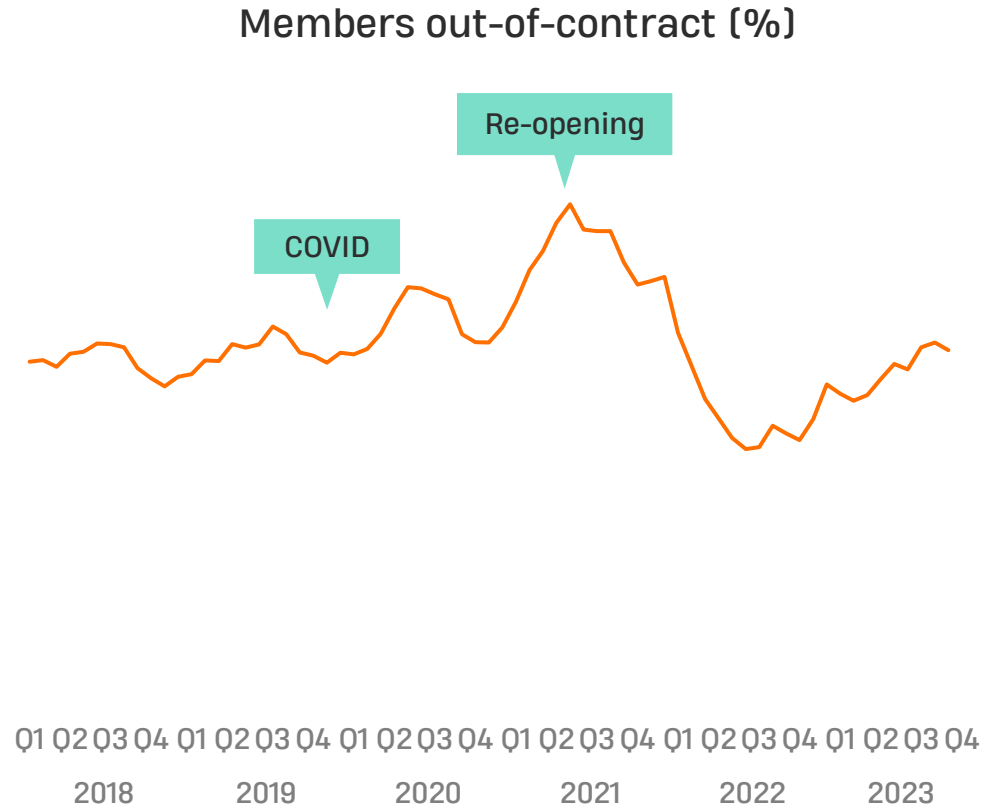
NEW CLUB INGROWTH TRENDS: EBITDA REACHING BREAK-EVEN AROUND MONTH SEVEN



- 🔧 2019, 2020 & 2021 clubs had a rough start due to COVID measures
- 🔧 2022 clubs benefited from catch-up effect
- 🔧 2023 clubs dealing with high cost inflation from the start and benefiting from founding member campaigns

CHURN DEVELOPMENT

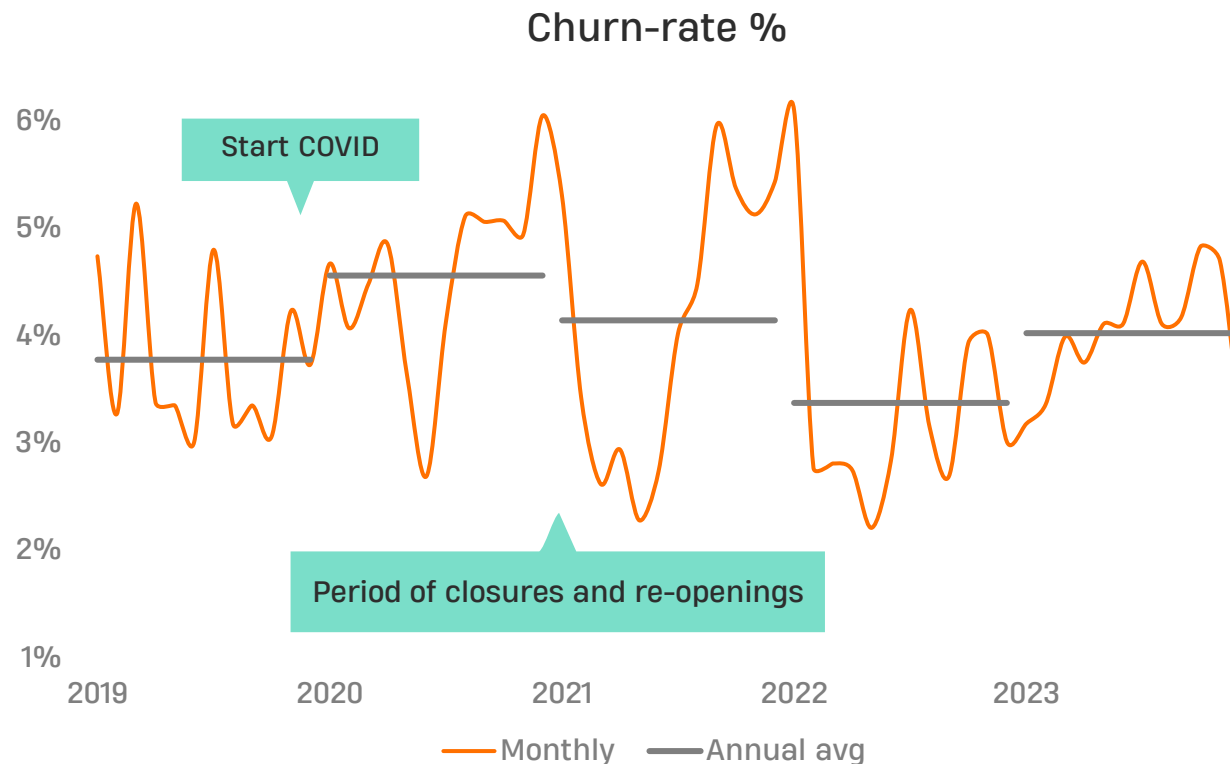
% MEMBERS OUT-OF-CONTRACT BACK TO PRE-COVID LEVEL



- ✚ % of members who can leave (out-of-contract) is back at pre-COVID level
- ✚ Re-opening (June '21) % out-of-contract was high as there were only few joiners due to COVID19 measures
- ✚ The opposite is true for the period after that with a lot of joiners who were in contract for a year
- ✚ Normalisation of development in 2023

CHURN DEVELOPMENT

AVERAGE % BACK TO PRE-COVID LEVEL



- After re-opening (with restrictions) in combination with restarted direct-debit, led to churn spikes of over 5%;
- 2023: normalising churn-rates after COVID with an average churn rate of approximately 4%

SIGNIFICANT EMBEDDED EARNINGS POWER AS IMMATURE CLUBS BECOME MATURE

Unit returns of an average mature club

MATURE CLUB ECONOMICS IN € THOUSANDS	AVERAGE CLUB (2022)	AVERAGE CLUB (NEXT 2-3 YEARS)
Initial investment	1,200	1,250
Memberships	3,300	3,250
Revenue (Incl. other club revenue)	870	1,000
Club opex	-439	-540
Underlying club EBITDA	431	460
Underlying club EBITDA margin	50%	46%
ROIC	36%	37%



BASIC-FIT

SUSTAINABILITY



OUR GO FOR A FITTER WORLD PROGRAMME

Healthy people

Improve health and wellbeing for 15 mln. people*



Health & safety

Ensure a healthy and safe environment for our staff and members.

People development

Increase our member reach and improve member satisfaction. We also thrive to give our employees the opportunity to grow and have an impact every day.

Healthy planet

Reduce our environmental footprint by being carbon neutral in our clubs and offices



Sustainable operations

Optimise our carbon footprint in our supply chain and contribute to reduce our environmental footprint by optimising our site selections.

Club environmental footprint

Reduce our global environmental footprint.

Healthy communities

Invest at least €5 mln. to support our communities towards a fitter life and a more inclusive place.



Diversity & inclusion

Make Basic-Fit available for everyone and break barriers by making everyone welcomed.

Awareness & accessibility

Increase our investment towards communities and build purposeful partnerships to harness the power of sport.

Responsive behaviour

Enhance responsible behaviour in our supply chain. Respect data privacy.








REPORTING REGULATIONS

GLOBAL LANDSCAPE OVERVIEW

Legend

Actual timing

Expected timing

Reporting year		2022	2023	2024	2025	2026 and beyond
Climate-related requirements	 <u>EU Taxonomy</u>	Eligibility and alignment for 2 climate objectives		Eligibility and alignment for all six objectives in development Disclosure of all Taxonomy-related KPIs (covering 2022 as the first reporting period)		
	 <u>CSRD</u>	Preparation stage	Preparation stage	For companies in scope of NFRD (in 2025 over 2024)	For all large EU companies (in 2026 over 2025)	For listed SMEs (in 2027 over 2026)
	 <u>CSDDD</u>	The EU Commission adopted the proposal for CSDDD	A proposal Directive was published in February 2022. The EU Parliament voted in favor of the CSDDD on June 1st, 2023, and the process for adoption is now running its due course. Once adopted, Member States have two years to transpose it into national law.			
	 <u>TNFD*</u>	Beta-framework of the TNFD was released by UNEP FI	Final development scheduled			
	 <u>ISSB</u>	Drafts of 2 standards were published for public comment				
	 <u>SEC</u>	Requirements for registrants to make climate-related disclosures	All SEC proposed disclosures (excluding Scope 3)	All SEC proposed disclosures, including Scope 3	All SEC proposed disclosures, including Scope 3	
	 <u>TCFD</u>	UK registered companies and FCA wider scope of listed companies	Other UK authorised asset managers, life insurers and FCA regulated pension providers	Potential further refinements to measures across categories, including in response to evolving best practice		

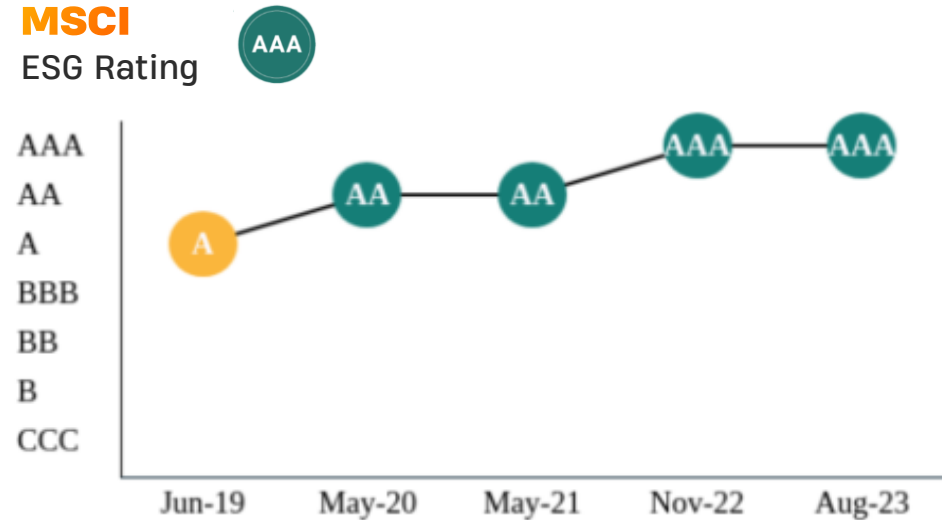
ESG RATINGS

🔑 Scores improve with reporting

- Focus on engagement with MSCI and Sustainalytics
- We disclosed data on carbon emissions, water use, supplier code of conduct, etc., and this helped us to improved ratings
- More data to be generated as we move to CSRD readiness (e.g., reporting on scope 3 emissions) will further improve our scores

MSCI

ESG Rating



SUSTAINALYTICS

ESG Rating

28.8

Medium Risk

Last Full Update Sep 21, 2022



KEY TAKEAWAYS



BASIC-FIT

KEY TAKEAWAYS

ON TRACK TO REACH MEDIUM AND LONG-TERM TARGETS



Club and revenue development on track



Strong free cash generation before new club capex



Focus on ROIC, while optimising membership growth and yield development



Smart refurbishment to keep maintenance capex at €55k until 2030



Further gradual increase in yield in 2024 and 2025



Significant embedded earnings power as immature clubs become mature



BASIC-FIT



**THANK YOU
FOR YOUR
ATTENTION**

BASIC-FIT