

VIVA LEISURE

THE VIVA STORY Investor Presentation

ATTITUDE IS
EVERYTHING.

NWR Communications Vantage Point Conference 2023
31 May 2023

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 168 corporate owned locations as well as over 200 locations¹ as part of its Plus Fitness brand of franchised clubs.

A member visits a Viva facility² every 1.2 seconds of the day.



¹ Including 24 corporate owned Plus Fitness locations

² Includes Corporate owned and franchised locations

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 Statistics¹

- ~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



¹IBISWorld, Gyms and Fitness Centres in Australia (Sep 2021)

The four segments of the fitness market



Viva's expanding portfolio

Targeting all segments

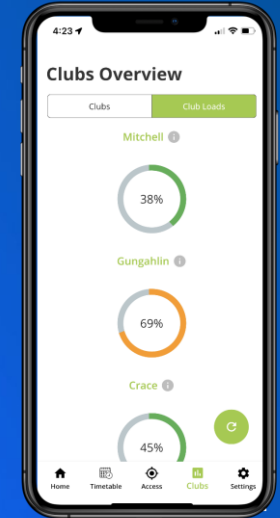
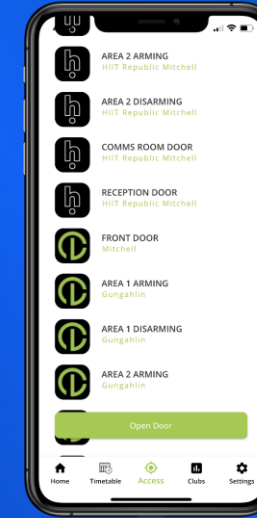
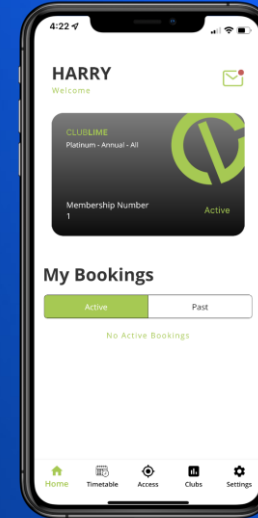
							
	Club Lime	Hiit Republic	Plus Fitness	GroundUp	Psycle Life	Rebalance Pilates & Yoga	Club Lime Aquatics
Segment	Health Clubs	Boutique	Health Clubs	Boutique	Boutique	Boutique	Aquatics
Target Market	High quality facilities, mid market price point	High quality facilities, mid market price point	Low cost, 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	100	27	24	3	2	10	2
Franchised Locations		To be franchised in CY2023	176			To be franchised late CY2022	
Additional Locations Secured	9 Greenfield 1 Acquisition	1	~20 Franchisee	3			

The best joining experience in the market

THE VIVA STORY



Time to first workout: 5 minutes



VIVA TECHNOLOGY

Others

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



TECHNOLOGY ?





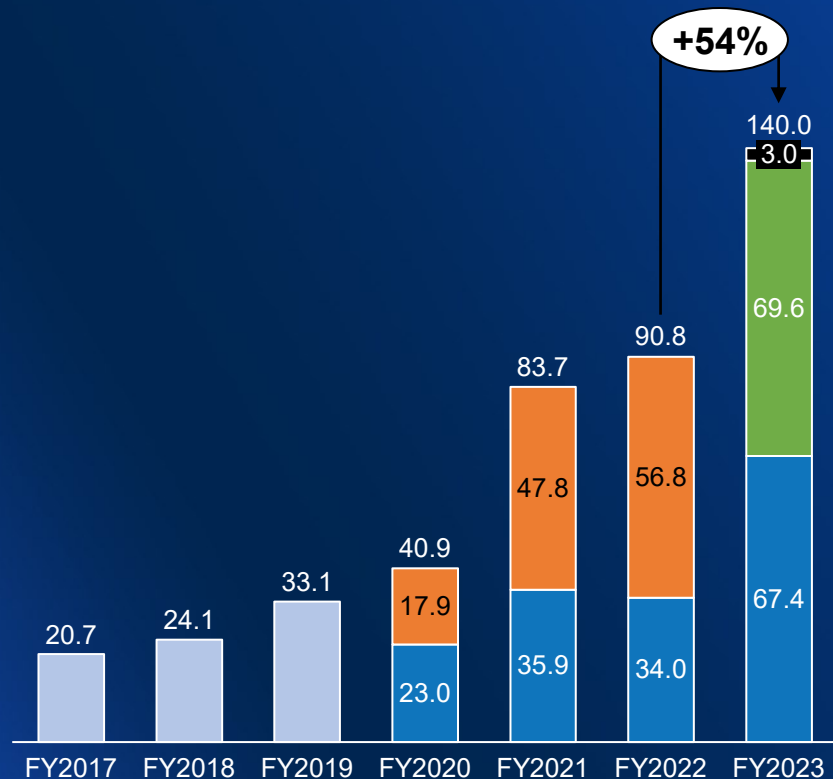
FINANCIAL METRICS

Financial snapshot

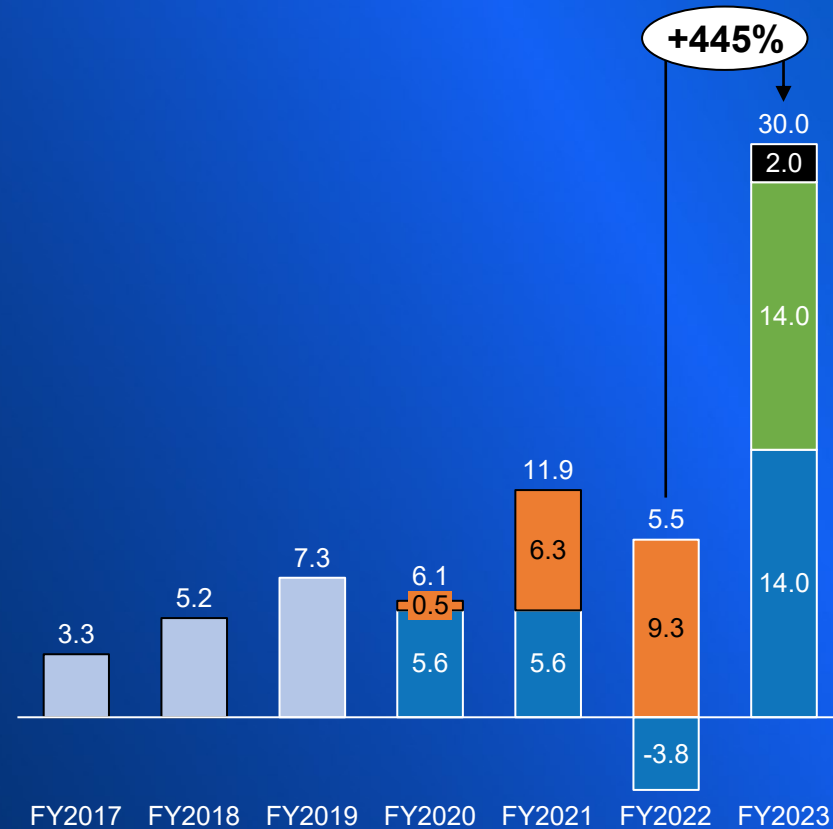
Record Half-YEAR revenue and EBITDA achieved

FY2023 Columns include Lower and Upper Guidance which has been reaffirmed

REVENUE (\$M)



EBITDA (\$M)*



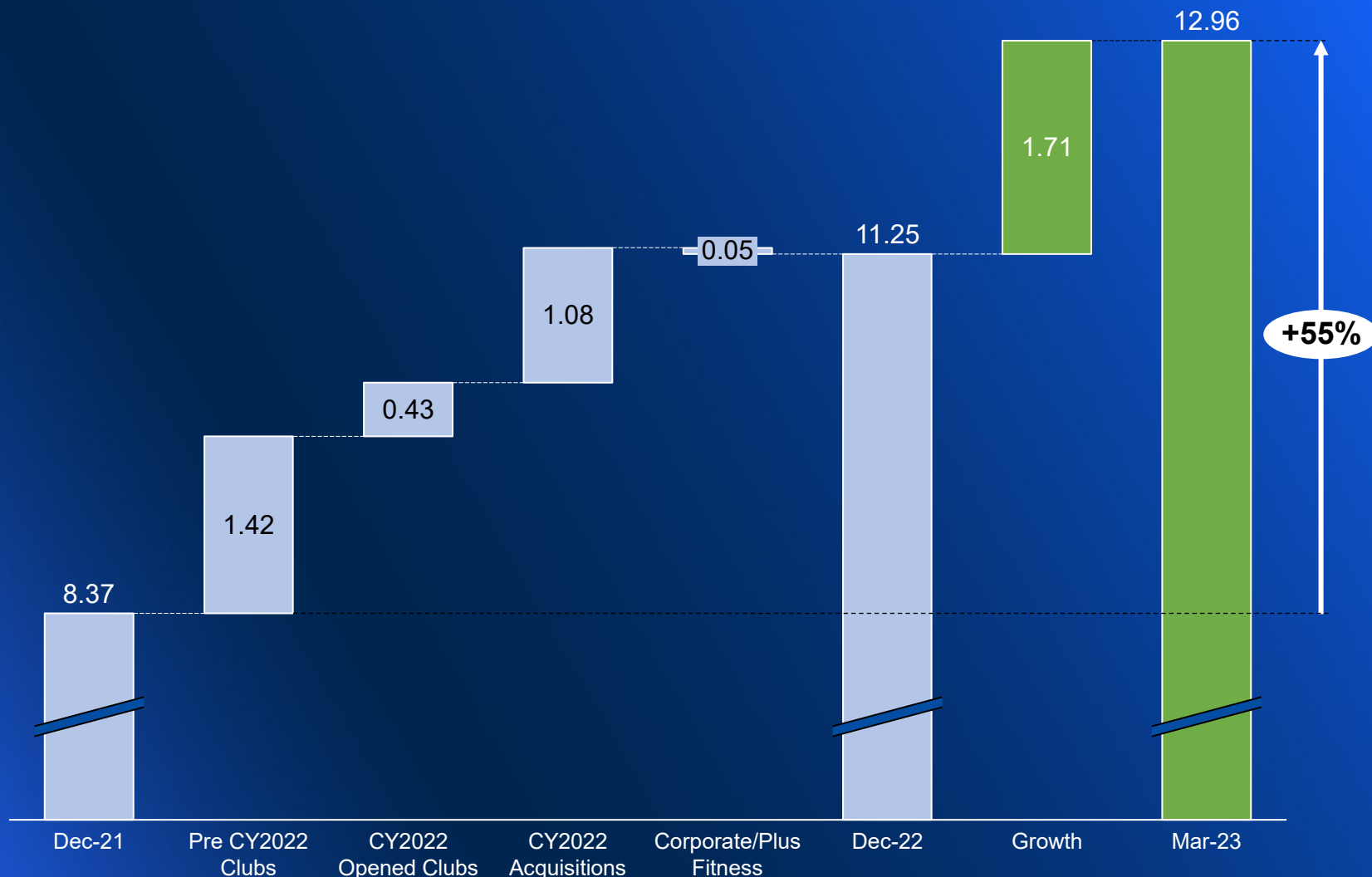
Full Year
 H2
 Guidance (Upper)
 H1
 Guidance (Lower)

*EBITDA refers to normalised earnings before interest, tax, depreciation and amortisation, pre-AASB16



Revenue growth (\$m)

55% Monthly revenue growth
[Dec 2021 v Mar 2023]



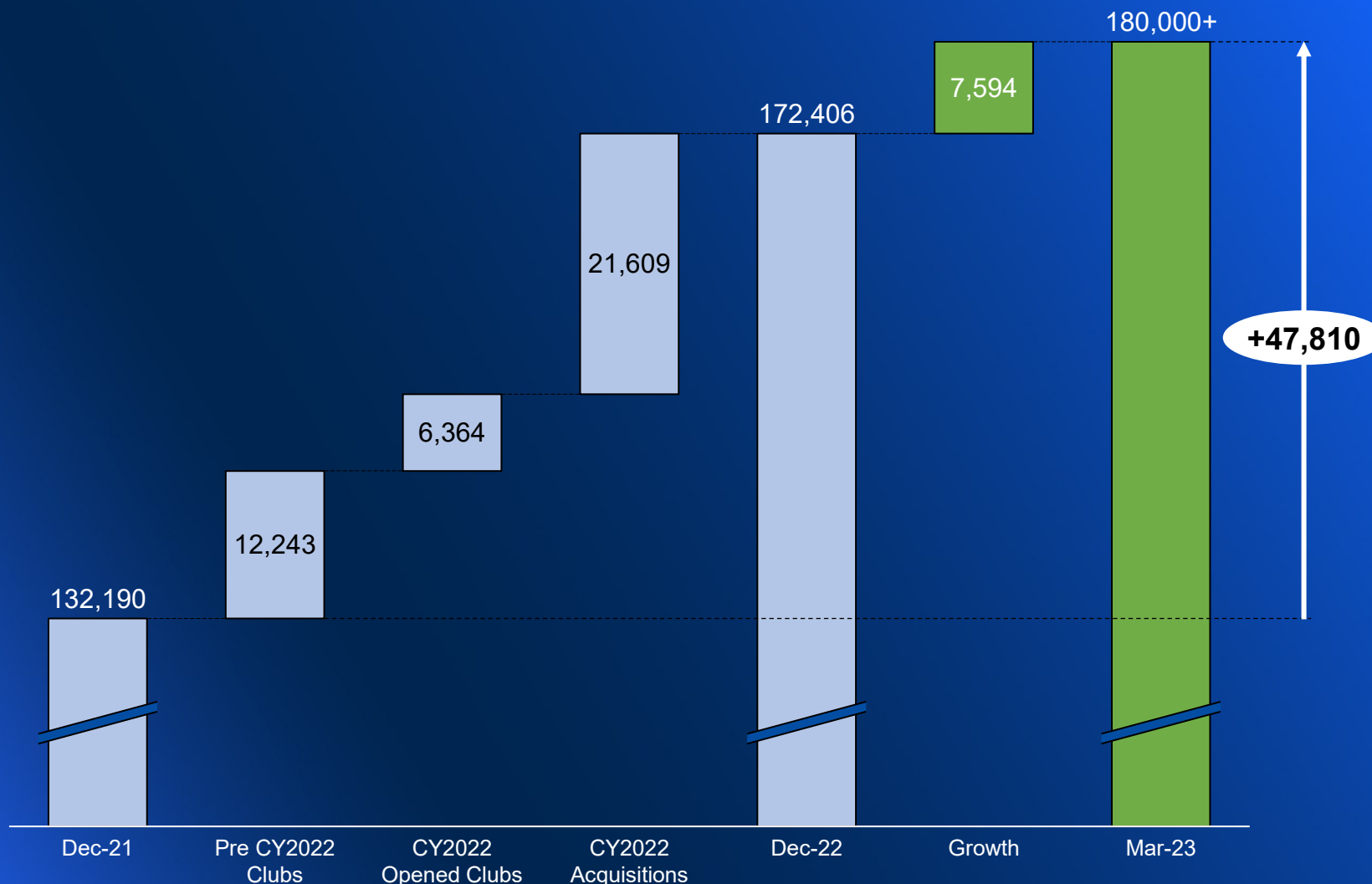
LEGEND

- **Pre CY2022 Clubs** refers to locations which were operating prior to the CY2022 period commencing
- **CY2022 Opened Clubs** refers to locations opened during the calendar year
- **CY2022 Acquisitions** refers to locations acquired during the calendar year
- **Corporate/Plus Fitness** refers to revenue movement from head office and the Plus Fitness division
- **Growth** shows strong return of members post-holiday period

December 2021 represents first full month of trading after lockdowns ended.

Member growth

Continued member growth in corporate owned locations



HIGHLIGHTS

- Membership growth of 33% (>45,000 members) between December 2021 and 20 February 2023
- Membership growth has accelerated in February 2023

LEGEND

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- **CY2022 Opened Clubs** refers to locations opened during the calendar year
- **CY2022/CY2023 Acquisitions** refers to locations acquired during that calendar year

Capital allocation application

Target mature site economics by brand

Application of Capital Model	Greenfield Locations			Acquisitions [^]	
	Club Lime	Hiit Republic	Ground Up	Independent	Plus Fitness
Club Size (m2)	700	250	350	700	400
Revenue (\$)	775,000	365,000	635,000	775,000	400,000
Expenses (\$)	405,000	255,000	360,000	405,000	250,000
EBITDA (\$)	370,000	110,000	275,000	370,000	150,000
Margin (%)	47.7%	30.1%	43.3%	47.7%	37.5%
Breakeven Members¹ (#)	510	120	140	510	370
Cash Invested (\$)	450,000	225,000	350,000	435,000	135,000
Debt or Lease Finance Invested (\$)	450,000	225,000	225,000	775,000	315,000
Initial Capital Invested (\$)	900,000	450,000	575,000	1,210,000	450,000
Return on Invested Capital (ROIC)*	41.1%	24.4%	47.8%	30.6%	33.3%
Return on Cash Invested*	82.2%	48.9%	78.6%	85.0%	111.1%

*Returns are immediate for Acquisitions, but after 12 months for Greenfields.

[^]Acquisitions are post synergies

Above table assumes 70% utilisation, which we aim to achieve in the first 12 months of opening

¹Assuming average rental of new locations is the same as existing locations

COMMENTS

- Acquisitions assume a 3.0x multiple acquisitions price, with independent clubs (assumed to be the same financial metrics as a Club Lime post synergies), requiring an estimated \$100k in fit-out costs to re-brand
- Acquisitions provide immediate cashflow, whereas Greenfield sites take up to 12 months to open and a further 12-18 months to reach target maturity
- Ground Up location metrics assume higher yielding membership by being located near a Club Lime as per current locations

Capital allocation application

Viva now has a self-funding model

Based on:

- Targeting the achievement of >\$900k per month of FCF (before tax)
- Application of the Group's capital allocation principles

Target:

- Self-funding roll-out of 24+ sites per annum organically without the need for further capital

Assumptions:

- Self funding roll-out a combination of greenfield locations and acquisitions
- New locations achieve >70% utilisation in first 12 months (ie: considered mature locations)

“67% agree that their Club Lime health club membership is a necessity, not a luxury”

Club Lime member survey conducted by Roy Morgan

Reaffirming FY2023 GUIDANCE

Guidance

Revenue

Range

\$137m to \$140m

FY22: \$90.8m

EBITDA

Range

\$28m to \$30m

FY22: \$5.5m

H1 FY2023 Achieved

Revenue

\$67.4m

48% to 49% of target range

EBITDA

\$14.0m

46% to 50% of target range

FY2023 Guidance is reaffirmed

- Despite the impact of inflationary pressures, Viva has experienced solid organic membership growth for the beginning of H2 FY2023
- Management now has visibility on increased utilities costs
- Survey conducted by Roy Morgan on behalf of our Club Lime brand provides confidence to the Board and Management in line with lifestyle nature of the business
- Operating leverage demonstrated by EBITDA up 50.2% half on half with Revenue up 18.7% half on half
- Average Location EBITDA margin for H1 FY2023 now above 40%
- Tech platform (the Hub) and Viva Pay expected to 'go live' in H2 FY2023 which will provide additional upside

Excluding any one-off adjustments and no future COVID interruptions or restrictions
Excluding the impacts of AASB-16

Drivers to achieve guidance

Drivers to achieve Guidance

Corporate Members

Range

173k to 178k

FY22: 159k

Utilisation

Range

71% to 73%

FY22: 69.3%

Corporate Locations

Owned

165 to 170

FY22: 151

H1 FY2023 Achieved

Corporate Members

172.4k

H1 FY2023

177.3k

20 Feb 2023

Utilisation

Range

72.7%

H1 FY2023

73.6%

20 Feb 2023

Corporate Locations

Owned

162

H1 FY2023

166

20 Feb 2023

HIGHLIGHTS FOR H1 FY2023

- Traditionally the business operates in a 45% (H1) to 55% (H2) ratio of EBITDA as locations opened and acquisitions contribute for a full HY in H2
- **Corporate Members** expected to exceed upper end of guidance range by end of Q3 FY2023
- **Utilisation** upper end of guidance range exceeded in February 2023
- **Corporate Locations** on target to exceed upper end of guidance by EOFY (2 acquisitions are binding in nearing stages to complete, plus a further 14 greenfield locations secured, some of which will open before EOFY)

Excluding any one-off adjustments and no future COVID interruptions or restrictions

VIVALABS
LEISURE

 **hub.**

VIVA  *pay*

VIVA
LEISURE


VIVA LEISURE

Questions?



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