

VIVA

LEISURE

FULL YEAR FY2019 RESULTS

28 August 2019

 CLUBLIME

 LADIES ONLY

 AQUATICS

 SWIM SCHOOL

 PSYCLE LIFE

 GymmyPT

 hiit republic

 Studio
BY CLUB LIME

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Presenting today



Harry Konstantinou
Managing Director & Chief Executive Officer



Kym Gallagher
Chief Financial Officer

Agenda

Harry Konstantinou

- Introduction
- Performance Highlights
- Operational Achievements

Kym Gallagher

- FY2019 Results
- Financial Snapshot
- Members Snapshot
- Cashflow & Balance Sheet

Harry Konstantinou

- Business Overview & Outlook
- Investment Highlights
- Introducing FaaS
- What's coming up
- Current trading
- Outlook

Questions & Answers





PERFORMANCE HIGHLIGHTS

FY2019 Performance Highlights



Exceeded Prospectus forecasts on all key metrics

REVENUE

\$33.08m

Prospectus **0.5%**
PCP **37.1%**

EBITDA

\$7.29m

Prospectus **7.0%**
PCP **39.9%**

NPAT

\$3.15m

Prospectus **17.6%**
PCP **8.2%**

EBITDA MARGIN

22.0%

Prospectus **20.7%**
PCP **21.6%**

MEMBERS

54,039

Prospectus **53,000**
PCP **35,631**

CLUB m2

35,893

Prospectus **31,381**
PCP **21,809**

LOCATIONS

40

Prospectus **32**
PCP **21**

UTILISATION

75.3%

Based on 2 members
per square metre

Revenue, EBITDA, NPAT and EBITDA Margin includes one-off public listing costs of \$914k
All results refer to the same group under common control

FY2019 Operational Achievements

Viva continues to get fit for the future

Monthly Recurring Revenue

\$2.26m	\$3.34m
June 2018	June 2019

Locations (ACT)

19	29
June 2018	June 2019

Locations (NSW)

2	10
June 2018	June 2019

Locations (VIC)

0	1
June 2018	June 2019

Monthly Member Visitations

184,666	282,668
June 2018	June 2019

New/Returning Member Signups

2,810	3,991
June 2018	June 2019

Instructor led Classes

2,160	4,040
June 2018	June 2019

Membership Gender split

51.33%	48.40%
Male	Female
Unspecified 0.27%	

FINANCIAL RESULTS

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hiit
republic

hiit

FY2019 Result Exceeds Prospectus Forecasts

Profit and Loss (\$m)	FY2019 Actual	Prospectus	Variance %	FY2018 Actual	FY2019 vs FY2018 Variance %
Revenue	33.08	32.91	0.5%	24.13	37.1%
Operating Costs	25.80	26.10	(1.2%)	18.92	36.3%
EBITDA	7.29	6.81	7.0%	5.21	39.9%
Depreciation / Amortisation	(2.33)	(2.40)	(3.0%)	(1.54)	51.4%
EBIT	4.96	4.41	12.4%	3.67	35.1%
Finance Costs	(0.68)	(0.71)	(4.2%)	(0.53)	28.7%
NPBT	4.28	3.70	15.6%	3.14	36.1%
Tax	(1.12)	(1.02)	10.2%	(0.22)	400.6%
NPAT	3.15	2.68	17.6%	2.92	8.2%

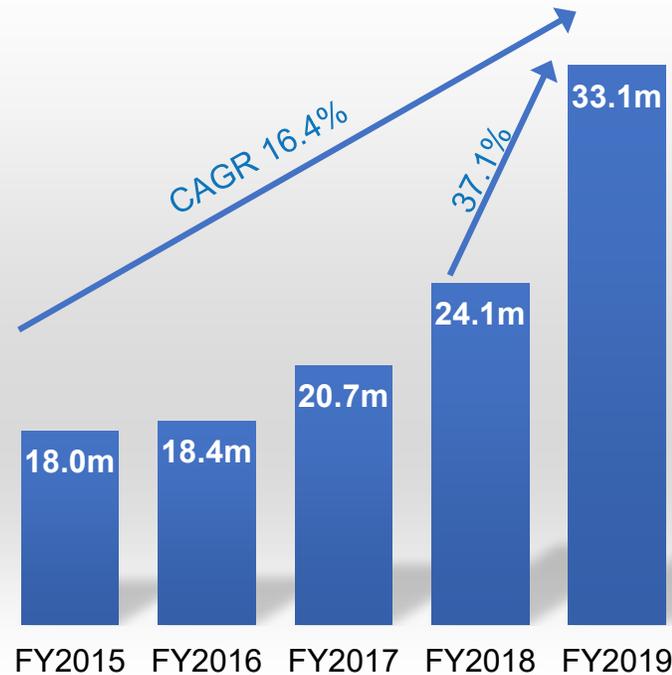
Comments
<ul style="list-style-type: none"> FY2019 Prospectus forecast exceeded on all lines EBITDA beat by 7.0% and NPAT by 17.6% Strong growth over pcp with club openings and significant organic growth Results do not show impacts of AASB16 which will be adopted from 1 July 2019

Note: Results in the above table refer to the same group under common control

Financial Snapshot

Significant revenue growth YoY

Revenue (\$m)

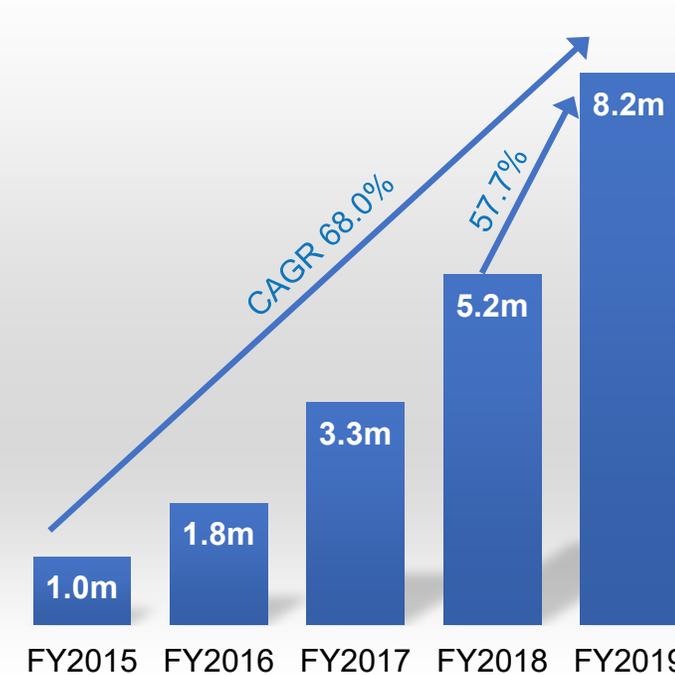


FY2019 Drivers

- Organic Growth ~16.6%
- Acquisitions ~\$3m
- Rollouts ~\$2m

Continued margin improvement

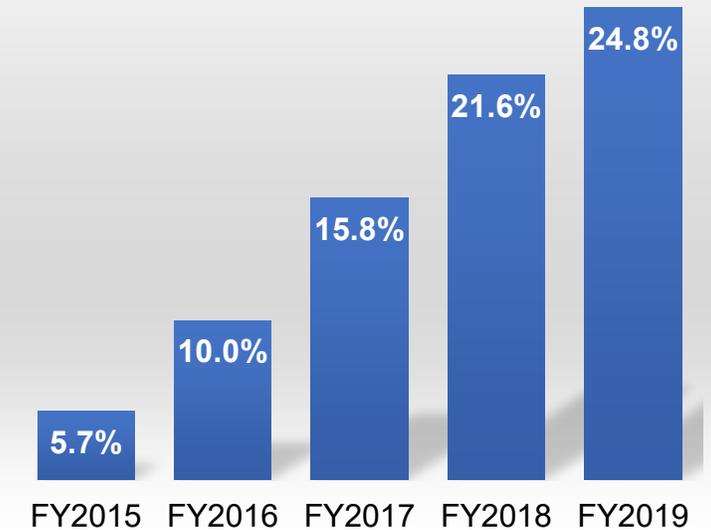
EBITDA (\$m)



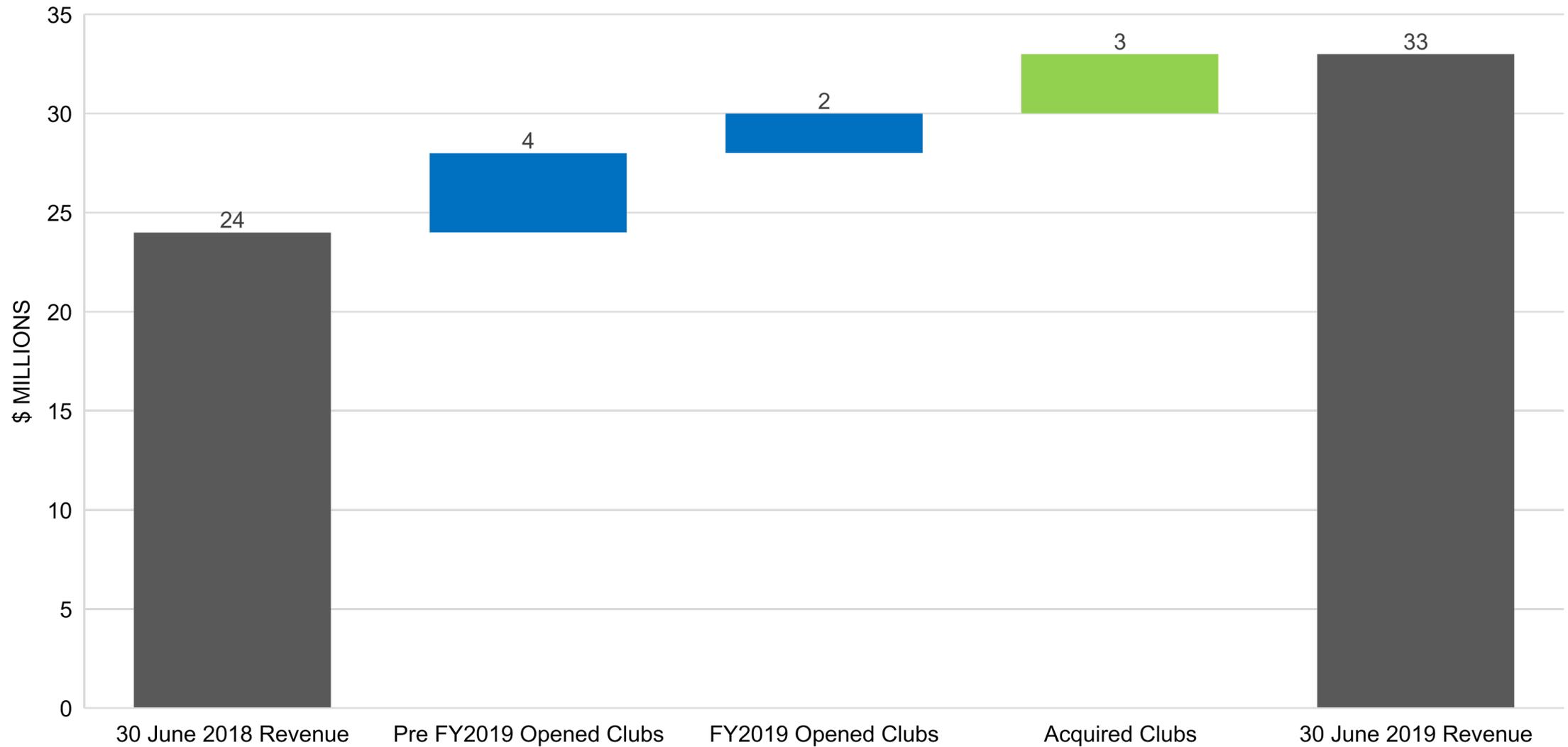
FY2019 Drivers

- Organic Growth ~20%
- Acquisitions ~\$1.35m
- Rollouts ~\$0.45m

EBITDA margin(%)



Revenue Growth

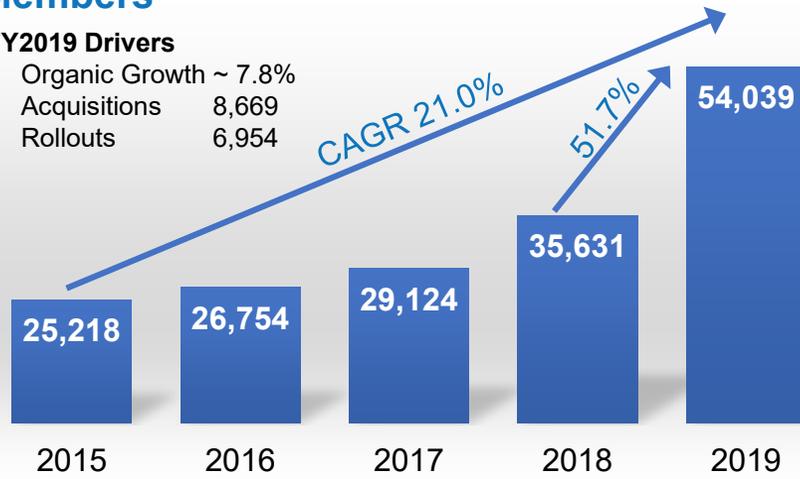


Members Snapshot

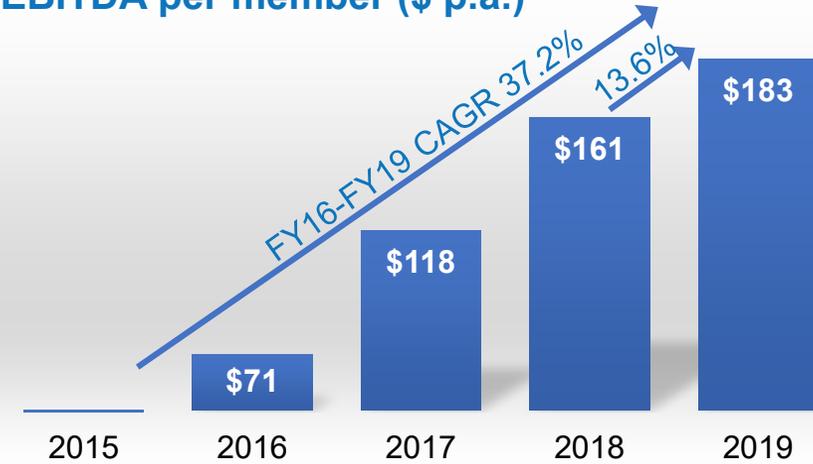
Members

FY2019 Drivers

- Organic Growth ~ 7.8%
- Acquisitions 8,669
- Rollouts 6,954

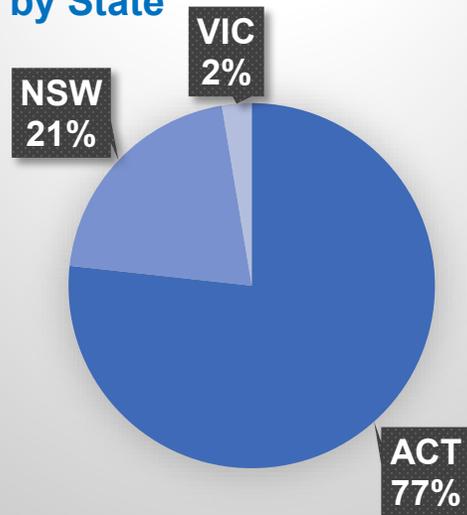


EBITDA per member (\$ p.a.)

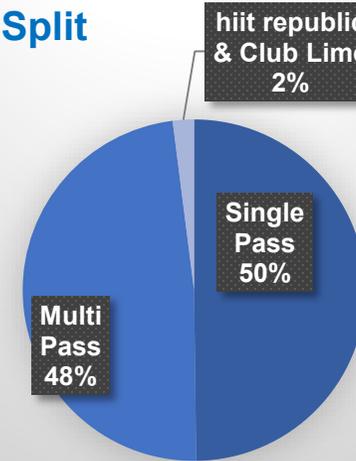


EBITDA per member based on average member number for the year

Members by State

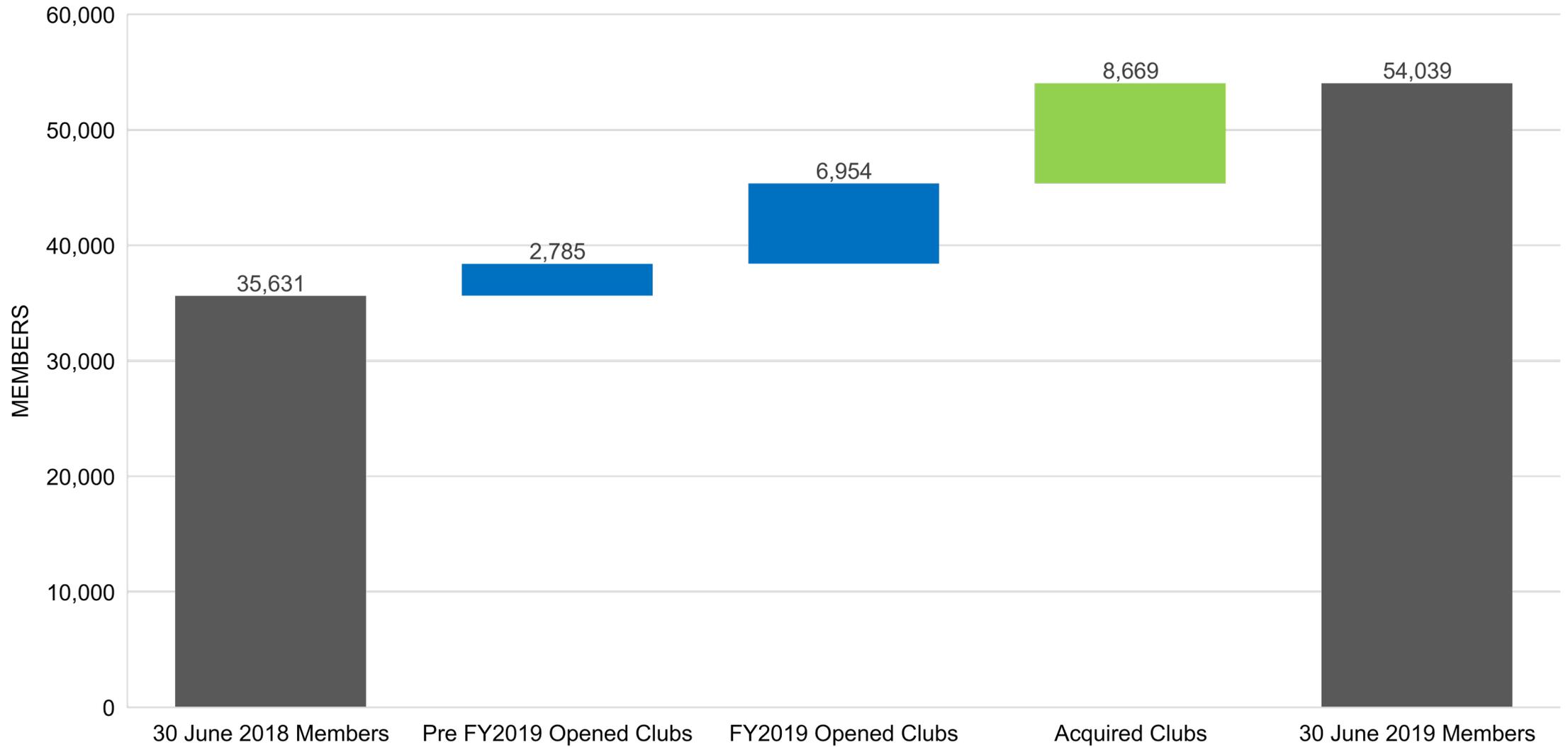


Membership Split



Multi Pass refers to a membership which can access more than one location. hiit republic & Club Lime is also a multi pass membership.

Members Growth



Cashflow & Balance Sheet

Balance Sheet (\$m)	FY 2019	FY 2018*
Cash	14.39	1.06
Receivables and other Current Assets	0.70	0.43
P, P & E	19.20	9.63
Intangibles	6.56	0.04
Deferred Tax	3.46	0.26
Total Assets	44.31	11.43
Trade and other Payables	2.54	1.99
Income in advance	1.07	0.58
Borrowings - Leases	7.94	3.89
Borrowings - other	0.00	3.52
Current and Deferred Tax	4.17	0.49
Other Liabilities	2.81	1.03
Total Liabilities	18.54	11.49
Net Assets	25.76	(0.07)

HIGHLIGHTS

- Proceeds of IPO and strong earnings strengthen balance sheet
- Large investment in new clubs with net PPE increase of circa \$10m
- Investments in new businesses driving profit expansion
- Debt free (except finance leases)

Cashflows (\$m)	FY2019	FY2018*
Opening cash	0.54	0.62
Cash acquired under group restructure	0.64	0.00
Cashflows from operations	7.98	2.21
Investment in plant and equipment	(4.09)	(1.83)
Acquisition of businesses	(7.12)	0.00
Impact of Capital Raising ¹	22.55	0.00
Proceeds / (Repayment) of debt	(3.48)	1.64
Lease payments and interest	(2.62)	(1.59)
Closing Cash	14.39	1.06

HIGHLIGHTS

- Proceeds of IPO plus free cash flows allowing \$13m to fund growth
- Strong conversion of EBITDA to operating cashflows
- Acquisitions of Wagga, Phillip and Albury Wodonga
- Repayment of legacy related party debt

* FY2018 refers to same group under common control

¹ Includes pre-IPO investment

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BUSINESS OVERVIEW & OUTLOOK



The Viva Business *health is the new wealth*

- Viva Leisure Limited (**Viva Leisure**) operates in the health and leisure industry in Australia, originally commencing operations in January 2004 with one facility and now operating 42 different business sites, the majority of which are health clubs under the **CLUBLIME** brand.
- Of the 42 different business locations, all have been organically established apart from eight separate acquisitions which added a total of 13 clubs. *Since listing* – 3 acquisitions, for six locations.

Viva operates in all four segments of the fitness industry, unlike any of its competitors

- The fitness industry in Australia is big business and only gaining momentum. This is not surprising, given the amount of Australians who are overweight or obese and the increased awareness of health matters. Industry forecast to grow to \$2.5 billion in FY2023 (FY2013-FY2023 CAGR of 3.6%)
- 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. This statement (affordable, accessible and awesome) forms the core of both our commitment to the community and our commercial goals.

Our Brands



Scalable Business Model *fitness is an essential part of life*

Viva Leisure's hub and spoke model

- Viva Leisure operates what it calls a 'hub and spoke' model with larger (big box) health clubs being supported by smaller (standard, express and boutique) health clubs.
- This differentiates Viva Leisure from the traditional concentration on one segment (i.e. big box, standard, express or boutique health clubs). Striving to provide for multiple offerings and options to suit individual members' preferences.
- This model allows the Company to be dynamic in its approach to new greenfield or acquisition sites. Selecting them based on the analysis and identification of the primary customer demand in order to determine the appropriate 'foundation' health club.
- As Viva Leisure's brand recognition and membership base grows in the new market, it will build out the spokes to satisfy excess demand by tailoring solutions to meet members' needs.
- Viva Leisure's membership proposition is based on:
 - striving to provide members with an affordable membership pricing structure;
 - access to health clubs 24 hours a day, 7 days a week; and
 - providing "no contract" membership offers.
- The Company's "no contract" offering is an attractive proposition as the industry works to increase the penetration of members and encourages high standards to be maintained.

New concepts, new USP's



As Viva Leisure rolls out new concepts, it introduces new USP's to the market, even if we are not first to market.

Improving the functional boutique fitness model by:

- Offering a true boutique environment and experience; the full experience with amazing fitness and personal amenities;
- Located outside of big box health clubs, not a separate section within;
- No two classes are ever the same, mixing it up;
- Roaming between hiit republic locations for members (additional costs apply);
- 24 hour access for members outside of scheduled class times (no additional cost applies – part of the membership);
- Operating a Personal Training licencing model from each location generates additional revenue opportunities for Viva Leisure, and for the full-time staff;
- Full online membership portal, allowing members to turn-on or turn-off a hiit republic membership as their habits and requirements change;
- Affordable – from \$29.90 per week, unlimited classes at a single location, scaling to \$39.90 per week for all locations, including a Club Lime (health club) membership
- A true boutique + health club membership that is unable to be matched.



Locations *Reaching more Australians*

42

Operating
locations

TODAY

Our Club Lime and hiit republic brands continue to expand into new markets

11

New locations
opening soon

TOMORROW

Our pipeline of new locations already secured will grow our brands to over 50+ locations in the next six months

4

Locations under
negotiation for
lease

THE DAY AFTER

Our pipeline never stops growing as we enter new markets and deploy our unique hub and spoke model into existing markets

24

Locations under
negotiation to
acquire

IN OUR SIGHTS

Building on our strong experience of acquiring and integrating new strategic locations

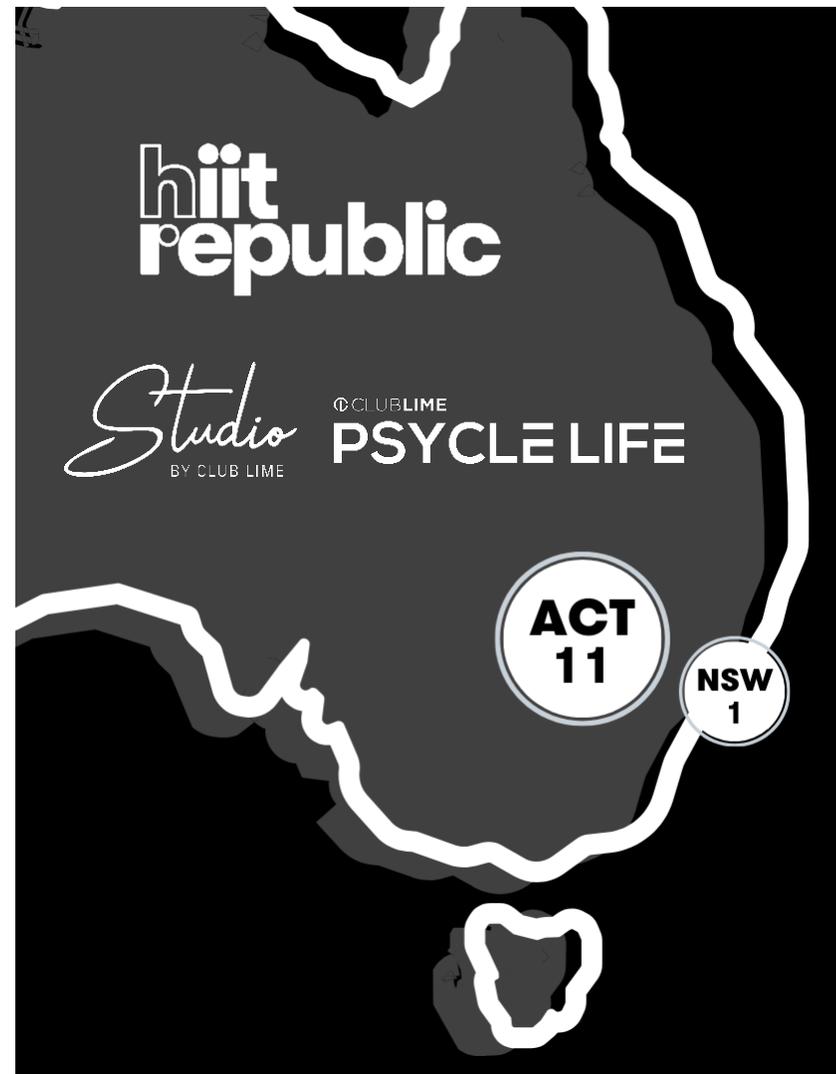
As at 28 August 2019

Geographical coverage *opened and secured locations*

Health clubs



Boutiques



As at 28 August 2019

Investment Highlights *not all health clubs are built the same*

Growth opportunity	Attractive member proposition	High quality facilities	Technology focused operator	Strong cash flow from model
<p>Highly fragmented market with 42% of operators not part of a franchise or larger group.</p> <p>Significantly underserved regional markets with limited competition, attractive margins and existing operators lacking access to capital.</p> <p>Unsophisticated owners allows us to implement our technology for immediate synergies.</p> <p>Growing market expected to reach \$2.5 billion of revenue in 2023.</p> <p>Business model allows for rapid break-even cash flow (~8 weeks) on greenfield locations.</p>	<p>High levels of member acquisition and growth with multiple options and removal of barriers to membership purchase.</p> <p>Market leading, bespoke membership joining and management system, join online in under 3 minutes.</p> <p>Well-respected brand.</p> <p>Low entry point to experience offering.</p> <p>Reinvestment and on-going product enhancement ensures high quality offering throughout entire portfolio.</p>	<p>Data driven site selection process, ensures correct facilities are built for the local market.</p> <p>Unique hub and spoke model, not duplicated in market, offers unique opportunity to continue expansion of locations and service offering.</p> <p>Attractive option for landlords enables securing of premium locations.</p> <p>Existing locations still growing:</p> <ul style="list-style-type: none"> • 90.4% of existing portfolio had membership growth in FY2019 • 89.8% of existing portfolio had membership growth in FY2018 	<p>Technology focused decision-making processes used throughout each part of the business.</p> <p>In-house member management system allows for lower administration costs.</p> <p>Bolt on acquisitions integrated into Viva Leisure technology eco-system quickly and efficiently (normally within 48 hours of acquisition settlement)</p> <p>Full back-office integration of acquired locations and members, requiring no member data entry or form completion.</p> <p>'Real-time' data available to management</p> <p>IT systems already built to scale 100+ locations.</p>	<p>Recurring income from flexible fortnightly membership options.</p> <p>>57,000 members with >86% on fortnightly direct debit.</p> <p>Opportunity to increase yield by upgrading single club members to multi-club membership.</p> <p>>\$1.4 million fortnightly direct debit payments enhances cash-flow. Direct debit managed internally not be third party.</p>

Introducing FaaS *our data is what makes us different*

The Viva Fitness as a Service (FaaS) model

	Viva Leisure's Model	Traditional Model
Pricing	Affordable, no contract, no joining fee	Expensive locked-in pricing model with joining fees
Sign-up Process	Online, 3 minutes to complete, no paper forms	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)
Capacity	Targeting 2 members per square metre, additional spoke locations added as target approaching; ensures quality of service offering maintained	Sign-up as many members as possible into the one location, no understanding of service offering, hope they don't all use their membership
Terms	Flexible terms, no fixed contracts, 28-day cancellation process	Locked-in long term contracts, difficult to exit
Offering	With locations of all sizes, the complete service, class and equipment offering is available across the network of facilities	Limited offering based on available space. Franchise operators offering identical equipment in all locations.
Ease of Use	Intuitive membership self-serve portal and app ¹ to manage membership	All membership management via email, telephone or in-person at the club

What's coming up *opportunities to continue delivering profitable growth*

New Locations

Growing our portfolio of locations organically and by acquisition

New Revenue

Generating more from our extensive and loyal membership base



Digital

Expanding our digital presence and footprint

Membership Offering

Leveraging our data analytics expertise to expand into new boutique offerings



Current trading *strong performance for first two months*



Revenue

Great start to FY2020 with record revenue recorded



Locations

Two additional hiit republic locations opening in September



Membership

>57,000 members achieved, +2500 organic and +500 acquired in first 60 days of FY2020



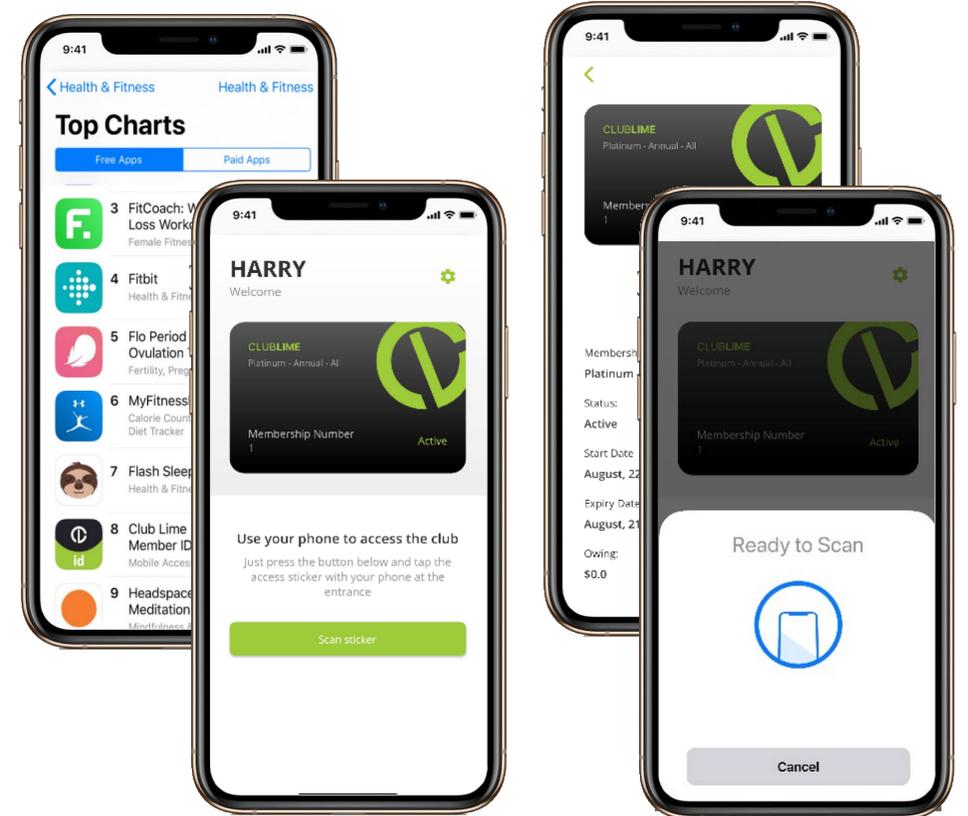
New site and acquisitions

Dedicated executive hired and already generating results

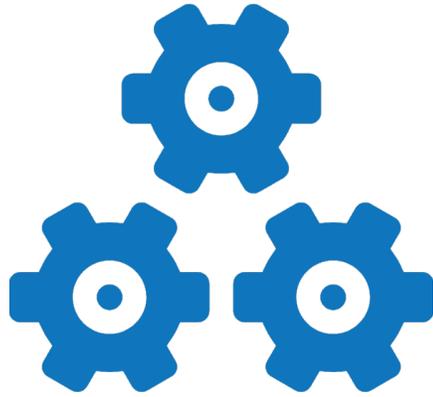


Member ID app launched

First in the fitness industry to launch NFC mobile access into facilities



We will continue to...



EXECUTE

Execute on our business plan and expand our presence in all relevant existing and new markets.



LEVERAGE

Further grow our unique footprint and network in existing and new markets, extending our dominant position



INNOVATE

Further cement our position as the leading innovator in the health club industry by evolving our products and services on the back of our bespoke IT systems and data

Viva Leisure confirms it is on track to exceed the proforma FY2020 forecast as set out in the May 2019 Prospectus.

Management looks forward to updating the market in relation to new club openings and acquisitions currently under negotiation.



QUESTIONS?

