European Health & Fitness Market Study 2016
Karsten Hollasch, Deloitte
The European Health & Fitness Market Report 2016

Karsten Hollasch
The European fitness market was worth €26.7bn in 2015, with the top 5 countries representing almost two thirds.

Top 10 European health and fitness markets by revenues (2015)
Market size (€m), Share of total market (%)

- **UK**: 5,615, 21%
- **Germany**: 4,830, 18%
- **France**: 2,393, 9%
- **Italy**: 2,152, 8%
- **Spain**: 2,130, 8%
- Others: 4,218, 3%
- **Total revenues (€m)**
  - 16%

64% of total European market

**Sources**: EuropeActive/Deloitte, DSSV/DHfGP/Deloitte, The Leisure Database
Germany and the UK strengthened their positions as the largest European markets in terms of membership.

Top 10 European health and fitness markets by membership (2015)
Penetration rate (% of total population), Change in membership (%), Total membership (bubble size)

Sources: EuropeActive/Deloitte, DSSV/DHfGP/Deloitte, The Leisure Database
Question I: Which of the following factors are correlated with fitness market penetration?

1. General physical activity of the population
2. Real GDP per capita
3. The degree of urbanisation
4. All of the above
5. None of the above
There is a visible correlation between a population’s physical activity and fitness market penetration.

Correlation between physical activity and fitness market penetration (2015)
Percentage of population that is exercising or doing sport “With some regularity” or “Regularly” according to the EU Eurobarometer 2013 (%), Penetration rate (%), Total membership (bubble size)

Sources: EuropeActive/Deloitte, EU Eurobarometer 2013
Real GDP per capita and the degree of urbanisation help explain fitness market penetration

Correlation of real GDP per capita and urbanisation with fitness market penetration (2015)

Real gross domestic product per capita (in €), Penetration rate (%), Total membership (bubble size)

Note: The urban population, as stated by The World Bank, refers to people living in urban areas as defined by national statistical offices. It is calculated using World Bank population estimates and urban ratios from the United Nations World Urbanization Prospects.

Sources: EuropeActive/Deloitte, Eurostat, The World Bank
Question II: What correlation is there between market concentration (membership share of top 5 operators) and the average membership fees in a country?

1. Higher concentration = Higher membership fees
2. Higher concentration = Lower membership fees
3. No correlation
Markets with a higher market share of top 5 operators tend to have lower average membership fees

Impact of market concentration on PPP-adjusted monthly membership fees (2015)

Market share of top 5 operators in terms of membership (%), PPP-adjusted average monthly membership fees incl. VAT (in €), Total membership (bubble size)

Sources: EuropeActive/Deloitte, Eurostat
In Denmark and Belgium, the leading operators represent more than 50% of all members

Share of top 5 operators and selected market leaders by membership

Notes: 1) Membership figures for Alex Fitness (Russia), Basic-Fit (Belgium), Fitness World (Denmark) and McFIT/High5 (Germany) based on professional judgement; Sources: EuropeActive/Deloitte, Company information
The fastest-growing fitness operators in 2015 came largely from the low-cost sector

Selected top 30 European health and fitness operators by membership (2015)
Change in membership (%), Revenue per member per month (€), Total membership (bubble size)

Notes: 1) Revenue figures for clever fit, INJOY and Mrs.Sporty, Change in membership for Basic-Fit as well as revenue and membership figures for FitX, McFIT/High5, SportCity/Fit For Free and Virgin Active based on professional judgement; 2) Migros figures only include Swiss business; 3) Nuffield figures do not include corporate fitness and wellbeing centres
Sources: EuropeActive/Deloitte, Company information
After a total of 24 fitness transactions from 2011 to 2013, 19 M&A activities were recorded in both 2014 and 2015.

Change in ownership by investor type (2015)

Sources: Mergermarket, Bloomberg, Company information, Deloitte analysis
The five leading commercial equipment manufacturers accounted for about 72% of the global market in 2015.

Leading manufacturers’ share of global commercial fitness equipment market (in %)

- Life Fitness: 24%
- Technogym: 17%
- Johnson Health Tech: 13%
- Precor: 13%
- Cybex: 6%
- Others: 28%

Estimated global commercial (B2B) market: EUR 2.65bn

Sources: EuropeActive/Deloitte, Company information
Technological development is one of the main forces shaping the health and fitness industry in the future.

Past and future growth of digital technologies and their role in the fitness industry

Total Connected Devices
- 2000: 500 M
- 2010: 10 B
- 2020: 70 B

28% CAGR

Smartphone Users
- 2010: 551 million
- 2020: >3 billion

18% CAGR

Internet Users (units)
- 2000: 500 million
- 2010: ~2.8 billion
- 2020: >7 billion

14% CAGR

80 million
- Registered users of MyFitnessPal app

8.2 million
- Forecast unit sales in Europe in 2015

Digital technology in fitness
- Mobile apps
- Online fitness
- Health & fitness trackers
- Shift in payments

Thank you for your attention.
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A major macro-economic trend to consider is the increasing age of the European population.

Division of age groups in % of total population (EU-27), 2011 vs. 2060

Sources: Eurostat, Deloitte analysis
Detailed research led to a comprehensive picture of the European health and fitness market

Methodology

<table>
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<th>What we have done</th>
<th>And what we achieved</th>
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<td>General research work</td>
<td>Insights in existing market reports, data on equipment industry, M&amp;A activity</td>
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<td>Identification of individual and chain operators in 18 countries</td>
<td>Detailed club databases on national level</td>
</tr>
<tr>
<td>Online questionnaire in twelve different languages for individual club operators</td>
<td>Data of more than 1,000 individual clubs in 13 countries</td>
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<tr>
<td>Questionnaire for major chain operators</td>
<td>Detailed information on major European operators</td>
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<td>Interviews with selected industry experts</td>
<td>Educated assessment of industry’s state and development</td>
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The EuropeActive/Deloitte market report examines the European fitness industry from various perspectives

Content (1/2)

Leading Operator Rankings/Profiles

Recent Mergers & Acquisitions

Perspectives on the Market

Corporate Wellbeing

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<th>Company</th>
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Interview with Nikolay Pryanishnikov

Corporate Wellbeing

Corporate wellbeing has become a key priority for businesses across diverse sectors in recent years. The focus on employee health and wellness initiatives has been driven by a combination of factors including increased awareness of the benefits of a healthy workforce, changing consumer expectations, and regulatory requirements. Companies are increasingly recognizing that investing in employee wellbeing can lead to improved productivity, reduced healthcare costs, and enhanced employee satisfaction.

Pure Gym

The leading operator rankings are calculated based on a variety of factors, including membership growth, financial performance, and operational efficiency. The rankings reflect the dynamic nature of the European fitness market, with many operators adapting to changing consumer trends and technological advancements.

New

puregym.com

EuropeActive | Deloitte - European Health & Fitness Market Report 2016

2016 Deloitte
The EuropeActive/Deloitte market report examines the European fitness industry from various perspectives.

Content (2/2)

Innovation in the Fitness Industry

Snapshot of the Equipment Industry

Eurobarometer

Top Market Overview/Profiles

Fig. 21 – How often do you exercise or play sport (by gender)?

United Kingdom

Fig. 22 – Leading operator by number of sites
Specialised product offerings and digitalisation are two of the main trends shaping the fitness industry

Trends and drivers of the fitness industry

**Product offerings**
- Polarisation of market segments
- Special interest concepts
- Flexible membership concepts

**Macro-economic development**
- National economy
- Demographic change
- Change in values

**Digitalisation & Media**
- Online fitness clubs
- Fitness apps
- Social media

**Management challenges**
- Employee management
- Franchise
- Revenue and cost management

**Stakeholders**
- Investors
- Health insurers & politics
- Other interest groups

Source: Deloitte analysis
Most European club operators expect to grow in 2016; Polish clubs are again the most optimistic

Expected increase in revenues for 2016 (in %)

Source: EuropeActive/Deloitte
After a total of 24 fitness transactions from 2011 to 2013, 19 activities were recorded in both 2014 and 2015

Selected transactions in the health and fitness industry (2015)

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