

FITNESS NEWS

Business News and Analysis

July 30, 2016
Issue N°12

EUROPE

Life Fitness agrees to buy ICG

In yet another move to diversify its offering, Life Fitness has agreed to buy the Indoor Cycling Group (ICG), the German-based supplier of indoor cycling equipment with sales of about €37 million in 2015, at an undisclosed price.

Life Fitness has been on the acquisition trail in the last year, as part of its goal to double the size of its fitness division by 2020. Cybex International, which reaped sales of about \$169 million in 2015, was bought for \$195 million in January. In July last year the group snapped up SciFit Systems, which focuses on active ageing products.

"With ICG's innovative technology, expertise in cycling and talented team, we will be well-positioned to advance in the indoor cycling and group exercise categories," said Chris Clawson, president of Life Fitness at Brunswick Corporation, the U.S. company that owns the

fitness equipment group. He added that the two companies have had a strong relationship for the last five years, since ICG has been the supplier of Life Fitness' existing group cycling bike.

Established in 1995, ICG supplies indoor cycling bikes



through both direct and distributor channels.

Clawson said that the management team of ICG, based in Nuremberg, its staff and operations would remain "largely

intact." Bernd Puerschel, ICG's founder and chief executive, is to remain in his position after the acquisition, reporting to Clawson.

"The Life Fitness family will be a great, natural fit for our team and we're eager to keep our efforts focused on further evolving our products and technologies which, when grouped with Life Fitness' existing products, will create an unparalleled group exercise portfolio," said Puerschel.

Life Fitness is already working this market with products such as the Hammer Strength rigs and racks, the Row GX Trainer and Life Fitness SYN-RGY360.

"Group exercise is a growing sector of fitness and represents another important adjacency that we have targeted to expand our fitness business," said Mark Schwabero, Brunswick's chairman and chief executive.

Continued on page 2...

Polish aggregator buys into more gyms

Benefit Systems, the large-scale Polish fitness pass aggregator, is tightening its grip on the country's fitness club industry with plans to buy a majority stake in Calypso Fitness, the second-largest chain in Poland with 33 gyms at the end of last year, and to gradually take control of three more operators running another 35 fitness clubs.

A listed company that boasted 697,000 users for its MultiSport card in Poland alone at the end of June, Benefit Systems already had a stake of 33.3% in Calypso, a home-grown Polish chain, and it started negotiations that should enable it to raise its stake by 50.1% to 83.4%.

The aggregator informed the stock market last month that it signed a letter of intent with Calypso and its other shareholders, forming the basis for negotiations for the change of control.

The value of the investment was placed at 81.3 million zlotys (€18.7 m), of which PLN 27.5 million (€6.3 m) are to be paid in cash and the remainder in Benefit Systems shares.

At the same time, Benefit Systems announced that it wanted to buy share packages in three other fitness companies. The group said it was buying 30% of Fitness Club S4, a group of 17 gyms in and around Warsaw. Another shareholding of 30% is to be

acquired in Tiger Gym, which was formed by a former boxing champion and has seven gyms in and near Gdansk. Benefit Systems also announced that it was raising its stake in Zdrofit, an operator with eleven gyms based in Warsaw, from 28% to 55%.

The joint value of these investments amounts to PLN 22.4 million (€5.1 m). And the Polish aggregator isn't stopping there: It could buy all of these three companies in the next four years.

The intended buys are a major step forward in the group's strategy to invest in the Polish fitness industry, as a form of vertical integration.

Continued on page 8...

FNE# 12

You're reading Fitness News Europe, the independent business news publication for executives in the international fitness industry.

Check out fitnessnewseurope.com for further information about the publication, to register for a free trial and obtain your subscription at a special launch rate.

Please note that Fitness News Europe is taking a summer break. The next issue is scheduled for the second half of August.

CONTENTS

Life Fitness buying ICG p1-2
Benefit Systems buys into more chainsp1-8
Precor flattish.....p2
Technogym off to Riop3
Seasoned international manager at Wattbike..... p4
Mylna takes up garden trainingp5
3bble scores in the gym ..p6
Game on for Virginp6
Repeat targets cool Danes. p7

Other news

Adidas (p4), DIR (p7), Europe Active (p8), Garmin (p3), IHRSA (p8), Lifesum (p3), Nautilus (p8), Netpulse (p3), Puma (p4), Reebok (p5), Skechers (p5), Under Armour (p4), World Gym (p7)

Fitness News Europe is published by Zelus (France)
info@fitnessnewseurope.com

Editor: Barbara Smit
news@fitnessnewseurope.com

@ All rights reserved.

The information published in this newsletter cannot be copied or distributed electronically without the publisher's written permission.

Game On 3bble brings ball game into gym

Scores of people took part in the Pokérun workout organised by Virgin Active in London earlier this month, capitalising on the craze that has seen thousands getting more active to catch Pokémon with their smartphones.

The Pokérun of five kilometers was organised on July 20 to take in some of the key Pokéstops in the city and to integrate some extra exercise. Participants were guided by a qualified personal trainer, starting from Virgin Active's Walbrook club and taking a Thames-side route to spot virtual water creatures.

The trainer mixed in some interval outdoor bodyweight training, such as press-ups, tricep dips and lunges. The distance also enabled the Pokérunners to hatch their eggs while out running.

Virgin Active was one of the few gym operators to actively capitalise on the stunning enthusiasm for Pokémon Go, which has dragged thousands away from their sofas.

The game was quickly heralded as an antidote to physical inactivity, as some fitness trackers reported a spike in activity after the game's release in North America. Since then, Pokémon Go has reached most European countries.

A few days after the virtual chase started, SimilarWeb, a web traffic analyst, estimated that Pokémon Go had more daily active users than Twitter. It added that players were using Pokémon Go for an average of 43 minutes a day - more than Snapchat, Instagram and Whatsapp.

Assuming the players are on the move all the time, the BBC worked out that an average man playing the game for seven days would burn 1,795 calories - and a woman would burn 1,503. It helpfully added that this amounted to seven small chocolate doughnuts for a man and six for a woman.

If ever proof was required that gamification is an efficient way to get people moving, Pikachu is it.

If Leonardo Giangreco had his way, gyms would combine fitness workouts with the fun of playing football. That's an option with the indoor courts for Jorkyball, a fast-paced ball game that has been spreading in Europe and Asia.

Giangreco is a former investment banker who has been developing Jorkyball courts through 3bble, a Rome-based company. The game is played with two teams, each with a forward and a defender. Giangreco is targeting gyms with a module of 50 square meters, which is most suitable for clubs with a size of at least 500 square meters.

"It's a pretty intense game, that allows you to consume calories while playing," says Giangreco. "It's an interesting way for gyms to target a new group of customers and to motivate their members, as it combines physical activity with an element of competition and socialising."

3bble has already sold the modules to about 40 fitness and leisure facilities around Europe. Some of them use their Jorkyball court to gamify fitness activities for their members, others allow external participants to play. They usually charge about 5 to 10 euros per person for an hour.

"Most of the gyms charge separately for Jorkyball, so the court turns into a standalone profit center," says Giangreco. "It's easy to organise and the profitability per square meters can be very high."

Intense workout

The courts are most widespread so far in Italy and France, because the game was "invented" in 1987 by a French petrol station manager, Gilles Paniez. But in the last two years Jorkyball has increased its reach, through international competitions and the International Jorkyball Federation (IJF), which currently boasts 12 national members.

3bble has found distribution partners in several European countries, from Italy to France,

Poland, Hungary and Malta. They are often involved in the sale of other sports and leisure facilities, such as pop-up football courts and golf equipment.

With an average price of €8 per person and per hour and just three rentals per day, Giangreco has worked out that gym owners could have their investment repaid in eight months. The courts sometimes come with special bank financing, which is calculated to be repaid with just three rentals per week.

Another important argument for some of the gym owners is that the space may still be used when there aren't any bookings, for example for yoga classes. While the standard 3bble court comes with a metal structure that is only meant to reinforce it, it could be adjusted to allow for suspension training.

3bble is currently holding talks to get up to eight courts installed in a leisure facility in Paris, which would serve as its flagship European club.

Giangreco is also targeting potential buyers such as cruise ships and hotels. But he reckons that the game is a particularly good fit for gyms - all the more so in crowded urban areas where there isn't any space for five-a-side football pitches.

As a means to increase motivation and participation, Giangreco's company has also developed the 3bble World Ranking Challenge, in which players are ranked individually.

Gym operators with Jorkyball courts in their facility could encourage their members to subscribe and then organise tournaments that provide points for the ranking. Participants may challenge each other, and the more they play, the more points they get. The ranking currently boasts

about one thousand players across nine countries.

The court owners may also create customised circuits, which enable them to draw specific categories of players. Some of the organisers get local sponsors on board to support their competition and obtain more exposure.



Photo: 3bble

Jorkyball has its own "private" international federation in Rome. 3bble is a sponsor and official supplier of the federation, meaning its courts are used exclusively for the Jorkyball tournaments.

The latest Jorkyball World Cup, held in May in Valenciennes, France, brought together 62 teams from 24 clubs and nine countries.

Transparent walls

The court consists of synthetic grass, with transparent walls made of plexiglass and blind walls made of sandwiched panels. It's up to the buyers how many of walls they want to be transparent, which makes a difference for the price - from €20,000 up to €25,000 for the fully transparent Aquarius model.

Giangreco says the unit is self-supporting, meaning that it doesn't have to be fixed to the ground, and may be easily installed and dismantled in one day. The ball is covered with felt and the size of a handball ball.

3bble was established two years ago as a spin-off of World Soccer Ball (WSB), which sells five-a-side pitches. Pierfrancesco Iazeolla, the chief executive of WSB, is Giangreco's partner in 3bble.