Brunswick fitness brands to approach $1 billion sales this year

The owner of the Life Fitness brand, which agreed to pay $195 million for the acquisition of Cybex International last month, is targeting sales approaching $1 billion for its fitness division this year.

This tally includes Cybex, which reached sales estimated at $169 million in 2015, and a full year of sales for SciFit Systems, a supplier focusing on active age-products, which was bought by Brunswick Corp. in July. Excluding acquisitions, the company is projecting a sales increase at a mid-to-high single digit rate for the year.

The targets were outlined by Brunswick managers as they reported that the fitness division’s turnover was up by 3% to $794.6 million last year, which was an increase of 7% in constant currencies. Its operating profit margin dipped by 0.3 percentage points to 14.7% on an adjusted basis.

The latest numbers add up to joint pro forma sales of $964 million for the combination of Cybex and the group around Life Fitness in 2015. It brings Brunswick closer to the goal outlined at the company’s investor day in November, to double the size of Life Fitness by 2020.

Apart from Life Fitness, Cybex and SciFit, the division includes Hammer Strength and In Movement, a brand launched by Brunswick for fitness in the workplace. Brunswick also transferred its billiards business to its fitness division in March, after the sale of its bowling activities.

John Young, senior vice president of international sales and distribution at Cybex, has apparently been assigned to ease the integration of the company’s business in international markets. Young is based in Dubai to lead Cybex’ international direct sales staff and about 90 distributors. The Cybex operations in Europe include an office in Coalville, in the U.K., with Simon Witthey as vice president of business development for Europe and Africa.

Cybex integration
Several European distributors for Cybex have been contacted, without any news of imminent changes.

Among the brand’s most established partners is Move to Live, a Dutch-based company with distribution in the Netherlands, Belgium and Germany. It issued a statement to inform its customers that it will remain their partner for the Cybex brand. “The takeover by Cybex proves that we have a unique brand in our portfolio,” Young said.

Mrs. Sporty’s new CEO sets sights on Poland

Antje Lausch has been appointed as the second chief executive for Mrs. Sporty, to reinforce the women’s gym concept in Germany and support its expansion into several other countries, from Poland and Italy to Russia and the United States.

Lausch has been the company’s chief operating officer for the last four years, after several years as sales manager. She has taken part in Mrs. Sporty’s rise from the start as the manager of its first club, opened in Berlin in 2004. Her appointment comes after the departure of Oliver Schulokat, who left to manage the franchise and licensing business of McFit, a leading German rival, from October.

The other chief executive is Niclas Bönström, who established Mrs. Sporty together with Valerie Bönström and other partners. They have built up a franchise network with an estimated 213,000 members and sales of €94 million in 2014, which are estimated to have increased slightly last year (the numbers have yet to be finalised).

While Germany remains by far the largest market, with 410 clubs around the country, the others are spread between Austria, Switzerland, Poland, Italy, the Czech Republic and Russia. Mrs. Sporty is also studying demand among female consumers and searching for a master franchise in Spain, where a partner opened
Top Gear

...Continued from page 1

folio,” read the statement published by Bodybiz.nl. Other European distributors include Concept Träningsredskap for Sweden, Norway and Finland, and Athlex for France.

The Brunswick group said that the acquisition of Cybex should lead to a lower adjusted operating margin for the combined fitness group this year. As the company already explained after the buy in January, Cybex structurally delivers a lower margin than Life Fitness, because its operating cost base is higher as a percentage of sales.

However, cost reductions should enable the enlarged fitness division to raise its operating margin back to the previous level for Life Fitness in 2018. As previously reported (hwwww.fitnessnewseurope.com/brunswick-fitness-brands-to-approach-1-billion-sales-this-year/) Brunswick said that the deal would yield synergies of $23 million by 2018, with $7 million coming from manufacturing savings. Such savings were projected to contribute $10 million to synergies of $30 million by 2020.

Frank van de Ven, vice president of Life Fitness International, said before the Cybex acquisition that the company was studying about 50 takeover targets, as a means to diversify its business and raise fitness participation in Europe. “We mapped out in the core areas where we could grow, we mapped out in the adjacencies and then we looked at new businesses like In Movement,” explained Van de Ven, in an interview at the Life Fitness office in Barendrecht, the Netherlands.

Europe makes up about 20% of sales of the fitness segment at Brunswick, the company said at its investor day. As part of its drive to enlarge the business with more target groups, managers at Life Fitness have been working with Steve Wright, the managing director for SciFit in EMEA, on the most efficient ways to approach the active ageing market. There’s ample scope to expand the European distribution of SciFit, since international markets make up only about 10% of its turnover, split between Asia and Europe.

While pointing to the strength of the Life Fitness distribution, Van de Ven indicates that it may want to add specialists for target such as multi-unit housing and elderly people’s homes. “We should be able to double, triple that business easily by 2018,” said Van de Ven.

New target groups

He is equally upbeat about the potential for In Movement, which is relevant for European companies as well as schools, many other institutions and event organisers. The group’s European sales force is to expand with specialists to cover such accounts.

When it comes to the Life Fitness brand, the European team has recently been adjusted with the appointment of Jason Worthy in the new function of managing director for direct business in Europe, the Middle East and Africa (EMEA). He was previously managing director for Life Fitness in the U.K for about two years. The company’s general managers for the German-speaking countries, the Benelux countries and Iberia are all reporting to Worthy. After stints at Technogym and Fitness First, he joined Life Fitness in 2013 as general manager for its distribution business in EMEA.

Van de Ven said that the company’s direct business has been performing strongly in Germany and Spain last year, and its sales to distributors have continued to rise. They have increased from about $12 million to $60 million in the last ten years. Life Fitness is targeting a share of at least 20% of the commercial market in all of the European countries where it operates directly, and estimates that it reaches that in all markets other than the Benelux countries.

Home fitness equipment makes up about 10% to 15% of the group’s sales in EMEA. Ronald Doodkorte, in charge of the group’s consumer business in EMEA and Asia, has been assigned to overhaul the company’s approach of this market, with a stronger focus on key accounts such as Sport-Tiedje from Germany, Lepape in France or El Corte Inglés in Spain.

“The retail market has changed, and with internet, the way consumers buy has changed, so we are now completely changing our model to address these changes,” said Van de Ven.

Retail customers may lean on the resources of the Life Fitness Academy, with independent trainers that may be used for both commercial and consumer products.

The results reported by Brunswick included a margin sales increase of 1% to $237.7 million for the fitness division in the last quarter of 2015, amounting to a rise of 4% in constant currencies. Sales slipped by about 10% in Europe in constant currencies, which led to a dip of 1% in the division’s international turnover for the last quarter.

“These declines were mostly due to tough comparisons in our European business, which grew by 22% in 2014,” said Mark Schwabero, who was Brunswick’s president and chief operating officer at the time of the investor call but has since been appointed chief executive, to replace the retiring Dustan McCoy.

The entire fitness segment’s sales were supported by an 8% increase in U.S. turnover, with more abundant sales to U.S. health clubs, local and federal governments and hospitality customers. The acquisition of SciFit added 2% to the sales rise.

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Brunswick fitness division earnings, 2015

<table>
<thead>
<tr>
<th></th>
<th>Q4 15 ($Million, %)</th>
<th>Change</th>
<th>Change constant currencies</th>
<th>FY 15 ($Million, %)</th>
<th>Change</th>
<th>Change constant currencies</th>
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<tbody>
<tr>
<td>Net sales</td>
<td>237.7</td>
<td>+ 1%</td>
<td>+ 4%</td>
<td>794.6</td>
<td>+ 3%</td>
<td>+ 7%</td>
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<tr>
<td>Operating</td>
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<td>- $0.9 m</td>
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<td>116.5</td>
<td>+ $1.2 m</td>
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<tr>
<td>Earnings (*)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Operating</td>
<td>16.80%</td>
<td>- 0.6 pp</td>
<td></td>
<td>14.7%</td>
<td>- 0.3 pp</td>
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<tr>
<td>margin (*)</td>
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<tr>
<td>Pro forma</td>
<td></td>
<td></td>
<td></td>
<td>963.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>With Cybex</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

(*) excluding one-off charges

Source: Brunswick Corp.

Photo: Life Fitness

2 FITNESS NEWS Europe
Precor gearing up for faster expansion

Precor is anticipating a substantial sales increase in Europe this year, due to its expanded offering in functional training and cycling as well as increased focus in its broader fitness equipment business.

Amer Sports, the Finnish company that owns Precor along with Wilson, Salomon, Suunto and several other sporting goods brands, reported earlier this month that its turnover in fitness climbed by 8% in 2015 to €84.4 million in Europe, the Middle East and Africa (EMEA), which amounted to an increase of 2% in constant currencies.

But the company has budgeted more rapid development this year, after the July acquisition of Queenax, the functional fitness equipment brand, and a multi-year international licensing agreement sealed one month later with Mad Dogg Athletics, the company behind Spinner bikes and Spinning programs.

“Functional training is a huge trend and we have a product that works very well for operators and personal trainers,” said Miles Rimell, international marketing director for Precor. “It has taken a little time for our teams to understand the product and the right way to work this market, but the results are coming through this year.”

Rimell said that Precor’s much larger sales infrastructure will support the expansion of Queenax, although the functional training specialist will continue to work with current European dealers. He added that Precor wants to keep the Queenax office in Ascoli Picena, while Precor’s Italian team will remain at the Amer Sports office in Treviso, but the warehousing for Queenax is to be transferred to Precor’s European distribution centre in Germany.

Another part of the expanded product assortment comes from the partnership between Precor and Mad Dogg. The two companies announced earlier this month that they were bringing three new bikes to the market, along with a range of education resources. The products will hit the European market in the next two months, and they will take centre stage at the International Spinning Showcase in Blackpool in March.

Precor’s European sales for last year included sluggish development in Germany and the U.K. The British operation was restructured with the appointment of Justin Smith as managing director in August, and several other operational adjustments.

Then again, sales advanced in South European markets, from France to Spain and Italy. “It’s a combination of regained confidence and the ability to find financing in these countries,” said Rimell. He added that demand was on the rise in distributor markets in Eastern Europe and Scandinavia.

EMEA sales accounted for 23.6% of the Amer Sports group’s global turnover in fitness last year, which increased by 11% to €357.3 million and slipped by 3% in constant currencies. Earnings before interest and tax moved up by 5.0% excluding one-off items, but that amounted to a decline of 0.6 percentage points for its operating margin to 8.7% for the year.

The dip was chiefly caused by Precor’s move to restructure its distribution in North America, as it replaced some dealers with internal sales people. “The go-to market is starting to be well in place and the building blocks from a product and from a services point of view [are] more robust than ever,” said Heikki Takala, chief executive of Amer Sports, in a group’s quarterly investor call.

## Gear briefs

### The Abs Company

*The Abs Company* has taken over Impact Fitness, a company established three years ago to specialise in functional training equipment, boxing and cross training, mostly selling into the commercial market. With Impact Functional Cages, boxing apparatus and The Tire Flip 180, the product range of Impact Fitness neatly complements the core training products sold by The Abs Company. “We now offer a greater selection of core and functional fitness training equipment which allows us to stay competitive with current industry trends,” said Sean Gagnon, president of the Abs Company. The Abs Company describes itself as the leading supplier of innovative consumer and commercial abdominal exercise equipment, used in over 10,000 commercial fitness facilities in over 40 countries. The deal between the two companies, which are both based in New Jersey, was sealed at undisclosed terms.

### Technogym

*Technogym* declined to comment on a report in *Il Sole 24 Ore* that the company’s shareholders are holding talks with four private equity firms and sovereign funds to sell a minority stake in the Italian fitness equipment company. The report, which makes abundant use of the conditional, says that four potential investors are involved in the talks, from Temasek in Singapore to EQT in Scandinavia. Speculation has been rife for several months about the sale of shares in Technogym, which are held at 60% by the Alessandri family and at 40% by Arle Capital, an investment firm that is managing a stake held by Candover Investments. Due to the turbulence on the Italian stock market, an initial public offering may not be most judicious at this point, but our information is that the relevant parties are still working toward that goal.

### Steve Barton

Steve Barton has been appointed as managing director of *Technogym UK*. Previous the Italian company’s sales manager for the U.K., Barton replaces Andrea Bianchi, who is leaving the business. Barton joined Technogym UK in 2003 as national field sales manager. He started his career in the fitness industry as general manager of a luxury private health club and then switched to sales. “As managing director Steve will use his experience to continue to drive Technogym as the industry market leader in the UK,” the company said in a statement. Bianchi joined Technogym from Reckitt Benckiser in 2011.

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**Amer Sports Fitness, 2015**

<table>
<thead>
<tr>
<th>Region</th>
<th>2015 (million €, %)</th>
<th>2014 (million €, %)</th>
<th>Change %</th>
<th>Change CN (%)</th>
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<td>77.8</td>
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<tr>
<td>Americas</td>
<td>217.8</td>
<td>200.3</td>
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<td>55.1</td>
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<td>EBIT (**)</td>
<td>31.2</td>
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<tr>
<td>EBIT margin (**)</td>
<td>8.7</td>
<td>9.3</td>
<td>-0.6 pp</td>
<td>-</td>
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</table>

(*) excluding non-recurring items

Source: Amer Sports

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**Change**

<table>
<thead>
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<th>Region</th>
<th>2015 (CN %)</th>
<th>2014 (CN %)</th>
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<tr>
<td>Americas</td>
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<tr>
<td>Asia Pacific</td>
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<td>EBIT (**)</td>
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<tr>
<td>EBIT margin (**)</td>
<td>-0.6 pp</td>
<td>-0.6 pp</td>
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</tbody>
</table>

CN (%): Change in Net Sales, EBIT and EBIT Margin in constant currencies.
German state sets conditions for Kettler guarantees

A special committee for loan guarantees at the regional government of North-Rhine Westphalia has issued a conditional recommendation in favour of a state guarantee for refinancing at Kettler, the German home fitness equipment maker that went into insolvency under its own administration last year.

Kettler was initially hoping to come out of insolvency towards the end of last year. The company’s refinancing has apparently been held back by discussions about a bank loan guarantee from the state of North-Rhine Westphalia, the German state where Kettler is based.

The recommendation was issued by the regional government’s special committee after a meeting on Jan. 27, but Kettler would have to comply with conditions put forward by the government as part of its restructuring plan. The decision to issue the crucial loan guarantee ultimately rests with the regional government’s finance minister and the timeline remains unclear.

Garrett Duin, the state’s economic affairs minister, said that his team has been working intensely in the last months to help find a solution for Kettler and to support regional employment. The government “has made an offer that allows for the forward-looking continuation and the sustainable restructuring” of the company, Duin said, adding that he was “confident” the plans would work out.

When it filed for insolvency in June, Kettler made it clear that the move was meant to avert an unwanted takeover of the family-owned company. Among the creditors is The Carlyle Group, a private equity firm which acquired debt worth €12 million from Commerzbank last year. Several other parties were interested in this auction and at least one said that it would consider a full acquisition of Kettler.

Talks with trade unions have focused on a restructuring plan for Kettler’s activities in fitness equipment, toys and garden furniture. The company’s bicycle arm was sold in November to ZEG, a German buying group for bicycle retailers. Meanwhile, Ulrich Kürschner has been appointed as Kettler’s global business unit director for sports.

He joined Kettler in 2014, after several years at other sports companies, such as Adidas and Arena. Kürschner is taking over from Thomas Weber, a former Reebok executive who had been in charge of international sales since 2009 and left Kettler at the end of January.

The change was announced at ISPO Munich, where Kettler was one of the largest fitness equipment exhibitors. The prolonged insolvency proceedings raised some concerns, but the company said that its latest ranges had been well received. The orders and the response at the trade fair “will have a positive impact on the company’s situation,” Kettler said.

The company is led by Karin Kettler, chief executive and daughter of the company’s late founder, Heinz Kettler. The insolvency proceedings are organized by White & Case and with Christian Krause, a consultant at Aderhold in Düsseldorf, who has become a member of the board as chief restructuring officer.

The Handelsblatt reported last year that the restructuring measures should lead to about 200 redundancies at Kettler – about half the number of job cuts that were predicted in June, when German reports estimated that about 400 out of the 1,100

Retail briefs

Decathlon’s sales moved up by 12% to €9.1 billion excluding tax last year, with a comparable sales increase of 5%. The rise was driven by growing international sales, which made up 65% of the French sports retailer’s turnover last year. It had 1,030 stores in 29 countries at the end of last year, after the opening of 140 stores and a move into Slovakia and Thailand. While it added just one store in France, the number of Decathlon stores jumped by 51 to 166 in China, by 17 to 37 in India, by 15 to 39 in Russia and by six to 15 in Turkey. The openings reinforce Decathlon’s position as a leading retailer of fitness products – albeit driven by Domys, its private label. As previously reported on (www.fitnessnewseurope.com/new-brand-manager-for-domys) Caroline Lanigan is taking over as international brand manager for Domys this year.

Johnson Health Tech Iberica has opened its second store in Spain to sell its Treo, Tempo, Horizon, Vision and Matrix brands. As reported by Tradesport, the store was opened last month on about 500 square meters in the Norte 2 commercial center in San Sebastián de los Reyes in Madrid. The Taiwanese company’s first Spanish store has been operating for a little over two years on about 170 square meters on Calle Serrano in Madrid. The company says that the opening of own stores in European markets is meant to add to the exposure of its brands and thus support retail sales. Johnson Health Tech currently has more than 300 such stores, but most of them are in Asia. Apart from the two Spanish stores, the group has four stores in Italy and one in Greece.

As part of its latest international sales push, Nautilus Inc. has appointed Spofact as a distributor for the Nautilus brand to retailers in Germany and Austria. Spofact has its own warehouse in Germany and is run by Erol Öztuncel, who is also in charge of Tunturi Fitness in the country. “We are glad that we were able to team up with such a well-established and competent team as Spofact to distribute the Nautilus brand in Germany and Austria,” said Matteo Corrada, international sales manager for Nautilus in Europe, the Middle East and Africa. The move is part of intensified investments in the international markets by Nautilus Inc., the company behind the Bowflex, Nautilus, Schwinn and Universal fitness equipment brands, as reported last month at (www.fitnessnewseurope.com/octane-buy-backs-up-european-sales-push-at-nautilus)
Altra wins over European retailers with smart shoe

Altra Footwear, the running footwear company owned by Icon Health & Fitness, has strongly expanded its European distribution in the last weeks, as it prepares for the retail launch of its Altra IQ smart shoes. The U.S. brand already made rapid strides since it moved into the European market three years ago, to support a low-impact running technique with its “zero-drop” footwear. But more prominent partners have jumped on board with Altra’s smart shoes, which provide running analysis in real time.

The Altra IQ has ultra-thin sensors embedded in the full length of the midsole in each shoe. They wirelessly connect with iFit, the brand for digital products and apps marketed by Icon, the owner of fitness equipment brands such as NordicTrack and Pro Form.

Instead of just measuring steps and distance, the Altra IQ tracks a range of factors pertaining to performance and running biomechanics, such as landing zone, foot symmetry and step frequency. If the stride changes, the app provides coaching cues through the connected phone or earbuds.

That approach is aligned with the purpose of Altra footwear. “The whole point of Altra footwear is to adjust the runner’s landing zone and the impact of the stride,” explains Frank Warnars, Altra’s European brand manager. “The sensors make it all more visual. You can see the landing zone on your phone, and then learn to adjust it to avoid injuries.” Runners may also leave their phone at home and collect the data later, since the information is actually stored in the shoe.

Warnars says that retailers easily grasped the concept and the Altra IQ will be in Europe in stores from April. It expanded partnerships with customers such as XXL, the Norwegian sports retailer with stores across Sweden and Finland. The LEX group of running stores in Germany has become a partner as well as Run2Day in the Netherlands, which previously offered Altra in only a few stores.

Some of them could use Altra’s smart shoes as part of their in-store analysis equipment. “IQ shoes are designed for people who want to adjust their stride but they could be just as useful for retailers to use with their treadmill and video analysis,” said Warnars. Altra could make that even easier for retailers next year, with sensors that analyse the wearer’s level of pronation or supination. Altra is also working on smart apparel, after the launch of its technical apparel range a few weeks ago.

Altra has also gained several more distributors in the last weeks. While it already had partners in twelve countries, across all the largest European markets, two more signed up for Switzerland and Hungary.

Under Armour announced earlier this year that it was launching a smart shoe, the Gemini 2, along with several connected devices, tying in with its investments in digital fitness. However, it remains unclear when the shoes will be available in Europe. New Balance is another U.S. sports footwear specialist that unveiled plans to launch smart footwear and apparel, as part of a new Digital Sport division.

Asics Corporation is to acquire Runkeeper, the fitness and running app, which boasts 45 million users. The acquisition by the Japanese sports footwear specialist was announced last week by Jason Jacobs, Runkeeper’s founder and chief executive, in a post on Medium. “We will be able to pursue the vision we’ve set out to pursue all along, with a partner that can bring many resources to bear that we couldn’t fathom having access to on our own,” Jacobs wrote. Although the price was not disclosed, Mobihealthnews reports that it was set at $85 million. Runkeeper belongs to Fitness Keeper, a company established in Boston. The deal comes a few months after the Adidas Group forked out €220 million to an Austrian running and fitness app, Runtastic. Under Armour has spent $710 million on three digital fitness platforms since November 2013.

Nike has appointed Adam Sussman as its first chief digital officer, as a means to accelerate its digital strategy. “Digital offers a fundamental transformation of our business, as we create an industry-leading digital ecosystem that flows through all that we do,” said Trevor Edwards, president of the Nike brand. Sussman joined Nike two years ago as head of global strategy and development. He previously held various positions in the interactive gaming and entertainment industries, with companies such as EA Mobile and Disney Interactive. Sussman will lead the team in charge of the development of digital products and services across Nike.com, Nike+ and Brand Digital platforms. The appointment is part of Nike’s goal to reach $50 billion in sales by the end of the fiscal year until May 2020.

Under Armour has started separately reporting sales for its Digital Fitness division, which reached $53.4 million last year compared with $19.2 million in 2014. The division was built up after the acquisition of MapMyFitness for $150 million in November 2013. Under Armour went on to bag MyFitnessPal and Endomondo for $560 million last year. Earlier this year Under Armour unveiled a set of three connected fitness devices (a fitness tracking band, a heart-rate chest monitor and a weighing scale) and a smart shoe, the Gemini 2. Kevin Plank, the company’s chief executive, has made it clear that the investments were meant to build connections with athletes as well as driving sales. The entire group’s turnover increased by 28.5% to $3,963 million last year, fueled by its expansion in footwear and in international markets, and its net income advanced by 5.9% to $232.6 million.
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You’re welcome to contact us with your news and views at: news@fitnessnewseurope.com
**Tech Briefs**

- Heiko Maas, Germany’s justice minister, spoke out last week against unfavourable health insurance tariffs for consumers unwilling to share data from their fitness trackers. Speaking around the Safer Internet Day in Berlin, Maas said that such data should only be shared on a voluntary basis. The ministry is checking if European Union regulations provide sufficient protection. A study from Bitkom, an organisation for the German IT sector, revealed that 31% of Germans aged 14 and above use connected devices to measure their fitness and activity. Three out of four are prepared to share this information with their doctor in case of illness, but 39% regard the use of their tracker data by third parties as an issue.

- TomTom, which is making strong inroads into the fitness market with its wearables, raised the sales of its sports division by 40% to €69 million last year. The Dutch company said that it shipped more than 600,000 GPS sports watches. This increase more than made up for a slight decline in sales of personal navigation devices, leading to a sales increase of 1% to €551.2 million for TomTom’s consumer products division last year. However, this division’s earnings before interest and tax declined sharply to €2.6 million, down from €36.2 million.

- Fitbit has garnered flattering reviews for the appearance of the Fitbit Alta, a sleek fitness tracker unveiled earlier this month. The Alta was lauded for its design and interchangeable bands to go with various outfits – from rubber for a workout to leather for a night out. Fitbit says the product is equipped with Smart Track technology, enabling it to distinguish activities such as tennis and cycling. The Alta will vibrate if the wearer has been sitting around for too long, encouraging him or her to take a walk for two or three minutes per hour and rewarding those who comply with a virtual goal. The latest Fitbit tracker also features a screen, displaying time and tracked metrics. The Alta is to reach Europe in April.

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**Fitness retailers split on soaring tracker sales**

Fitness trackers sales have soared to form a significant category for some European fitness retailers last year but many remain uncertain about the long-term prospects of this category, which reached sales of about 2.9 million units last year in the three largest European markets alone. The estimate comes from GfK Europe, which measures the size of the Health and Fitness Tracker category at consumer level. The numbers were still relatively weak in France, at about 400,000 units, but they soared from 650,000 to 1,026,000 in Germany and more than tripled from 487,000 to 1,632,000 in Britain.

Just as interestingly, health and fitness trackers raised their share of sales in the British wearables market from 62% to 69%, despite the rise of many smart watches with tracking functions. The GfK numbers indicate that smart watches raised their share from 13% to 20% of wearable sales, but the share of wrist sport computers shrank by 14 percentage points to 11%.

The sharp rise in European fitness tracker sales has clearly benefitted retailers such as Sport-Tiedje, the leading fitness retailer with 41 stationery stores in seven countries and online sales. “Since the fitness trackers have come up with more functionalities, they have turned into a big trend,” said Christian Grau, Sport-Tiedje’s chief executive. The fitness wearables category amounted to about 4% of the retailer’s sales last year, compared with 1.1% in 2014.

Another example is Intersport Germany, a buying group with nearly 1,500 sports stores around the country. It has seen its sales of fitness wearables increase by 20% for each of the last two years, while the entire fitness and training category raised its sales by 6% at Intersport stores in Germany last year.

Then again, the NPD Group points out that fitness trackers still make up a small share of the entire home fitness equipment market in Europe, which the market research company estimates at €3.2 billion at retail level for 2014. This figure covers all of Europe including Russia but excluding Turkey, and it includes all fitness equipment items and accessories.

“The trend is showing robust growth but we are somewhat skeptical about the long-term uses of these products and their impact on the European sports retail market in the coming years,” says Renaud Vauchelde, sport industry analyst for NPD in Europe.

Some specialist retailers have opted to remain focused on more valuable devices with heart-rate monitoring and GPS functions, from suppliers such as Suunto and Garmin. Lepape, the French retailer of fitness, running, cycling and other performance sports products, says it reaped sales of about €5 million with wearable devices last year, which amounted to 25% of its entire turnover.

**Weak margins**

Sales in this broader sports electronics category jumped by 15% at Lepape last year, driven by a 22% rise in online sales. However, activity trackers alone made up less than 10% of the French retailer’s turnover in the category.

“We haven’t focused on activity trackers because the margins are relatively weak and there is strong competition from more mainstream and volume-driven retailers in this category,” explained Laurent Vantyghem, development manager at Lepape.

The numbers for European markets suggest that there may still be plenty of runway for fitness trackers, compared with their penetration rate in the US. The NPD group counted U.S. sales of 13.4 million activity trackers in 2015, up from 7.2 million, and it found that the average price of these devices increased from $96 to $109.

Figures published by Fitbit last year, based on GfK market research, indicate that this supplier has taken the lead for fitness trackers sales across three large European markets: Fitbit’s market share for the second quarter of 2015 reached 83% in the U.K., 50% in France and 32% in Germany.
Vibrant demand for business insights in emerging fitness markets

About 500 gyms owners and members of national fitness organisations turned up for this year’s edition of the FIBO Innovation Tour, consisting of five one-day seminars to discuss European fitness markets and business strategies.

Fourteen FIBO exhibitors held presentations in Istanbul, Warsaw, Stockholm, Moscow and Milan, while the keynote address was provided by Ray Algar, chief executive at Oxygen Consulting. As for the two previous editions, the tour was organised jointly by FIBO and Europe Active. Herman Rutgers, board member of Europe Active, said the decision to bring the FIBO Innovation Tour to three emerging fitness markets, from Turkey to Poland and Russia, attracted more than 100 attendees in each of these stops. “There is a clear hunger for knowledge and tips for how to improve and professionalise the sector in these countries. There was a very positive vibe and a willingness to invest,” said Rutgers.

The European Health & Fitness Market Report by Europe Active and Deloitte estimates fitness market revenues of about €1.3 billion in Russia, €860 million in Poland and nearly €1.1 billion in Turkey. These estimates relate to 2014, while the updated version of the report is to be released in April.

The seminars included presentations about market dynamics by national organisations that are Europe Active partners, such as the Associazione Nazionale Impianti Fitness & Sport (ANIF) in Italy, the Russian Fitness Aerobics Federation and PZPF Federacja Fitness in Poland. Equipment makers such as Technogym, Precor and Matrix Fitness relied on their representatives to provide further insights into each of these markets, while specialist suppliers outlined ways to improve the turnover and profitability of gyms.

Algar focused on business approaches in an increasingly diverse fitness market, where the offer has widened from low-cost providers to boutique clubs and even free alternatives, such as runs organised by volunteers. “Gym owners have to decide what their function should be in a market where consumers have more choice and their expectations around the fitness experience are rising,” said Algar.

The FIBO Innovation Tour fits with Europe Active’s goal to support the development of the European fitness market with market insights and many other initiatives. Next up on this agenda is the third European Health and Fitness Forum on April 6 in Cologne. The FIBO Innovation Tour is to take place again around the same time next year, with London, Paris, Barcelona, Riga and Vienna as preliminary picks for the five stops.

IHRSA sets up Brussels office

he International Health, Racquet and Sportsclub Association (IHRSA) has teamed up with seasoned association managers to set up an office in Brussels and provide increased support to its European members.

Jeroen van Liempd has been appointed as IHRSA Europe director while Angela Meurer has become IHRSA Europe general manager. They are both connected with MCI Group, a global association management, communications and event company based in Geneva. Meurer is located at the MCI office in Brussels, where three other staff members will support the IHRSA office.

“With more than 1,300 member clubs in Europe, IHRSA is committed to serving them in the best way possible. Having an office with multi-lingual staff available during European business hours will help us do just that,” explained Van Liempd.

“The added value for IHRSA is that it has access to specialists in all areas of association management, such as event management, communications and more.”

The move comes a few months after Hans Muench, IHRSA’s Europe director, announced that he would leave the association early this year. IHRSA then started studying several options to replace Muench and decided that it needed an infrastructure and more multi-lingual staff.

Muench was warmly praised for his efforts to build up IHRSA in Europe since he returned to the association eight years ago. “Hans was uniquely qualified to spearhead our operations in Europe. It has become clear that the job has become bigger and more diverse than one person can handle,” said Joe Moore, IHRSA’s president and chief executive.

The move to open a Brussels office attracted sharp criticism from David Stalker, former chief executive of UK Active, who fears that it will dilute the fitness sector’s influence in Brussels.

In a letter published by Health Club Management, Stalker suggested that the European fitness industry ought to speak with one voice and that its interests should be represented by a European organisation. Another concern is that IHRSA focuses on the interests of private operators, Stalker told us, adding that he received strong support for his remarks. He supports Europe Active, which has been gaining increased influence in Brussels in the last two years, working together with the European Commission on projects such as the European Week of Sport.

While declining to directly reply to Stalker’s remarks, Van Liempd said that IHRSA and Europe Active have entirely different setups and purposes. He added that IHRSA may sometimes work together with Europe Active and other organisations in the interest of its members – such as the financial sponsorship of the 2016 European Market Research Report compiled by Deloitte for Europe Active.

Asked about the potential dispersion of industry influence in Brussels, Cathy McNeill, IHRSA’s vice president of marketing and international operations, wrote that the organisation was not planning to lobby in Europe. IHRSA added that it would continue to work with its network of partners, federations and ambassadors across Europe.
a franchise more than two years ago.

The company’s expansion drive in the coming years is to be supported by the Pixformance Smart Trainer, an electronic training device that recognizes users, creates workout plans for them and accompanies them as they progress.

Pixformance updates the concept of circuit training and makes the franchises more profitable, said Lausch. “We’ve always had a strong level of assistance but with Pixformance you have individual exercise plans, which enables the gyms to charge a little more,” she explains.

**Pixformance roll-out**

She estimates that the concept adds an average of €8 in revenues per member and per month, amounting to a substantial extra for clubs that have an average of 330 members in Germany. Most of the club owners rent the electronic trainers from Pixformance and some of them buy the devices.

About 55% of the Mrs. Sporty gyms have taken up Pixformance trainers and thirty of them have adopted the Full Pix concept, meaning they are entirely equipped with these electronic trainers. The plan is that all new franchises are to work with Pixformance and that all clubs should be on board in about five years’ time.

The most ambitious international target for Lausch this year is to raise the number of Polish franchises from 25 to 75 at the end of the year. “The Polish clubs that we already have are performing strongly,” said Lausch. “Polish women are very active and they take care of their appearance but there isn’t much competition for our concept in Poland so far.”

Unlike the situation in several other countries, where Mrs. Sporty has appointed master franchises, the openings in Poland are supervised directly by the company, with team members in Poland and in Germany. Since average costs are lower in Poland, the standard monthly fee has been set at €19.20 (€34), compared with €43.99 in Germany.

Mrs. Sporty started exploring the Czech Republic and Russia last year, with one opening in each of these countries. If they reach about 300 members, they could start opening one or two more this year and obtain a master franchise to start selling the concept and developing the market.

But Mrs. Sporty is preparing an even bolder move this year, with an opening in the U.S. market. Lausch is relying on Pixformance to draw U.S. women to the Mrs. Sporty concept. The group’s managers have been checking out the market and an opening is almost certain to occur before the end of the year. It remains unclear if the U.S. launch will be eased by Mark Mastrov, the fitness club concept developer who supported the rise of Mrs. Sporty.

**American venture**

At the same time, Lausch reckons there’s still plenty of scope for Mrs. Sporty to expand in the German market. “We want to make sure that all German women have access to a Mrs. Sporty not far away,” she said. “We estimate that we have about 70% of the market covered and our target is to reach full coverage in two to three years.”

Mrs. Sporty’s chief executive said this would require the opening of about 200 more clubs in Germany. There are some gaps in the coverage in the south and in the middle of the country, but even in the western part where the clubs are already widely spread.

Mrs. Sporty has received multiple awards for its concept in the last years. The company says its attrition rate reaches about 36% per year, while the renewal rate reaches 85% to 90% for franchisees – above the average for franchises in Germany. While Lausch supervises operations in Germany and abroad, Niclas Bönström focuses on finance and Valerie Bönström on international expansion.

**Mrs. Sporty bets on Pixformance in Italy**

About fifteen Mrs. Sporty clubs should be operational in Italy by the end of this year, based on the plans mapped out by Massimo Puppo, who obtained a master franchise to develop the German women's fitness clubs in Italy. His target is to have about 400 Mrs. Sporty clubs opened in Italy in ten years’ time.

The gyms are to be fitted with Pixformance Smart Trainers, which were adopted by Mrs. Sporty in 2014. “It’s very impressive for the Italian market and there are not many competitors in the Italian market, so the potential is huge,” said Puppo. As in most other European countries, the leading competitor for Mrs. Sporty in Italy is Curves.

Puppo, who obtained the Mrs. Sporty license last year, is new to the fitness industry but all the more experienced in franchising. The Italian licensee said he was previously the chief operating officer of Mail Boxes Etc., an international retail chain of business service centers, where he supervised more than 1,400 outlets in 26 countries. The Mrs. Sporty franchise business is formally run through his company, Go Sporty in Milan.

There were already three Mrs. Sporty locations in Italy when Puppo obtained the license last year. The franchise development started in earnest in October, when Puppo opened his own gym at Piazza Carbonari in Milan with the Pixformance concept. Puppo says that the Mrs. Sporty concept should function in the Italian market with an average surface of 150 square meters and about 500 members.
Takeover of GoFit gym operator in the works

Spanish competition authorities have opened a file relating to the proposed acquisition of Ingesport Health & Spa Consulting, the company behind the GoFit gyms in Spain and Portugal, by two Spanish investment companies.

Corfin Capital, a Spanish investment firm that owns 84% of Ingesport, confirmed that a sale and purchase agreement has been signed for all of its stake but added that completion is subject to the fulfilment of unspecified conditions. Gabriel Sáez, Ingesport’s president, owns 5% in the company, while another 5% are reportedly owned by Mutua Madrileña, an insurance group.

A notification posted by the Comisión Nacional de los Mercados y la Competencia (CNMC) on Jan. 28 indicates that it opened a file into a joint takeover, in which Ingesport is the acquired party and the two buyers are Mutua Madrileña and Torreal, a Spanish investment fund. Ingesport has yet to confirm the deal or to comment on its potential repercussions. The CNMC’s notification describes the agreement as “finalized.”

Go Fit is a prominent new player in Portugal, as described in a series of fitness market features by Fitness News Europe, starting in March.

News briefs

■ The first Snap Fitness gym in the Netherlands is to open in Den Bosch at the beginning of March, with a second opening scheduled for April in Breda. Han Walet and Theo Vermeeren, two seasoned gym club owners and managers in the Netherlands, obtained a master franchising agreement for Snap Fitness in the Netherlands, Belgium and Luxembourg, in September. Their goal is to have 85 gyms opened across the three countries in five years’ time, and Walet estimates that six will be operational by the end of the year. The franchisee is starting the roll-out in the Netherlands and intends to start openings in Belgium toward the end of this year or early 2017. The Snap Fitness gym in Den Bosch is taking over the Fitness Club Aktief location of 700 square meters.

■ Basic-Fit intends to make all ten of its Spanish openings this year in Madrid. Palco 23 reports. The Dutch-owned chain of low-cost gyms currently has 26 locations in Spain and a turnover estimated at €15 million. Fran Fragoso, general manager for Basic-Fit in Spain, told the Spanish publication that the concentrated openings were meant to take advantage of synergies in terms of marketing investments. The strategy was apparently inspired from Starbucks, as Fragoso previously worked for the chain’s Spanish partners. The fitness chain’s eight gyms outside of Madrid were acquired in 2011 from Fitness First Spain and a turnover estimated at €15 million. Fran Fragoso, general manager for Basic-Fit in Spain, told the Spanish publication that the concentrated openings were meant to take advantage of synergies in terms of marketing investments. The strategy was apparently inspired from Starbucks, as Fragoso previously worked for the chain’s Spanish partners. The fitness chain’s eight gyms outside of Madrid were acquired in 2011 from Fitness First.

■ EasyGym, a chain of 14 gyms in the U.K., is reportedly getting prepared for a sale. Sky News reported last week that Houlihan Lokey, an investment bank, has been appointed to arrange of sale by several current shareholders. They include Argosy Capital, a private equity firm, and Fit & Healthy Holding, an investment firm from the Middle East, along with EasyGym managers. Stelios Haji-Ioannou, the founder of the Easy Group, is said not to be among the shareholders. Eight of the EasyGyms are located in and around London, including a top location on Oxford Street. They offer equipment and classes from Les Mills and Insanity from about £17 to £25 per month. EasyGym could not be reached for comment.