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| ***Assumptions: THE GYM GROUP LBO MODEL*** |
| **V** |
| **ENTRY ($MM)** |
| **LTM EBITDA**: Last Twelve Months EBITDA-earnings before interest, tax, depreciation & amortization. This is your core profitability metric used to value the business. Here: £87M. To capture a snapshot of the whole business I have not included the EBITDA ADJUSTED LESS RENT (47.7): the current EBITDA used to value the company (valuation of 669.04 million & EV/EBITDA of 8.01) > suggests EBITDA value currently used is 83 million. |
| **EBITDA MULTIPLE:** The purchase valuation multiple applied to LTM EBITDA. Here: 10.0x. It's how buyers determine the Enterprise Value (EV). Average in the gym industry is 8.0x – 10.0x however imo  **9x** is a safe assumption with a market leader such as the gym group. |
| **ENTERPRISE VALUE:** Total value of the business before subtracting debt. Basically, LTM EBITDA x EBITDA MULTIPLE (783) > around triple its market cap suggesting the business is highly leveraged and therefore has a higher risk and reward ratio. |
| **EXISTING NET DEBT: 61 million** That’s the number the company themselves defines and uses for:   * Adjusted leverage (1.3x) * Debt repayment calculation * EV-to-equity bridge: Equity Value = Enterprise Value – Net Debt = EV – £61.3M |
| **EQUITY VALUE:** Enterprise value – Existing Net Debt. Basically, just shows how much of the payment will have to be made without debt and with equity. The amount the buyer must pay to acquire the company’s equity = EV - Net Debt |
| **FEES AND EXPENSES**: 2% of ENTERPIRSE value> 2% of 783 = 15 | One-time transaction costs (legal, advisory, underwriting). Estimated at £10M — often 2–3% of EV. Included in total funding. |
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| **EXIT ($MM)** |
| **EBITDA MULTIPLE**: to keep it conservative and not have massive spikes in the IRR keep EBITDA multiple at exit the same and entry. SO, 9.0x |

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| ***FINANCIAL*** |
| **LTM FINANCIAS** |
| **REVENUE:** £226M - Taken from Gym Group’s FY2024 annual report. Reflects full-year topline used to anchor growth assumptions and margin tracking. |
| **EBITDA:** £87M - This is the pre-rent adjusted EBITDA used for valuation purposes (i.e. EV/EBITDA multiple). It excludes one-offs and lease distortions under IFRS 16. This is the correct figure for entry/exit EV calculations in LBO models. |
| **D&A:** £60M - Pulled from the statutory line: “Depreciation, amortisation and impairment” in the FY2024 report. This is a recurring non-cash charge aligned with the capital intensity of a gym business. |
| **CAPEX:** I excluded the £27.8M of expansion CapEx (new sites + tech & data) from the base LBO case, as this would depend on the PE buyer’s growth strategy. My CapEx input of £12.2M reflects the minimum reinvestment required to sustain performance. |
| **NWC:** £8.5 million - Pulled directly from cash flow statement as movement in working capital   |  | | --- | |  | |
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| ***OPERATING ASSUMPTIONS:***  **REVENUE GROWTH:** 8.0% Reflects FY2024 performance and Gym Group’s organic growth profile. Accounts for continued gym expansion and member growth momentum. |
| **YoY MARGIN EXPANSION:** 1.0% Conservative uplift due to operating leverage and potential cost efficiency improvements. Validated by growing mature site ROIC. |
| **TAX RATE:** 21.0% Reflects the effective corporate tax rate in the UK after adjusting for deductions and deferred tax impact. Used in FCF calculation post-EBIT. |