

29 September 2023

DAVID LLOYD LEISURE

Ongoing investment across the group Successful initiatives continue to improve the members' experience Strong membership performance and revenue growth

David Lloyd Leisure, Europe's leading premium health and wellness group, is pleased to announce its unaudited results for the six months ended 30 June 2023.

Business highlights

- Membership up to 733,500 versus 726,500 in H1 2022
- Revenue of £372.9m, up £52.5m (16%) versus £320.4m in H1 2022
- Adjusted EBITDA of £84.1m, up £3.6m (4.5%) versus £80.5m in H1 2022
- Strong membership experience and retention scores
- Wickwoods Country Club and Spa, near Brighton acquired in Q1
- Rugby, Shawfair and Sterrebeek clubs opened successfully in Q3 – strong pipeline of future openings with 8 clubs exchanged
- Investment in spa retreats continues – 23 now open; 27 due open by year end
- Continued development of digital platform
- On track to meet 2030 net zero commitments
- Board positive in the outlook of the business

Commenting on the results, Chief Executive Russell Barnes said:

"I am delighted to report a strong six months for the business. While the challenging macro environment has been well publicised, we are also seeing families prioritise mental and physical well-being."

"We are dedicated to making sure that we continue to meet those needs – continuing to expand and evolve our offer, invest in equipment and facilities, and open more clubs around the country. We deliberately offer something different to venues which focus solely on exercise and know that our members value being part of the David Lloyd community."

"We are very excited about some of the opportunities ahead, and remain confident in both the outlook for the full year and longer term."

David Lloyd Clubs – a unique, premium experience

David Lloyd helps members to live life better with a focus on physical and mental wellbeing and a sense of belonging. We are Europe's leading premium health and wellness group

operating 133 Clubs - 103 Clubs in the UK and a further 30 Clubs across mainland Europe, comprising three brands David Lloyd Clubs, Harbour Clubs and David Lloyd Meridian Spa and Fitness in Germany.

Our members and over 10,000 team members make a positive impact on the communities and environment in which we operate. We have an expert health and fitness team of over 2000 and more than 680 tennis professionals work with us. David Lloyd Clubs' racquet facilities are unparalleled with over 1080 tennis courts as well as over 400 badminton and squash courts.

Business review – ongoing deliver of strategy

We have a clear strategy in place to continue the progress and growth of the business and delivered a strong performance over the past six months. We saw revenue growth of 16% to £372.9m versus £320.4m for the same period last year and saw membership growth of 1% to 733,500 versus the same period last year. We were pleased to see both very positive membership experience scores and robust value for money scores, despite the broader challenges in the macro environment. This was also reflected in a strong membership retention performance, while the majority of our members are now either Platinum or Diamond members.

We were pleased to have open three new clubs in Q3, Rugby, Shawfair and Sterrebeek, and both have started well. We have an excellent pipeline in place with a number of new clubs expected to open in the medium term. Alongside expanding the network of clubs, we are also investing heavily in the current clubs in the portfolio to ensure that they continue to provide excellent experiences for our membership.

A key strategic initiative in this area has been the roll out of our spa retreats. We now have 23 opened and are delighted to the positive reception that they have received from our members. We are planning on opening a further four by the year end, with plans to open more next year. In addition, we are further investing in wellness innovation, including offering more fitness and wellness opportunities outdoors for members who want to exercise and relax outside, all year around.

Finally, to complement the investments and improvements that we have made to the physical clubs, we are also investing and evolving our digital platform. The objective is to ensure that each member enjoys a personalised service – and we have been very encouraged by the response. We recorded 118k daily active users of the app with a penetration rate of 72%.

Supporting our local communities and the environment

We are committed to playing an active role in our local communities. Since February 2020 we have contributed over £2m and are continuing to strengthen our partnership with Change Please. The money raised by selling cups of Change Please coffee in every UK Club

has so far contributed a living wage, housing, training, and onward opportunities for 190 people experiencing homelessness. We also raised a further £1.7million for local and national charities and organisations.

We have a clear sustainability strategy in place, with a commitment to becoming carbon net zero by 2030. As part of this commitment, we are investing in the installation of solar panels on 100 of our Clubs over the next two years. Alongside that investment, we have also invested £20million in energy efficient technology and utility-related initiatives in our Clubs, including low energy LED lighting on our tennis courts and overhauling our heating and cooling systems.

We aim to install renewables in each new Club we build, ensuring we use the most efficient technology. In the meantime, we have also switched to green energy purchasing across Clubs in the UK, this means that 100% of our grid electricity is renewably sourced.

Outlook

Mental and physical well-being is seen as being more important than ever before. Our focus is to continue to invest and evolve our offer, ensuring that we always deliver a unique, best in class experience for members. With clear expansion and innovation plans in place supported by the financial resources and desire to continue to invest in David Lloyd Leisure, we remain very excited about the outlook for the business.

Enquiries

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