

MARKET EXPECTATIONS FOR BASIC-FIT OPERATING INCOME



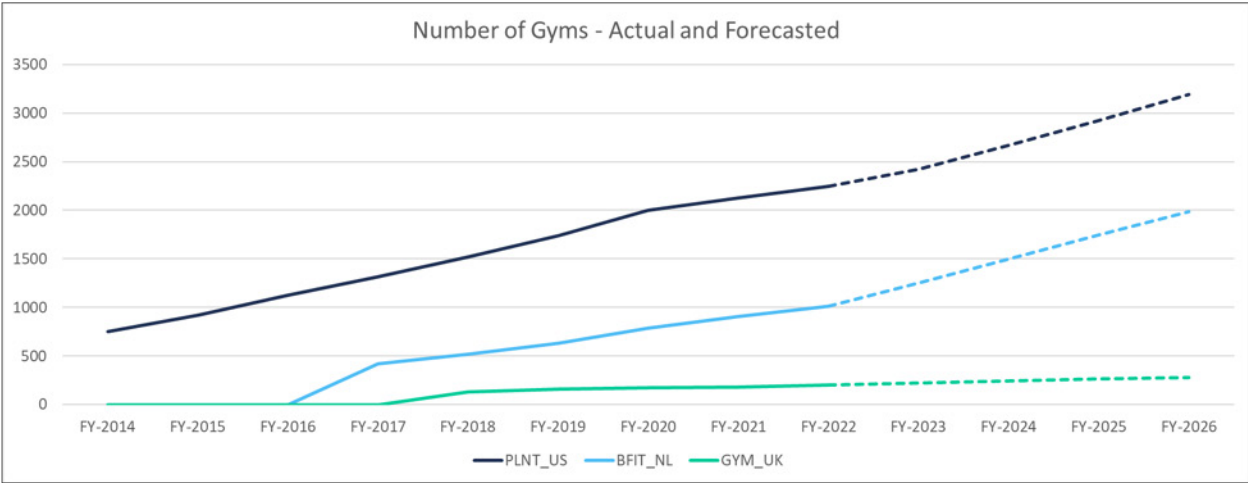
visible alpha

In Business Breakdowns’ recent podcast episode “[Basic-Fit: Increasing Returns to Scale](#),” released Feb. 16, 2022, host Matt Reustle interviewed Jonathan Abenaim, an investor at Arlen House Capital.

During the episode, listeners learn that the Netherlands-based gym operator is running a similar playbook to U.S.-based Planet Fitness. By using economies of scale, and cutting out expensive but rarely used amenities, Basic-Fit offers a gym membership that undercuts mid-market gym rivals as well as capturing significant demand from traditional non-gym goers.

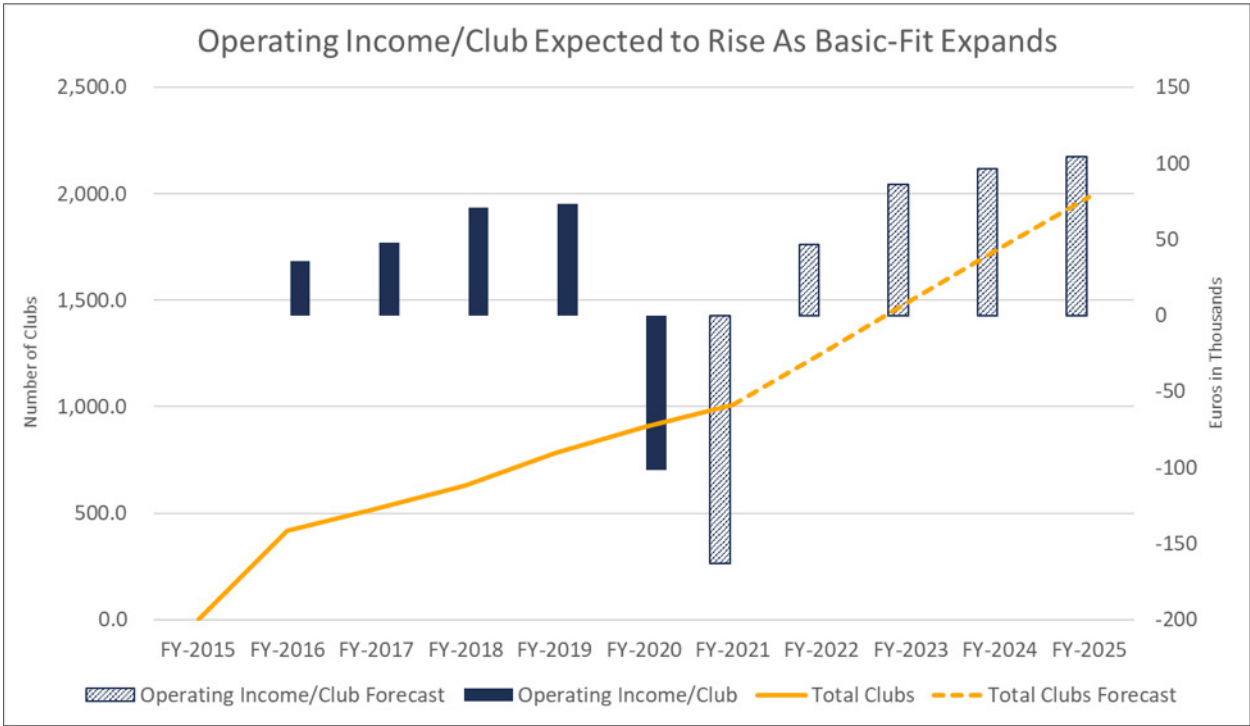
Economies of scale allows Basic-Fit to greatly reduce CapEx and leverage national marketing to quickly turn a profit at a new location. In addition, they aggressively enter new markets with many locations to offer convenience to new members and keep out the competition.

Visible Alpha consensus data shows that Basic-Fit is following a similar trajectory to Planet Fitness in terms of expanding their gym portfolio. In addition, Basic-Fit is larger and expanding at a much faster rate than their primary competitor, The Gym Group.



Source: Visible Alpha consensus (Feb. 17, 2022)

The rapid growth in club locations isn't a hindrance to profitability; cannibalization is more than made up for by providing greater convenience to customers. The company believes it can continue to expand within its core markets as well as break into new European countries in the coming years. Market expectations are for operating income per club to increase, rather than decrease, even as they aggressively expand.



Source: Visible Alpha consensus (Feb. 17, 2022)

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