

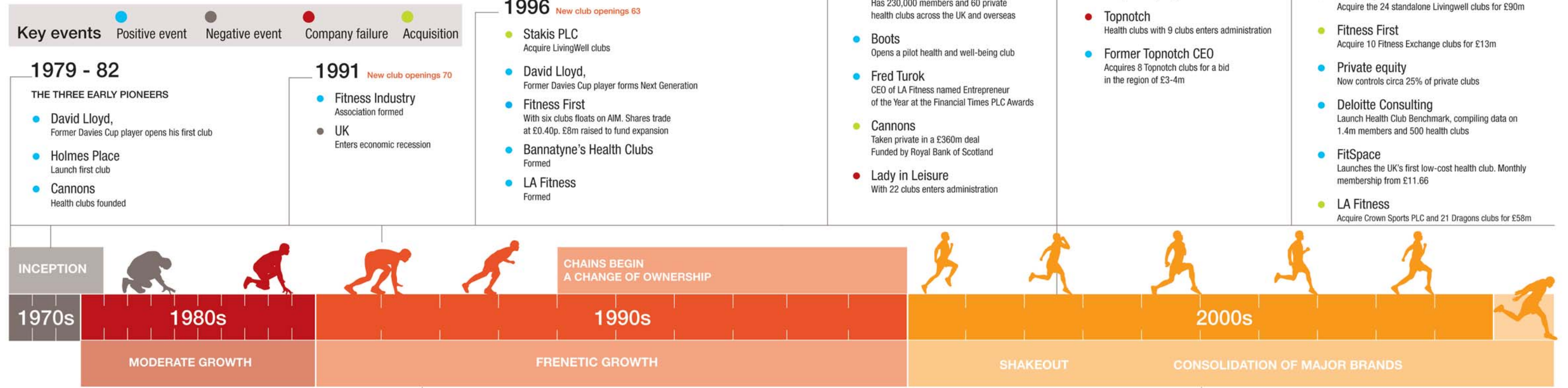
Ray Algar's timeline provides an instantly-accessible guide to the emergence of the UK private health club market, illustrating the key changes that have shaped today's marketplace

UK private health clubs: Evolution

This is a visual story that describes how the UK private health club industry has flourished from a few standalone operations in the early eighties,

into the £2.5bn, 3,117-club, calorie-crushing phenomenon that we know today. It illustrates entrepreneurship in action, with key

individuals making feisty strategic moves that have shaped the industry that over 4.4 million UK consumers now experience.



Key Challenges

- Managing rising operating costs
- Differentiating from competition
- Managing negative media sentiment
- Managing member attrition
- Growing secondary revenue
- Increasing frequency of member visits
- Harnessing technology to enhance the member experience

UK adults who have gym membership

2005	4.24m
2006	4.24m
2007	4.40m

Representing 9.3% of UK adults

Growth drivers

1980's Industry repositions from body building to fitness. Group exercise classes attract women into clubs.

1990's Cardiovascular equipment broadens market appeal. Clubs offer monthly membership via standing order/and direct debit. Media promotes 'active living'. Clubs become affordable driven by rising affluence and interclub competition.

2000-7 Health of the nation becomes a governmental priority. Living, looking and staying well, prevails.

1992 New club openings 59

- Fitness First Opens its first club in Bournemouth with an 'affordable fitness' proposition - £29 monthly membership

1994 New club openings 69

- Esporta Launches with the purchase of the Royal County of Berkshire Health and Racquets Club

1995 New club openings 83

- Whitbread PLC Acquire 16 David Lloyd health clubs for £200m
- Health Club Management Magazine launches as a stand alone publication

1997 New club openings 119

- Holmes Place Lists on LSE (marketcap: £240m)
- Adidas Launches Adidas Performance Training forging links with clubs across the UK
- Paddy Ashdown Joins Fitness Industry Association as Honorary President

1999

- Ladbroke Group PLC Acquire Livingwell
- LivingWell Acquire Viva! Health and Leisure Ltd (5 clubs)
- Virgin Active Launch
- Fitness First List on LSE
- LA Fitness List on LSE
- Cannons Group PLC Pay £84m to acquire the privately owned Pinnacle club group. This makes Cannons the UK and Europe's largest quoted 'pure' fitness operator.

2002 New club openings 146

- The £25m Reebok Club Opens at Canary Wharf £125 monthly fee
- Bridgepoint Capital Acquire Virgin Active for £110m
- Office of Fair Trading Criticises industry for misleading contract terms
- Duke Street Capital Acquire Esporta plc in a public-to private transaction valued at £230 million
- Esporta Acquire Invicta Leisure Limited to create a 60 club chain with 260,000 members
- Hunters Leisure PLC With four clubs enters administration

2004 New club openings 113

- Next Generation Open a 165,000 sq ft club in Hertfordshire making it Europe's largest

2005 New club openings 92

- PruHealth Strikes deal with Cannons and Holmes Place to provide discounted gym membership to customers taking its private medical insurance
- BC Partners Acquire Fitness First for an enterprise value of £835m
- LA Fitness Is now the only listed health club operator on the LSE
- MidOcean Partners Acquire LA Fitness with 67 clubs for £140m

2007

- Greens Health & Fitness With 15 sites, announces 6-club expansion plan
- BUPA Forms joint venture with David Lloyd Leisure to develop medicalised clubs branded as 'Core Exercise Clinics'
- London and Regional Properties Acquire the 69-club David Lloyd brand from Whitbread for £925m
- Virgin Active Virgin Active named best brand in the Sunday Times Profit Track 100 Awards
- Esporta's Holding company enters administration
- Nuffield Hospitals Acquire 52 Cannons clubs for £170m
- FitSpace Grows to seven clubs
- Virgin Active Ponders a £1 billion flotation

Contact
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Industry Value (Membership subscriptions) 1995 - £561m 2006 £2.5b 3,117 clubs