

Leisure

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EMF hires BlueMount Capital to assist with debt funding; potential exit in 3-5 years - co-owner

Proprietary Intelligence

Headline:	EMF hires BlueMount Capital to assist with debt funding; potential exit in 3-5 years - co-owner
Main body:	<p>EMF Group of Companies, a private Australian fitness group, has hired Brisbane-based corporate advisory firm BlueMount Capital to raise capital through debt to roll out fitness centres, ahead of a planned exit in three to five years, co-owner Scott Freeman said.</p> <p>The Gold Coast-based company, which currently has six sites and 9,000 members in Queensland, is seeking AUD 5m (USD 3.6m) to roll out fitness sites in retail centres in high socio-economic areas, initially south-east Queensland and then New South Wales, Victoria and Western Australia, Freeman said.</p> <p>EMF, with plans to have 14 centres and 34,000 members by 2021, has signed heads of agreement on a number of new sites and has started engaging with banks and other debt financiers, he added.</p> <p>There has been significant interest in the space, not least from private equity, with Quadrant PE for one having acquired a number of fitness centres in recent years, including Fitness First, Goodlife Health Clubs, and Jetts in 2016, and Fitness and Lifestyle in 2017, Freeman noted.</p> <p>EMF's preference, however, is to raise capital through debt as opposed to equity financing, since the owners do not want to relinquish control while the company is in a key growth phase, he explained. The company was founded in 2013 by Freeman and Leigh Wetton, after leaving careers in the military. They are both directors and own 50% each, Freeman noted.</p> <p>The owners plan to retain full equity before pursuing an exit in three to five years, either via a trade sale or an IPO on a suitable Australian stock exchange, Freeman said, without elaborating at this time.</p> <p>EMF operates in an industry worth AUD 2.2bn in revenue and AUD 229.2m in profits per annum in Australia, Freeman noted. The industry has grown 5.3% per annum for the past five years and will continue to grow driven by increasing health consciousness and more leisure time, he added.</p>

EMF's closest peers are **Fitness First, Good Life and Virgin Active**, but it differentiates itself in that it combines a full-service gymnasium, fitness classes and personal training with rehab services and is about to launch new brands like a children's brand and a high-end fitness brand, Freeman noted.

EMF recorded revenues of AUD 7.4m and earnings before interest, tax, depreciation and amortization (EBITDA) of AUD 1.9m for FY18, increasing from FY17's revenue of AUD 3.9m and EBITDA of AUD 0.66m. For FY19, it is forecasting revenue of AUD 11.1m and EBITDA of AUD 4.6m, with FY20's revenue forecast to be AUD 27.2m and EBITDA expected to be AUD 14.9m, Freeman said.

The company currently has 33 employees.

by Louise Weihart in Sydney

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Target:	EMF Group of Companies
<i>Financial advisor:</i>	BlueMount Capital
Other:	Quadrant Private Equity Pty Limited, Jetts Fitness Pty Ltd, Fitness and Lifestyle Group Pty Ltd
Source :	Proprietary Intelligence
Size :	
Value :	4m USD (Deal value)
Stake Value :	N/A
Grade :	Confirmed
Alert :	Australian M&A Intelligence
Intelligence ID:	2757759



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