

A Work Project, presented as part of the requirements for the Award of a Master's degree in  
Finance from the Nova School of Business and Economics.

Private Equity Challenge: Investment Committee Paper of Technogym – Capital Structure

MIGUEL CURADO GONILHO

Work project carried out under the supervision of:

Inês Lopo de Carvalho

14/01/2025

## **Abstract**

Technogym is an industry leading fitness equipment manufacturer operating in more than 100 countries. It has a strong and consistent cashflow generation, providing a good leveraged buyout (LBO) target. Its €159M Adjusted EBITDA over the last 12 months marks an historical high. Value creation potential stems from stores and partnerships expansion, entry into sports nutrition via M&A and further organic growth. An entry Multiple of 13.3x implies an enterprise value of €2,1B. With 6.3x of leverage, the LBO model delivers a 3.3x Money Multiple and 24.5% IRR over a 5.5-year investment horizon.

## **Keywords**

Investment Committee Paper, Private Equity, LBO, Fitness  
Equipment, Technogym

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 22209).

# **Private Equity Challenge Group Component**

## **1. Investment Committee Paper Summary – Group Component**

### **1.1. Company Overview**

Technogym, founded in 1983 by Nerio Alessandri in Italy, has become a global leader in the fitness equipment industry. Over the last 40 years, the company has gained a reputation for combining innovation, quality, and exceptional design, establishing itself as a premium brand. Technogym offers a comprehensive portfolio of fitness equipment, from advanced cardio machines to strength-training solutions. However, what distinguishes itself from the competition is the integration of these products into a digital ecosystem allowing the end user to access personalized training programs, track their fitness progress, and connect with wellness professionals. The digital ecosystem includes six apps focused on both B2B and B2C clients, while providing a technical app to configurate its equipment. Technogym's *Total Wellness Solution* reflects the strategic vision of its management team, led by Nerio Alessandri. This experienced team, with expertise spanning investment banking, corporate governance, legal affairs, technology, and strategic business development, has been key to the company's innovation and global growth. Their leadership has enabled Technogym to establish a presence in over 100 countries, diversify its revenue streams, and achieve record revenues in 2023. In fact, Technogym's revenue streams are well-diversified, with 80% derived from premium fitness equipment and digital subscriptions, and 20% from after-sales services, such as equipment maintenance. These products and services are distributed through two main channels: direct sales, including field sales, inside sales, and retail stores, which account for 76% of revenues, and indirect sales via third-party representatives, contributing to the remaining 24%. This robust distribution network supports Technogym's broad customer base, with 79% of revenues generated from B2B clients, such as gyms, health clubs, and corporate wellness programs, while individual consumers (B2C) account for the other 21%. Geographically, the company maintains a strong presence in Europe, which contributes 56% of

total revenue, while MEIA, APAC, and North America each provide balanced contributions close to 14%. LATAM represents the smallest share, accounting for just 3% of revenues. This diversified revenue mix highlights Technogym's ability to balance product offerings, distribution strategies, and geographic reach effectively. Moreover, Technogym has positioned itself as a sustainability leader, leveraging eco-friendly materials and energy-efficient technologies in its product development and operations. These initiatives align with the growing emphasis on ESG criteria, enhancing the brand's market appeal. This ongoing commitment to innovation and sustainability is reflected in their financial performance.

Technogym has shown consistent growth, with revenues rising from €668M in 2019 to €808M in 2023, reflecting a compound annual growth rate (CAGR) of 4.8%. Adjusted EBITDA also increased from €147M to €152M during the same period (CAGR 2019-23 of 0.7%). Despite the challenges of the COVID-19 pandemic, Technogym's recovery has been remarkable. Using 2020 as a baseline, revenues and adjusted EBITDA grew at an impressive CAGR's of 16.6% and 16.2%, respectively, outpacing the market by an annual average of 9% from 2020 to 2023. This performance reflects the success of its premium pricing strategy, operational efficiencies, and sustained R&D investments. Leveraging its innovation, sustainability focus, and customer-centric approach, Technogym has solidified its position as a leader in fitness and wellness.

## **1.2. Historic Financials**

Technogym's robust revenue growth surpassed pre-COVID levels with €808M in 2023 and reaching €840M in the last twelve months (LTM). This sustained growth has been driven by a strong B2B performance, particularly in the health and prevention sector, which has experienced double-digit growth over the last three years due to rising demand for wellness solutions. From a geographic perspective, the regions contributing most to revenue growth include MEIA, North America, and Europe. Considering revenue mix, a notable shift has occurred, with services gaining a greater share (going from 15% of revenues in 2019 to 20% in

2023) and showing significant growth. This shift has helped Technogym maintain gross margins despite external challenges, including supply chain disruptions triggered by COVID and the Russia-Ukraine conflict, which led to increased raw material costs, driving growth in COGS that outpaced revenue growth until 2023. The gross margin declined slightly from 67.4% in 2020 to 65.6% in 2022 but recovered to 66.6% in 2023, supported by a higher contribution from services and effective cost management. Adjusted EBITDA for 2023, excluding non-recurring expenses, was €152M, with an adjusted EBITDA margin of 18.8%. While this is below the pre-pandemic margin of 22% in 2019, Technogym remains a leader in the industry with one of the highest adjusted EBITDA margins and clear potential for improvement. Key opportunities for margin enhancement include optimizing service costs and personnel expenses, which represented 46.7% of revenues in 2023. Analyzing Technogym's balance sheet, cash and equivalents have shown consistent growth, apart from 2021, when €127M were allocated to financing activities. Total debt has decreased to approximately €100M over the past two years, down from a peak of €144M in 2020, during COVID-related disruptions. Presently, the company operates without any bank debt, providing significant flexibility to optimize its capital structure and leverage future growth opportunities. Net debt has been consistently negative and improving, with Net Debt/EBITDA strengthening from -0.02x to -0.81x during the observed period, highlighting a conservative leverage strategy that ensures financial resilience while enabling capacity for strategic investments. With respect to net working capital (NWC), it has decreased over time, turning negative in 2020 and remaining so as the business expands, illustrating effective cash management. This enables operations to generate cash rather than requiring additional funds, thereby supporting CAPEX and growth initiatives. In 2023, NWC increased by €8M, driven by a rise in trade receivables linked to higher volume B2B sales. Nevertheless, the negative NWC remains a strong indicator of effective cash management. Technogym benefits from a negative and declining cash conversion cycle (CCC), allowing it to

collect payments faster than it pays suppliers, boosting liquidity and its NWC position. Regarding CAPEX, a consistent increase (of 4% to 5% of revenues) reflects a commitment to expansion and reinvestment. Collectively, these factors position Technogym to sustain its growth trajectory while preserving flexibility to refine its capital structure.

### **1.3. Market Overview**

The global fitness equipment market is positioned for substantial growth, projected to expand at a CAGR of 9.1% from €14.5B in 2023 to €24.5B in 2029 (Marketline, 2024). This significant expansion is driven by increasing global health awareness, rising disposable incomes, and an accelerating demand for data-driven workout solutions. Technological advancements, such as integrated smart features, are reshaping the industry as consumers increasingly prioritize personalization and digital connectivity in their fitness experiences. These trends align closely with Technogym's integrated offerings positioning Technogym as a leader in this evolving landscape. The fitness equipment market remains moderately fragmented, boosting innovation and differentiation. Growth is evident across B2B and B2C sectors, with boutique fitness centers, corporate wellness programs, and home gyms representing critical areas of expansion. Long-term behavioral changes stemming from the COVID-19 pandemic, including increased remote work flexibility and cost-saving preferences, have fueled home gyms' demand. Simultaneously, corporate wellness initiatives have gained prominence as employers emphasize workforce health and productivity. Furthermore, government-led initiatives, including public health campaigns and incentives to combat obesity and promote physical activity, are bolstering market growth and supporting industry's expansion. Geographically, Europe and North America lead the global fitness equipment market, accounting for 36% and 33% of the overall share, respectively (Marketline, 2024). This dominance is underpinned by mature infrastructure and superior consumer spending. Europe is characterized by its higher consumer loyalty to premium fitness brands, while the North American market is estimated to

experience a superior CAGR of 11.1% from 2024 to 2029, compared to 8.3% in Europe. While smaller in scale, markets in Latin America and the Middle East are also poised for notable growth, driven by emerging fitness trends and rising wellness awareness (Marketline, 2024). Growth within end markets such as hospitality, healthcare, and residential sectors is expected to influence significantly the overall expansion of the fitness equipment industry. Hotels and resorts, for instance, are projected to grow at a CAGR of 18.8% from 2025 to 2030 (Grand View Research, 2024), incorporating fitness amenities to attract and retain clients. In developed economies, the aging population is driving rehabilitation and preventative health services, while residential users prioritize privacy, accessibility, and connectivity.

To assess the competitive dynamics of the fitness equipment industry, Porter's Five Forces will be analyzed sequentially, starting from the least impactful to the most influential on Technogym's performance. The threat of new entrants is moderate, as the industry requires substantial capital investment, technological expertise, and brand establishment to achieve significant market penetration, sizable barriers that protect established players like Technogym. The threat of substitutes is moderate, as consumers may opt for alternatives to exercise such as outdoor activities or yoga. However, Technogym's integration of hardware and digital solutions reduces this risk, particularly for B2B clients seeking a complete fitness ecosystem. The bargaining power of buyers varies; while B2B buyers may exert negotiating power due to bulk purchases and access to other suppliers, Technogym's premium brand and ecosystem integration mitigate this pressure. The bargaining power of suppliers is relatively low for Technogym, as its vertical integration avoids over relying on specialized components, limiting supplier's leverage. Competitive rivalry is high, with brands like Peloton, Johnson Health Tech, Dyaco, and Impulse competing for market share. Technogym differentiates itself with strong branding, innovative solutions, and an integrated digital ecosystem, providing a unique edge.

## **1.4. Valuation**

The valuation of Technogym was based on its LTM EBITDA of €159M, as this metric reflects the most recent adjustments. To ensure a robust analysis, seven distinct valuation methodologies were employed, each assigned a specific weight to derive the final EBITDA entry multiple. These approaches included trading comparables using EV/EBITDA and EV/EBIT ratios for both LTM and 10-year averages, precedent transactions, and discounted cash flow (DCF) models utilizing the Gordon Growth and exit multiple approaches. The Weighted Average Cost of Capital (WACC) was calculated for the DCF valuation, resulting in a final value of 8.34%, with inputs including a beta of 0.76, a cost of equity of 6.94%, and a cost of debt of 3.91%. (Bloomberg, 2024) After applying the weighted methodologies, the final EBITDA entry multiple was determined to be 13.3x, implying an Enterprise Value (EV) of €2,123M for Technogym. For Enervit, the analysis began with the share price as of June 28, 2024 (€3.26), translating to a market capitalization of €58M. To refine this value, precedent transactions in the industry were analyzed, to assess the average acquisition premium, which yielded a value of 19.5%. This premium was applied to the share price to estimate an adjusted equity value. Adjustments for cash, debt, long-term equity investments, and capital leases followed, resulting in an EV of €69.3M for Enervit and an implied entry multiple of 7.9x.

## **1.5. Investment Thesis**

Technogym presents a highly compelling investment opportunity rooted in its prestigious reputation in the fitness and wellness industry, solid financial historical performance, and a comprehensive strategic plan designed to maximize growth and operational efficiencies. The combination of accelerating market growth (CAGR of 9.1 % until 2029) and increasing demand for digital and personalized fitness solutions aligns seamlessly with Technogym's strategic positioning and vision. Technogym's management team, with extensive cross-industry experience and over 40 years of leadership from co-founders and senior executives, ensures

organizational stability and deep knowledge critical for global business expansion. Technogym's market positioning and growing market share highlight its competitive edge and full alignment with industry needs. Its consistent EBITDA margin of 19% significantly outperforms the market, indicating superior efficiency. Meanwhile, Technogym developed partnerships in the world's major sporting events, adding to its brand recognition and power. Partnerships with major global sporting events further enhance brand recognition and strengthen the company's competitive edge. Strong cash flow generation, reflected in unlevered free cash flows of €86M in 2023, demonstrates a solid capacity for debt repayment and strategic acquisitions. A proven growth strategy, supported by historical performance, and a negative net debt position provide a foundation for optimizing the capital structure. The downturn in operational margins post-COVID presents opportunities to dilute fixed costs further and achieve economies of scale, unlocking additional potential for margin expansion. A well-established global presence enables meaningful opportunities for organic and international growth. These attributes collectively establish Technogym as an attractive target for an LBO.

## **1.6. Value Creation**

To capitalize on Technogym's strong market position and potential, four strategic approaches have been outlined to maximize value creation. The focus on business expansion aims to capture market share and top-line growth through initiatives such as international expansion, technological optimization and partnership leveraging. Also, capital structure will be optimized, leveraging strong cash flow generation and negative debt position, improving projected FCFs and creating value for shareholders. In addition, operating efficiencies are anticipated, resulting in an improvement in the EBITDA margin. Lastly, the horizontal integration of Enervit will stimulate revenue growth and strengthen Technogym's market position.

## **1.6.1. Business Expansion**

### **International Expansion**

Technogym's current revenue stream is heavily concentrated in Europe, increasing exposure to potential local economic downturns and limiting broader growth opportunities.

#### Target Geographies

When analyzing potential target markets, North America emerges as a compelling option due to several key advantages: a strong projected market growth rate of 11% CAGR until 2029 (Marketline, 2024), significant similarities to Technogym's home market (Europe), and cultural alignment with its core value drivers, including brand recognition and innovation. To support this expansion, a representative will be appointed, with Marco Crespo, a key figure in the U.S. growth of the Brazilian startup GymPass, being a strong candidate. Moreover, two backup options were also considered. Within the U.S., focusing on California, Texas, Florida, and New York is expected to deliver the best results, as these states have the highest concentration of gyms and fitness clubs. Additionally, the Middle East offers significant growth potential, with cities like Riyadh, Doha, Dubai, and Abu Dhabi increasingly prioritizing health and wellness through government-backed initiatives and a cultural prevalence with luxury solutions. To ensure a smooth cultural transition from Europe, Frank van de Ven, containing over 30 years of experience within the industry, is the proposed director, with alternative options considered.

#### Opening of Stores

Technogym currently operates 13 stores, including a flagship location in Milan, among nine locations in Europe, two in North America (New York and Los Angeles) and two in the Middle East (Dubai and Abu Dhabi). As flagship and boutique stores are essential for driving revenues and enhancing brand recognition, a new strategic plan has been outlined to expand the store network in North America and the Middle East. By 2027, Technogym will operate 22 stores, adding 3 flagship locations. In North America, the selected flagship locations are N.Y. and

L.A., while boutique stores are planned for N.Y., San Francisco, Miami, Houston, and Toronto. The emphasis on New York and Los Angeles reflects the substantial market size and high-profile nature of these locations, as the benefits of additional stores were considered to outweigh the costs. In the Middle East, Technogym's momentum will be seized, expanding to Riyadh, with a flagship store, and to Doha, with a boutique store. The expansion's total capital expenditure is projected at €12.4M, with €10.3M allocated to North American stores and €2.2M for Middle Eastern locations. The projected openings are expected to generate an additional €103M in retail sales by 2029, compared to Technogym's originally forecasted sales.

#### Life Time Preferred Supplier Agreement

When evaluating potential targets, the following criteria were applied: North American presence, brand alignment, sustainability focus and financial capacity. Life Time is one of the largest health club chains in North America, operating over 150 locations, with values such as luxury, digital innovation and minimal environmental impact, and reporting over \$2,200M revenues in 2023 (Life Time, 2024). Life Time's disciplined sustainability plan, with goals to reduce energy and water consumption, aligns closely with Technogym's sustainability objectives. The shared focus on Total Wellness creates a strong foundation for promoting both physical and environmental well-being. Connections to eco-conscious health clubs, particularly in U.S. coastal states, will position Technogym as a sustainability leader, reinforcing its commitment to ESG principles. Moreover, Life Time's commitment to opening 11 new centers annually presents a significant growth opportunity for Technogym. Considering the potential to supply gym equipment for new centers while also addressing the replacement needs for outdated equipment, Technogym is projected to generate revenues starting at €11.8M in 2025, reaching €82.8M by 2029, expecting to capture 75% of the supply share in this segment.

#### **Technological Optimization**

Technology is central to Technogym, powering innovation and personalized fitness

experiences. The Total Wellness Solution differentiates the brand by integrating clients and equipment into a seamless digital ecosystem. However, the current six-app setup creates a poor user experience. Consolidating these into two apps, Technogym Wellness and Technogym Business, will improve usability, reduce maintenance costs, and drive digital demand. Technogym Wellness will cater to individual users, delivering personalized workouts, connecting with Technogym equipment, offering structured training plans, and providing access to interactive content. Technogym Business, designed for B2B users, will provide comprehensive solutions, including equipment management, member tracking, data analytics, CRM, advanced reporting, client retention tools, personalized workout plans, and streamlined setup and maintenance. This strategic consolidation aims to improve user experience across segments, solidifying Technogym's leadership in the connected fitness space.

### **Partnership Leveraging**

Technogym's extensive network of partnerships across various sports provides a valuable opportunity to boost brand visibility and reinforce its market positioning. One partnership with exceptional potential for expansion is with INEOS Team UK in sailing, which opens doors to the broader INEOS Group. This group boasts a diverse sports portfolio that includes several high-profile teams. By aligning Technogym's existing partnerships with INEOS's portfolio, key opportunities emerge, particularly with Mercedes-AMG Petronas F1 and Manchester United. Technogym's existing collaborations with Ferrari and McLaren in Formula 1 offer valuable expertise in the motorsport industry. Adding Mercedes-AMG Petronas F1 to its roster would further cement Technogym's presence in this elite space, enhancing its association with state-of-the-art technology. In football, Technogym already collaborates with various clubs and expanding into the global football market by partnering with Manchester United would significantly strengthen Technogym's standing in the world's most popular sport.

### **1.6.2. Capital Structure**

Technogym's robust cash flow generation and highly negative net debt position (-€87M) present a unique opportunity to optimize its capital structure and maximize shareholder value. By leveraging its balance sheet, Technogym can, not only capitalize on tax shields from interest payments, but also benefit from additional factors that support value creation. Technogym's projected Unlevered Free Cash Flows will be of €189M (CAGR 2024-29 of 9.8%). These strong cash flows provide ample capacity for leverage, enabling the company to gradually pay down debt, enhance equity value, and deliver higher returns to investors. Furthermore, the financial flexibility supports the potential for dividend recapitalization, allowing investor returns during the investment period. However, it is essential to maintain close control over net working capital during the LBO, as it has been a source of volatility for Technogym in the past. Lastly, leveraging will compel management to uphold strong financial discipline, prioritizing high-return projects, controlling costs, and aligning with investor interests.

### **1.6.3. Operational Efficiencies**

An improvement in the EBITDA margin is projected, increasing from 18.8% in 2023 to 20.9% by 2029, in line with historical trends. This growth is mostly driven by the dilution of fixed costs as the business expands, particularly in personnel expenses, which are the main contributor to this margin improvement. Additionally, enhanced negotiating power with suppliers is expected to further support the margin expansion.

### **1.6.4. Horizontal Integration**

#### Target Selection

The selection of the target company was guided by six key criteria designed to ensure strategic and financial alignment while minimizing risk. The first criterion required seamless integration into Technogym's customer journey by providing products or services that enhance the daily routines of health-conscious consumers, aligning with Technogym's mission of promoting

integrated wellness solutions. The second criterion emphasized financial feasibility, limiting the acquisition price to below €150M to avoid overextending resources. The third focused on potential synergies, such as cross-selling and cost efficiencies, to unlock additional value. The fourth required a strong brand reputation and loyal customer base to bolster Technogym's credibility. Operational efficiency and scalability formed the fifth criterion, ensuring smooth integration and positioning for growth. Finally, the sixth criterion emphasized a presence in key markets with the prospect for geographic or segment expansion to broaden Technogym's reach.

### Enervit as the Selected Target

Enervit, a leading Italian sports nutrition company, emerged as the ideal candidate based on these criteria. Specializing in supplements and functional foods that enhance athletic performance, endurance, and overall wellness, Enervit's product line complements Technogym's offerings and integrates seamlessly into its customer journey. Nutritional products represent a significant growth area not yet addressed by Technogym. Enervit meets the financial feasibility criterion, with an estimated acquisition price of €69.3M, well below the €150M threshold. Its potential for synergies is significant, as its complementary industry and Italian origins enable cross-selling through Technogym's global network and cost efficiencies in personnel, transportation, and marketing. Enervit's strong brand reputation and loyal customer base solidifies its position in the Italian market, further strengthening Technogym's domestic presence and providing a foundation for future growth. However, Enervit's limited international presence highlights a key area for improvement. While dominant in Italy, expanding its global footprint will be a strategic priority post-acquisition.

### Enervit Integration Strategy

Enervit has generated €90M in revenues over LTM, with an EBITDA margin of 9.7%. The integration strategy aims to capitalize on diversification benefits and leverage Technogym's global market presence, digital sales platforms, and B2B client network to expand Enervit's

sales channels. By adopting a cross-selling model, Enervit will directly supply its products to Technogym's extensive network of fitness club clients. Overall, Enervit is expected to increase revenues to €198M by 2029. Operational synergies will play a key role in driving efficiency, with anticipated cost savings in personnel, transportation, and marketing due to the companies' shared Italian origins. These initiatives will position Enervit as a key player in the sports nutrition market, reinforcing Technogym's prospects for a successful leveraged buyout.

### **1.7. Business Plan and Forecast**

Technogym's yearly revenues are projected to reach €1,650M by 2029, reflecting a CAGR of 11.1% (2024-29). This strong revenue growth is credited primarily to organic growth, which accounts for 88% of the total. Organic growth will be concentrated in Europe (50.4%) and North America (18.7%), including revenues from the Life Time agreement. Additionally, MEIA contributes 12.5%, APAC 13.1%, LATAM 3.4%, and extra retail sales from store openings account for 1.9%. The remaining 12% will come from Enervit, an inorganic source. Regarding costs, margin improvements are expected to stem from COGS, projected to decrease from 34% of revenues in 2024 to 33.4% in 2029, driven by enhanced supplier negotiation power and anticipated declines in raw material prices, particularly for Enervit. Personnel expenses are forecasted to decline from 19.1% of revenues in 2024 to 18.3% by 2029, reflecting economies of scale and gains in productivity. Lastly, the acquisition of Enervit will unlock cost synergies equivalent to 1.4% of revenues by 2029. Therefore, total EBITDA is forecasted to grow from €185M in 2024 to €358M in 2029 representing a 14.1% CAGR, with an EBITDA margin improvement of 19% to 22%. This performance, alongside strict NWC control, stable maintenance CAPEX, and growing expansion CAPEX to support production capacity, store openings, and R&D investments, is projected to drive strong FCF growth. FCF are expected to increase from €120M in 2024 to €218M in 2029, reflecting a CAGR of 12.7%.

## **1.8. Capital Structure and Returns**

The deal structure was designed to include 47% funding from debt (6.3x EBITDA) and 53% of equity (7.1x). Considering both companies' valuations and their respective EVs, along with fees accounting for 3% of the combined EVs (1% for due diligence, 1% for advisory, and 1% for banking), the total uses amount to €2,257.3M. The debt instrument, expected to raise €1,062.1M, includes both senior and mezzanine debt. Senior debt is divided into three tranches: Tranche A (5.5 years maturity with amortizing payments equivalent to 2.0x of Technogym's EBITDA), Tranche B (6.5 years maturity with a bullet payment equivalent to 1.5x of Technogym's EBITDA), and Tranche C (5.5 years maturity with amortizing payments amounting to 3.0x of Enervit's EBITDA). The mezzanine debt has a 7.5-year maturity, a bullet payment, and a leverage of 3.0x of Technogym's EBITDA. The equity instrument is expected to raise €1,195.2M and include preferred shares (6.7x of Technogym's EBITDA combined with 5.1x of Enervit's EBITDA) and ordinary equity (0.5x EBITDA). Management's contribution (sweet equity) constitutes 10% of the ordinary equity, amounting to €8.7M. By the exit year, EBITDA is projected to reach €358M, with the exit multiple to match the entry multiple at 13.3x, resulting in an EV of €4,772M. Management achieves a money multiple of 28.9x with an IRR of 84.2%, whereas institutional investors realize a return of 3.3x with an IRR of 24.5%.

## **1.9. Exit Opportunities**

At the conclusion of the 5.5-year holding period, three distinct exit strategies were evaluated: a strategic sale, a secondary sale, and an Initial Public Offering (IPO). Among these, the primary exit strategy identified was a secondary sale to another private equity (PE) firm. This approach provides advantages, such as access to a wide pool of potential buyers, leveraging numerous PE firms with sector-specific expertise. It also offers flexibility in transaction structuring. However, it may lead to lower valuations, as PE buyers typically focus on maximizing their returns, potentially resulting in less favorable pricing. After thorough analysis, TPG Capital

emerged as the most suitable acquirer for the secondary sale. TPG's existing investments in the sector, including a stake in Life Time, position it as a strategic buyer capable of unlocking significant value. The secondary option considered was an IPO, which could provide Technogym with the chance to raise capital for growth initiatives, expand into new markets, accelerate innovation, and additional brand recognition in new markets. However, key concerns with the IPO include the volatile nature of market conditions, high associated costs, and its lengthy, resource-intensive process. Lastly, a strategic sale is unlikely. Technogym's size limits the potential for strategic buyers capable of acquiring the company, and management resistance poses an additional barrier. Given the Alessandri family's deep historical ties to the business, their reluctance to relinquish control further diminished the feasibility of this option.

#### **1.10. Key areas for Due Diligence**

A successful investment requires broad due diligence, focusing on four key areas: commercial, operational, financial, and legal. From a commercial perspective, it's crucial to reassure the revenue growth forecasts and their potential, the viability of the supplier arrangement and the store expansion strategy and the analysis of the sports nutrition market. Operationally, it's essential to evaluate the production plants' capacity to meet anticipated increases in output, as well as identify potential supply chain risks and the cost of essential materials, ensuring no unexpected challenges arise. Considering the financial area, it's imperative to review the valuation of Technogym, to avoid an over or under valuation, assess the deal's capital structure to confirm optimal debt and equity levels, and ensure interest rates are aligned with the latest market conditions. Finally, regarding the legal area, it is crucial to examine legislation risks, including subsidiary licensing, fiscal and regulatory requirements related to Enervit's acquisition. Achieving a successful outcome will involve collaborating with leading consulting firms, financial institutions specializing in European deals, and legal advisors with expertise in EU regulation. These collaborations will ensure a high-quality, well-executed transaction.

## **Private Equity Challenge Individual Component**

## **2. Capital Structure**

Capital structure is one of the building blocks for an LBO model, which sets the optimal combination of debt and equity for a company to fund operations and growth. Generally, equity tools include common and preferred stock, and debt's tools include loans and bonds, although hybrid instruments that include debt and equity are also common, and to optimize capital structure, it is crucial to weigh the trade-offs between each.

Regarding debt, some advantages include lower costs, as it requires a lower rate of return, no dilution of ownership, as the lender does not have claims to equity in the company, providing upside protection. Additionally, debt allows the company to benefit from tax shields, as interest payments are tax-deductible, and it involves less regulatory control when raising capital (FindLaw, 2024). However, the company must consider the increased risk of financial distress, driven by factors such as higher fixed costs (interest payments) and covenants (if not properly managed). Additionally, reliance on credit ratings, which can fluctuate, and the potential decrease in attractiveness as an investment, are important risks to factor in.

In contrast, equity financing provides advantages such as reduced risk and no obligations for principal or periodic payments, offering financial relief. However, it requires higher returns and lacks protection for upside potential, as ownership dilution reduces control for the original management, with new owners becoming involved in decision-making. Additionally, it often leads to more regulatory complexities.

Hybrid financing allows for the combination of equity and debt, balancing the benefits of both strategies by reducing reliance on either one. This approach lowers costs compared to equity financing and reduces risk compared to debt financing. However, it is important to consider the complexity of these instruments, as mismanagement can expose the company to the risks associated with both equity and debt financing.

## **2.1. Sources and Uses**

A Sources and Uses table breaks down how the capital for an acquisition will be raised (sources) and how it will be spent (uses).

### **2.1.1. Uses**

Firstly, it is necessary to determine the total investment required (uses), which includes the purchase price and fees for due diligence, advisory, and banking. In this case, two acquisitions will need to be funded: Technogym and Enervit.

At the end of the first semester of 2024, Technogym reported an LTM EBITDA of €159M, which, when multiplied by the entry multiple of 13.3x, results in an acquisition price of €2,123M. Fees will amount to 3% of the acquisition price (€63M), which will be split equally across the three categories (due diligence, advisory, and banking) at €21M each. Therefore, the total uses for Technogym's acquisition will be €2,186M.

For Enervit, the LTM EBITDA for the first semester of 2024 was €8.8M, which, applying an entry multiple of 7.9x, results in an acquisition price of €69M. Fees will amount to €1.9M, with a similar fee structure applied: €0.7M for each of due diligence, €0.7M for advisory, and €0.5M for banking. The discrepancy in banking fees arises because they are charged based on total debt rather than the acquisition price. Accordingly, the total uses for Enervit's acquisition will be €71M.

Summing it all up, the total funding required will be €2,257M, composed 94% by Technogym's value, 3.1% by Enervit's value and 2.9% by total fees.

### **2.1.2. Sources**

Technogym's capital structure will comprise €1,036M in debt and €1,150M in equity, while Enervit's will include €26M in debt and €45M in equity. Overall, the acquisition will be funded 47% through debt (€1,062M) and 53% through equity (€1,195M), striking a balance between leverage and future cash flow generation.

## **Debt**

As previously mentioned, interest rates on debt are highly dependent on credit ratings. In this specific case, Technogym does not have a public credit rating, nor any implicit yield available, due to lack of outstanding bank debt, meaning informed assumptions were required to correctly estimate debt payments. Within the fitness industry, Fitch Ratings often assign credit profiles within the BB to CCC categories. The specific rating depends on factors such as company scale, governance practices, financial leverage, product diversification, cash flow generation, and asset intensity. Technogym's credit rating could be positively influenced by several strengths: its status as a large enterprise with a scale conducive to financing, a strong and shareholder-aligned management team, a diversified global portfolio mitigating regional risks, conservative historical financial policies reflected in its negative net debt position, and robust cash flow generation. However, certain factors could negatively impact its rating. These include the anticipated increase in leverage due to the LBO, instability in NWC, R&D and capital expenditure requirements, and a relatively low fixed asset base given the company's asset-light business model. Balancing these strengths and risks and considering Technogym's lower exposure to end consumers compared to much of the fitness industry, as its B2B focus provides greater stability through supplier contracts, along with the considerable business risk stemming from the need to ensure ongoing technological progress, the expected credit rating is B/B+.

### Senior Debt

Senior debt grants the lender priority in accessing the company's cash flows, and, in the event of default, the lender has the right to claim the company's assets through a first lien. For the LBO of Technogym, three tranches of senior debt (term loans) will be arranged: Tranches A and B will finance the acquisition of Technogym, while Tranche C will be allocated for the acquisition of Enervit.

Looking at Term Loan A, the amount requested will be €319M (14% of total sources),

equivalent to 2.0x EBITDA of Technogym. This tranche is projected to be an amortizing loan over 5.5 years, with a 5.3% interest rate, composed of a 3% credit rating spread (KPMG, 2024) and the 2.3% 5-year swap rate (Investing, 2024). Term Loan B is valued at €239M (11% of total sources), equivalent to 1.5x EBITDA of Technogym, and will be structured as a bullet loan, with the principal repaid in a single payment at the end of its 6.5-year term. The loan will carry a 5.78% interest rate, comprising a 3.48% spread (KPMG, 2024) and a 2.3% 5-year swap rate.

Lastly, Term Loan C is valued at €26M (1% of total sources), equivalent to 3.0x EBITDA of Enervit. This tranche will be an amortizing loan over 5.5 years, with a 5.3% interest rate.

### Subordinated Debt

Subordinated debt is an unsecured loan that ranks below senior debt, meaning lenders are paid only after senior debt obligations are met in the event of default (Investopedia, 2024). While it costs more than senior debt to offset higher lender risk, it is still cheaper than equity and shares the general advantages and disadvantages of debt.

For the acquisition of Technogym, a mezzanine loan of €478M will be secured, representing 3.0x EBITDA and accounting for 21% of total sources. Furthermore, the interest payments will include both Paid-in-Kind (PIK) and cash components, with the PIK interest set at 5% and the cash interest at 7.3%.

### **Equity**

As mentioned earlier, equity financing is a less risky method of funding but comes with the drawback of granting claims to the company. In this case, it will be divided into a Fixed Return Instrument and Ordinary Equity.

### Fixed Return Instrument (FRI)

The Fixed Return Instrument (FRI) will be structured as a loan from shareholders, operating similarly to junior, unsecured debt. This means it ranks below bank debt in priority, with its

value corresponding to the portion of funding not yet covered by either debt or ordinary equity. Due to its characteristics, it can also be likened to preferred shares, offering a fixed return while being subordinate to senior debt.

The FRI's value is tied to the portion of total sources that remains unfunded by either debt or ordinary equity. In this case, two FRIs will be secured, one for the acquisition of Technogym and one for the acquisition of Enervit.

For Technogym, the FRI is valued at €1,063M, representing 6.7x EBITDA (47% of total sources). It will yield 8% as PIK interest, with the principal repaid in a 100% bullet payment at maturity. For Enervit, the FRI is valued at €45M, representing 5.1x EBITDA (2% of total sources), and it is structured in the same manner.

### Ordinary Equity

Ordinary Equity financing is a method of raising funds by offering ownership stakes through stock issuance. Unlike debt, it doesn't promise repayment, and investors, who gain voting power, are directly affected by the company's performance, including any unfavorable decisions made by management.

The first step in calculating the value of ordinary equity is determining the amount invested by management. For Technogym's acquisition, management will contribute an amount equal to one and a half years of their compensation, totaling €8.7M, in exchange for 10% ownership of the company. This 10% stake will be allocated as follows: 26% to Nerio Alessandri, 9% to Pierluigi Alessandri, 47% to the executive team (comprising the CFO, COO, CTO, and Director of IT), and 18% to two new regional representatives. This sweet equity structure is designed to align management's goals with those of the fund, motivating the team to drive strong performance and potentially achieve significant returns.

Given that 10% of ordinary equity is valued at €8.7M, the fund will need to invest €79M for the remaining 90% of the company. Therefore, the institutional strip (total fund's investment)

will be €1,186M.

To compare the investment made by the fund and management, the envy ratio is used. The envy ratio reflects the price paid by investors relative to the price paid by management for their respective shares, helping to determine which party secured a more favorable deal (Corporate Finance Institute, 2024). In this acquisition, the envy ratio is 15.1x, indicating that management received the better deal. This ensures that investors are confident in management's motivation and that management feels assured of the investors' commitment.

## **2.2. Credit Statistics**

Credit statistics are essential for evaluating a company's capacity to fulfill its debt obligations and ensure financial resilience. More specifically, when constructing an LBO, one must take into account the high debt load that the target company is about to take on, and the transaction's financial viability must be ensured projecting metrics such as Net Debt-to-EBITDA, Interest Coverage and Cash Coverage.

However, lenders will also ensure the fulfillment of financial obligations, which is why financial covenants are established. Covenants are legally binding agreements between the lender and the borrower that set specific financial performance requirements. Lenders use these covenants to ensure that management operates the company efficiently and responsibly from a financial standpoint. If these covenants are violated, triggering a technical default, the lender may take control of the company from the equity investors. Additionally, the consequences of such breaches are typically pre-agreed and may include penalties such as additional fees, higher interest rates, increased collateral requirements, or the callback of outstanding debt. These provisions are designed not only to mitigate the lender's risk but also to ensure that the borrower remains financially disciplined, thus protecting the lender's investment and maintaining the financial stability of the company.

Therefore, to mitigate the risk of non-compliance, both coverage ratios and covenants were

established under the Bank Case's assumptions, resulting in a more conservative scenario that accounts for potential economic downturns or other challenges related to cost structure or strategy implementation. Added to this conservative approach, the robustness of the capital structure was also evaluated under the Investment Case assumptions to ensure the continued success and sustainability of the investment, even under more favorable economic conditions or optimal performance scenarios.

### **Cash Coverage Ratio**

The cash coverage ratio evaluates a company's ability to fulfill its financial obligations by utilizing its available cash (Indeed, 2024). This ratio is an important indicator of liquidity, highlighting how efficiently the company can settle its liabilities in a timely manner. A strong cash coverage ratio not only boosts the company's creditworthiness but also provides opportunities for increased revenue and reflects its overall financial stability, making it a more attractive option for investors.

For Technogym, the covenant was established at a minimum 1.0x, and the projected cash coverage ratio is expected to stay between 1.5x and 1.6x over most of the forecast period. This suggests a solid capacity to fulfill debt service obligations using available cash, indicating strong liquidity. Notably, in the exit year of 2029, the cash coverage ratio is projected to be 0.7, falling below the 1.0 covenant threshold. This outcome is not unexpected but rather the result of planned substantial principal repayments near the end of the period. While this temporarily reduces liquidity, it supports a deliberate strategy to reduce debt ahead of the company's sale. The expectation is that the proceeds from the sale will fully cover the remaining debt, ensuring covenant compliance and satisfying all financial obligations. This approach reflects a calculated alignment between cash flow management and the exit strategy, emphasizing investor returns while managing the challenges associated with high leverage.

## **Interest Coverage Ratio**

The interest coverage ratio determines the ability of the company to fulfill interest payments on outstanding debt using operating profit (Investopedia, 2024). This ratio allows to assess the company's probability of bankruptcy, as a lower ratio indicates that operations have difficulties financing interest payments, reflecting high exposure to interest rates. This ratio helps borrowers and lenders to understand the firm's stability when accounting for interest payments, and to understand its short-term financial health. Furthermore, lenders also use this ratio to evaluate the company's creditworthiness before extending credit.

In this specific case, the covenant was established at a minimum 1.0x, and Technogym is projected to maintain a consistently strong interest coverage ratio, with a minimum of 2.6x. This ensures substantial headroom throughout the entirety of the investment period, ensuring investors and lenders of Technogym's operational efficiency.

## **Net Debt-to-EBITDA**

The Net Debt-to-EBITDA ratio is a leverage ratio that compares the company's net liabilities with its cash flows (EBITDA). This ratio is often used by credit rating agencies, lenders and potential investors to understand the company's financial stability, meaning it is consistently paying and refinancing its debt.

In addition, it is important to account for the leveraged nature of a Leveraged Buyout, which usually implies that in the initial years, leverage ratios will be worsened, due to the high levels of debt that influx the company's balance sheet. Therefore, one important factor to analyze Net Debt-to-EBITDA is its evolution over time.

For Technogym, Net Debt-to-EBITDA starts at 5.3x in 2025, consistently decreasing up to 2.3x in the exit year, which respects the maximum leverage level of 6.2x, implemented by the Executive Team to ensure the strict control over the firm's financial health and risk.

This consistent decrease demonstrates the operational efficiency of Technogym, which is able

to steadily pay off debt, as Net Debt decreases on a yearly basis, while also improving cash flows as Adjusted EBITDA continuously increases, even under Bank Case assumptions.

### **2.3. Structure Scenarios**

Evaluating different capital structure scenarios is key, as it contributes to understanding the effects of different combinations of debt and equity. This process helps identify the optimal structure that balances cost efficiency, financial flexibility, and risk management, ultimately supporting long-term growth and stability.

Three main scenarios were developed, with Scenario 1 representing the most leveraged situation and Scenario 3 representing the least leveraged situation.

Firstly, in Scenario 1, the value financed by Term Loan A increases, applying a multiple of 2.5x EBITDA (€398M). Additionally, the subordinated debt value rises, as the Mezzanine loan is now set at 3.5x EBITDA (€558M). Term Loans B and C remain unchanged from Scenario 2. As a result, total debt will account for 54% of the total financing sources, totaling €1,221M, while equity will represent 46%, amounting to €1,039M.

Scenario 2, which is the chosen scenario, follows the details outlined in subchapter 4.1.2. Sources. In this scenario, total debt will make up 47% (€1,062M) of the financing, with equity comprising 53% (€1,195M) of the total sources.

Finally, Scenario 3 reduces the proportion of debt overall. In this scenario, Term Loan A will be valued at 1.5x EBITDA (€239M), and the subordinated debt (Mezzanine loan) will be valued at 2.5x EBITDA (€398M). Term Loans B and C remain the same as in Scenario 2. In total, debt will account for 40% of the financing, equivalent to €903M, while equity will represent 60%, totaling €1,351M.

Indeed, each of these scenarios offers distinct advantages. Scenario 1 delivers the highest potential returns, while Scenario 3 provides the safest approach with lower risk. However, after analyzing each scenario's liquidity and leverage ratios under the bank case, Scenario 2 emerges

as the most optimal debt structure. It effectively balances manageable debt levels while still achieving strong returns, which helps maintain the motivation of all stakeholders.

Thus, Scenario 2 represents the most balanced and efficient choice, as it strikes the right equilibrium between risk and reward. It ensures lower risk levels compared to Scenario 1, while still delivering higher returns than Scenario 3, making it the best option for maximizing value creation while mitigating financial risks.

## **2.4. Conclusion**

The acquisition of Technogym and Enervit was structured to achieve an optimal balance between debt and equity, ensuring high returns while maintaining low financial risk throughout the investment period.

Although the Bank Case credit statistics indicate strong performance, the Investment Case provides the expected outlook. Here, the Cash Coverage ratio will range from 1.8x to 2.0x, the Interest Coverage ratio is projected to increase from 3.0x to 4.0x, and the Net Debt-to-EBITDA ratio will see a substantial decline from 4.4x to 1.3x during the forecasted period. These metrics reflect the company's disciplined approach to debt management and operational efficiency.

Furthermore, the financial structure is expected to unlock €3,023M in equity value for Technogym, driven by a combination of factors: a 5% fee cost, 54% contribution from Market Growth, 25% from Margin Improvements, 6% from Multiple Arbitrage, and 20% from Net Debt reduction. This value creation underscores Technogym's ability to deliver on its strategic objectives while maintaining robust financial health.

In conclusion, Technogym's acquisition strategy demonstrates a well-calibrated approach to risk and reward. Its ability to sustain significant debt while achieving consistent cash flow improvements reflects its strong financial foundation. This resilience not only facilitates value creation but also positions Technogym as a leader capable of navigating dynamic market conditions while aligning stakeholder incentives and delivering on growth aspirations.

## **Bibliography**

Apps Run The World. 2024. Accessed October 12, 2024. <https://www.appsruntheworld.com>

Applied Nutrition. 2024. "Applied Nutrition Official Website". Accessed October 3, 2024. <https://appliednutrition.uk/https://appliednutrition.uk/>

Bowflex. 2024. "Bowflex Official Website". Accessed September 27, 2024. <https://www.bowflex.com>

Blow, Jennifer. 2019. "Who Is the Biggest Health & Fitness Spender in the UK? Our Survey Reveals All". MyProtein. Accessed November 5, 2024. <https://www.myprotein.com/thezone/motivation/who-spends-the-most-on-health-and-fitness-in-europe/>

Cheribundi. 2024. "Cheribundi Official Website". Accessed October 2, 2024. <https://cheribundi.com/https://cheribundi.com/>

Corporate Finance Institute. 2024. "Envy Ratio". Accessed November 12, 2024. <https://corporatefinanceinstitute.com/resources/valuation/envy-ratio/>

Credence Research. 2024. "Sports and Fitness Apps Market". Report ID: 56742. Accessed September 22, 2024. <https://www.credenceresearch.com/report/sports-and-fitness-apps-market>

Crunchbase. 2024. "Technogym". Accessed October 2, 2024. <https://www.crunchbase.com/organization/technogym>

Decathlon. 2023. "Key Figures". Accessed November 8, 2024. [https://www.decathlon-united.media/en\\_GB/key-figures](https://www.decathlon-united.media/en_GB/key-figures)

Echelon. 2024. "Echelon Official Website". Accessed September 28, 2024. <https://www.echelonfit.com>

Enterprise. 2024. "Riyadh Ranks as the Region's Most Expensive City for Real Estate Construction – Report". Accessed November 30, 2024. <https://enterprise.news/ksa/en/news/story/067158f7-78df-4d49-aea6-8eaf602740eb/riyadh-is-the-region%25e2%2580%2599s-most-expensive-city-for-real-estate-builders-%25e2%2580%2593report>

Enervit. 2024. "Enervit Official Website". Accessed October 1, 2024. <https://www.enervit.com/en/>

Enervit. 2024. "Enervit FY23 Report". Accessed October 1, 2024. [https://www.enervit.com/media/wysiwyg/pdf/Enervit\\_FY23\\_09.04.2024.pdf](https://www.enervit.com/media/wysiwyg/pdf/Enervit_FY23_09.04.2024.pdf)

Enervit. 2024. "Sustainability Report". Accessed October 3, 2024.  
<https://www.enervit.com/en/sustainability-report>

European Central Bank. 2024. "Yield Curve Spot Rate, 10-Year Maturity".  
YC.B.U2.EUR.4F.G\_N\_A.SV\_C\_YM.SR\_10Y. Accessed November 6, 2024.  
<https://data.ecb.europa.eu/>

European Central Bank (ECB). 2024. "Monetary Policy". Accessed October 2, 2024.  
<https://www.ecb.europa.eu/ecb/orga/tasks/monpol/html/index.en.html#:~:text=We%20are%20targeting%20an%20inflation,inflation%20that%20is%20too%20high.>

Euromonitor International. 2024. "Homepage". Accessed October 18, 2024.  
<https://www.portal.euromonitor.com/magazine/homemain>

FindLaw. 2024. "Debt vs. Equity: Advantages and Disadvantages". Accessed November 12, 2024. <https://www.findlaw.com/smallbusiness/business-finances/debt-vs-equity-advantages-and-disadvantages.html>

Forbes. 2024. "Forbes Official Website". Accessed November 4, 2024.  
<https://www.forbes.com>

Forme Science. 2024. "ForMe Science Official Website". Accessed October 4, 2024.  
<https://forme.science/https://forme.science/>

Fortune Business Insights. 2024. "Health and Fitness Clubs Market". Report ID: FBI108652. Accessed October 4, 2024. <https://www.fortunebusinessinsights.com/health-and-fitness-club-market-108652>

Fortune Business Insights. 2024. "Home Fitness Equipment Market". Report ID: FBI105118. Accessed September 25, 2024. <https://www.fortunebusinessinsights.com/segmentation/home-fitness-equipment-market-105118>

GoodBelly. 2024. "GoodBelly Official Website". Accessed October 3, 2024.  
<https://goodbelly.com/https://goodbelly.com/>

Gordian. 2024. "Retail Center Construction Costs for 2024". BDC Network. Accessed November 29, 2024. <https://www.bdcnetwork.com/home/news/55165817/retail-center-construction-costs-for-2024>

Grandview Research. 2024. "Italy Dietary Supplements Market Size & Outlook, 2024-2032". Accessed October 17, 2024. <https://www.grandviewresearch.com/horizon/outlook/dietary-supplements-market/italy#:~:text=The%20Italy%20dietary%20supplements%20market>

Grandview Research. 2024. "Hotels, Resorts & Cruise Lines Market Size & Outlook, 2025-2030". Accessed September 24, 2024. <https://www.grandviewresearch.com/industry-analysis/hotels-resorts-cruise-lines-market-report>

Growjo. 2024. "Tonal". Accessed October 1, 2024. <https://growjo.com/company/Tonal>

Hammer Strength. 2024. "Life Fitness: Hammer Strength". Accessed September 27, 2024. <https://www.lifefitness.com/hammer-strength>

Horizon Fitness. 2024. "Horizon Fitness Official Website". Accessed September 26, 2024. <https://www.horizonfitness.com>

Horsley, Dan, Rutan, John, Horan, Simon, and Hartman, Meaghan. 2024. "Keys to Unlocking Merger Value: Cost Synergies". LEK Consulting. Accessed November 6, 2024. <https://www.lek.com/sites/default/files/insights/pdf-attachments/keys-cost-synergies.pdf>

Houlihan Lokey. 2024. "Fitness and Wellness Market Update". Accessed October 2, 2024. <https://hl.com/insights/fitness-and-wellness-market-update/>

Huel. 2024. "Huel Official Website". Accessed October 5, 2024. <https://uk.huel.com/>

Indeed. 2024. "How To Calculate Cash Coverage Ratio". Accessed November 12, 2024. <https://www.indeed.com/career-advice/career-development/cash-coverage-ratio>

Impulse. 2024. "Impulse Official Website". Accessed September 30, 2024. <https://www.impulselfitness.com>

Investing. 2024. "Technogym S.p.A". Accessed September 15, 2024. <https://www.investing.com/equities/technogym-spa>

Investing. 2024. "EUR 5 Years IRS Interest Rate Swap". Accessed October 25, 2024. <https://www.investing.com/rates-bonds/eur-5-years-irs-interest-rate-swap-historical-data>

Investopedia. 2024. "Subordinated Debt: What It Is, How It Works, Risks". Accessed November 12, 2024. <https://www.investopedia.com/terms/s/subordinateddebt.asp>

Investopedia. 2024. "What Is the Interest Coverage Ratio?". Accessed November 12, 2024. <https://www.investopedia.com/terms/i/interestcoverageratio.asp>

Jefferies. 2024. "Fitness Newsletter Q4 2023". Accessed October 5, 2024. <https://www.jefferies.com/wp-content/uploads/sites/4/2024/01/Jefferies-Fitness-Newsletter-Q4-2023.pdf>

Johnson Health Tech. 2024. "Our Brands". Accessed October 8, 2024. <https://www.johnsonhealthtech.com/eng/our-brands>

Kolmar, Chris. 2023. "22 Fulfilling Fitness Industry Statistics [2023]: Home Workout and Gym Statistics". Zippia. Accessed November 7, 2024. <https://www.zippia.com/advice/fitness-industry-statistics/>

KPMG. 2024. "Credit Markets Update". Accessed October 25, 2024. <https://corporatefinance.kpmg.com/kpmg-us/content/dam/kpmg/corporatefinance/pdfs/2024/credit-markets-update-q2-2024-kpmg.pdf>

Laamanen, Tomi, Welch Guerra, Xena, Girisch, Andreas, Van der Boom, Michael, and Faddoul, Kristina. 2024. "Unlocking the Full Potential of M&A". Deloitte & University of St. Gallen (HSG). Accessed November 5, 2024. <https://www2.deloitte.com/content/dam/Deloitte/ch/Documents/mergers-acquisitions/ch-en-fast-gallen-mergers-acquisitions-study-v2.pdf>

Life Fitness. 2024. "Life Fitness Official Website". Accessed September 23, 2024. <https://www.lifefitness.com>

Life Time. 2024. "Life Time Reports Fourth Quarter and Full-Year Fiscal 2023 Financial Results". Accessed November 1, 2024. <https://ir.lifetime.life/news-events/press-releases/detail/1049/life-time-reports-fourth-quarter-and-full-year-fiscal-2023>

Linkitsoft. 2023. "Vending Machine Statistics in 2023". Accessed November 7, 2024. <https://www.linkedin.com/pulse/vending-machine-statistics-2023-linkitsoft-it-solutions/>

Logan, Colleen. 2022. "iFIT Health & Fitness Announces \$355 Million Capital Raise". Business Wire. Accessed November 3, 2024. <https://www.businesswire.com/news/home/20220227005192/en/iFIT-Health-Fitness-Announces-355-Million-Capital-Raise>

MacroTrends. 2024. "European Union Inflation Rate 1960-2024". Accessed October 11, 2024. <https://www.macrotrends.net/global-metrics/countries/EUU/european-union/inflation-rate-cpi>

Marketline. 2018-2024. "Fitness Equipment in Asia-Pacific". Reference Code: 0200-2981. Accessed September 10, 2024. <https://documentslibrary.bvdep.com/mapperMarketResearchPDF/fapeedgdlkhgpgdanhjbejknkkoekigkpchcmkaenpncbecclblbngnd.pdf>

Marketline. 2018-2024. "Fitness Equipment in Europe". Reference Code: 0201-2981. Accessed September 10, 2024. <https://documentslibrary.bvdep.com/mapperMarketResearchPDF/fapeedgdlkhgpgdanhjbejknkkoekigkpcgcllembkicjemckblnmkln.pdf>

Marketline. 2018-2024. "Fitness Equipment in Middle East & Africa". Reference Code: 211-2981. Accessed September 10, 2024.  
<https://documentslibrary.bvdep.com/mapperMarketResearchPDF/fapeedgdlkhgpgdanhjbejknkkoekigkocfbhhpoedkflkjicmplodf.pdf>

Marketline. 2018-2024. "Fitness Equipment in North America". Reference Code: 0205-2981. Accessed September 10, 2024.  
<https://documentslibrary.bvdep.com/mapperMarketResearchPDF/fapeedgdlkhgpgdanhjbejknkkoekigkpcccaekakadlnkefghbehfkd.pdf>

Marketline. 2018-2024. "Fitness Equipment in South America". Reference Code: 0206-2981. Accessed September 10, 2024.  
<https://documentslibrary.bvdep.com/mapperMarketResearchPDF/fapeedgdlkhgpgdanhjbejknkkoekigkpcbcfmfdogfiefhmlabkbbjo.pdf>

MarketScreener. 2024. "Technogym S.p.A". Accessed September 24, 2024.  
<https://www.marketscreener.com/quote/stock/TECHNOGYM-S-P-A-27506709/>

Matrix. 2024. "Matrix Fitness Official Website". Accessed September 27, 2024.  
<https://www.matrixfitness.com>

Maxx Builders. 2024. "Understanding Build Out Costs for Retail Space: In-Depth Guide". Accessed November 28, 2024. <https://www.maxxbuilders.com/build-out-costs-retail-space/#:~:text=Houston%3A%20The%20average%20cost%20per,and%20type%20of%20retail%20space.>

NextFoods, Inc. 2024. "NextFoods Official Website". Accessed October 2, 2024.  
<https://www.linkedin.com/company/nextfoodsinc/>  
<https://www.linkedin.com/company/nextfoodsinc/>

Niepytalska, Aneta. 2024. "100+ Gym Membership Statistics You Should Know". WODGuru. Accessed November 1, 2024. <https://wod.guru/blog/gym-membership-statistics/>

NordicTrack. 2024. "NordicTrack Official Website". Accessed September 26, 2024.  
<https://www.nordictrack.com>

Ogilvie, Arabella. 2019. "How Much Americans Spend on Health and Fitness: Survey Results Revealed". MyProtein. Accessed November 7, 2024.  
<https://us.myprotein.com/thezone/training/much-americans-spend-health-fitness-survey-results-revealed/>

Peloton. 2024. "Peloton Investor Relations". Accessed September 26, 2024.  
<https://investor.onepeloton.com>

Planet Fitness. 2024. "Planet Fitness, Inc. Announces Fourth Quarter and Year-End 2023 Results". Accessed October 10, 2024. [https://investor.planetfitness.com/investors/press-releases/press-release-details/2024/Planet-Fitness-Inc.-Announces-Fourth-Quarter-and-Year-End-2023-Results-2024-qkX35\\_pDED/default.aspx](https://investor.planetfitness.com/investors/press-releases/press-release-details/2024/Planet-Fitness-Inc.-Announces-Fourth-Quarter-and-Year-End-2023-Results-2024-qkX35_pDED/default.aspx)

Planet Fitness. 2024. "Planet Fitness Prices \$800 Million Securitized Financing Facility". Accessed October 8, 2024. <https://investor.planetfitness.com/investors/press-releases/press-release-details/2024/Planet-Fitness-Prices-800-Million-Securitized-Financing-Facility/default.aspx>

Platt, Eric. 2024. "Peloton Clinches \$1bn Loan as It Seeks to Shore Up Struggling Finances". Financial Times. Accessed November 2, 2024. <https://www.ft.com/content/c922651d-2818-4240-8e62-57138e1ad130>

Porfiri, Emanuele. 2024. "Are Monthly Subscribers Practically Worthless? Using Data to Evaluate the Relationship Between Billing Periods, Pricing, Churn, and Lifetime Value". FT Strategies. Accessed November 3, 2024. <https://www.ftstrategies.com/en-gb/insights/are-monthly-subscribers-practically-worthless/>

Precedence Research. 2024. "Fitness Equipment Market". Report Code: 3314. Accessed October 11, 2024. <https://www.precedenceresearch.com/fitness-equipment-market>

Precedence Research. 2024. "Physical Therapy and Rehabilitation Market". Report Code: 4240. Accessed October 15, 2024. <https://www.precedenceresearch.com/physical-therapy-rehabilitation-market>

Precor. 2024. "Precor Official Website". Accessed September 28, 2024. <https://www.precor.com>

ProForm. 2024. "ProForm Official Website". Accessed October 10, 2024. <https://www.proform.com>

Project & Development Services. 2024. "2024 US Retail Fit Out Costs". Cushwake & Wakefield. Accessed November 29, 2024. <https://cushwake.cld.bz/2024-Retail-Fit-Out-Cost-Guide/20/>

PureGym. 2023. "Successful Pricing of Senior Secured Notes Underpins PureGym's Expansion Plans for the Next 5 Years". Accessed October 3, 2024. [https://s28.q4cdn.com/583314398/files/doc\\_downloads/2023/09/PureGym-press-release-28-09-23.pdf](https://s28.q4cdn.com/583314398/files/doc_downloads/2023/09/PureGym-press-release-28-09-23.pdf)

PureGym. 2024. "Investor Information". Accessed October 5, 2024. <https://corporate.puregym.com/investors/investor-information/default.aspx>

PwC. n.d. "Roadmap for an IPO: A Guide to Going Public". Accessed November 20, 2024. <https://www.pwc.com/us/en/services/consulting/deals/library/roadmap-for-an-ipo-a-guide-to-going-public.html>

Rider, Levett, and Bucknall. 2024. "North America: Quarterly Construction Cost Report". Accessed December 5, 2024. <https://s31756.pcdn.co/americas/wp-content/uploads/sites/4/2024/10/Q3-2024-QCR.pdf>

Schwinn. 2024. "Schwinn Official Website". Accessed September 28, 2024. <https://www.schwinnfitness.com>

Sole Fitness. 2024. "Sole Fitness Official Website". Accessed September 28, 2024. <https://www.solefitness.com>

Spirit Fitness. 2024. "Spirit Fitness Official Website". Accessed September 29, 2024. <https://www.spiritfitness.com>

Star Trac. 2024. "Star Trac Official Website". Accessed September 29, 2024. <https://www.startrac.com>

Statista. 2024. "Average Construction Costs of Retail Shopping Facilities in the United States in 3rd Quarter of 2024, by City". Accessed December 5, 2024. <https://www-statista-com.eu1.proxy.openathens.net/statistics/830375/construction-costs-of-retail-shopping-facilities-us-city/>

Statista. 2024. "Forecasted Harmonized Index of Consumer Prices (HICP) Inflation Rate for the Eurozone from 2024 to 2026, by Different Economic Forecasters". Accessed November 4, 2024. <https://www.statista.com/statistics/1440325/forecasts-inflation-hicp-rate-european-union/>

Statista. 2024. "Harmonized Index of Consumer Prices (HICP) Inflation Rate in Europe in October 2024, by Country". Accessed November 1, 2024. <https://www.statista.com/statistics/225698/monthly-inflation-rate-in-eu-countries/>

Technogym. 2024. "Governance". Accessed September 15, 2024. <https://corporate.technogym.com/en/governance>

Technogym. 2024. "Investor Relations". Accessed September 1, 2024. <https://corporate.technogym.com/en/investor-relations/results/reports-and-presentation>

Technogym. 2024. "What Is Technogym Plus?". Accessed September 29, 2024. <https://www.technogym.com/en-INT/support/post/technogym-plus-subscription/>

The Fitnancers. 2023. "CFA Institute Research Challenge on Technogym S.p.A". CFA Institute. Accessed October 2, 2024. <https://cfasi.it/download/20230328132955.pdf>

The Washington Post. 2022. " Gyms are going 'green,' but are they actually eco-friendly? Here's what to look for". Accessed October 10, 2024.

<https://www.washingtonpost.com/wellness/2022/02/08/green-gym-how-to-find/>

Therabody. 2024. "Therabody Official Website". Accessed October 3, 2024.

<https://www.therabody.com/eu/en-pt/home><https://www.therabody.com/eu/en-pt/home>

TPG. 2024. "Portfolio". Accessed November 2, 2024.

<https://www.tpg.com/portfolio/>

TPG. 2024. "SEC Filings". Accessed November 20, 2024.

<https://shareholders.tpg.com/financial-information/sec-filings>

True Fitness. 2024. "True Fitness Official Website". Accessed September 29, 2024.

<https://www.truefitness.com>

Udland, Tyler. 2022. "Peloton Launches \$750M 1st-Lien Leveraged Loan for GCP; Commitments Due Today". Pitchbook. Accessed November 6, 2024.

<https://pitchbook.com/news/articles/peloton-750m-1st-lien-leveraged-loan-gcp>

US Census Bureau. 2019-22. ECNSVY Business Patterns County Business Patterns.

Accessed November 7, 2024.

[https://data.census.gov/table/CBP2022.CB2200CBP?g=010XX00US,\\$0400000&n=713940](https://data.census.gov/table/CBP2022.CB2200CBP?g=010XX00US,$0400000&n=713940)

Vendsoft. n.d. "How Much Does a Vending Machine Cost?". Accessed November 8, 2024.

<https://www.vendsoft.com/how-much-does-vending-machine-cost/>

Vision Fitness. 2024. "Vision Fitness Official Website." Accessed September 29, 2024.

<https://www.visionfitness.com>

Wall Street Journal. 2024. "Technogym S.p.A." Accessed October 1, 2024.

<https://www.wsj.com/market-data/quotes/it/xml/TGYM>

WellSteps. 2024. "WellSteps Official Website". Accessed October 6, 2024.

<https://www.wellsteps.com/explore><https://www.wellsteps.com/explore/>

Woodway. 2024. "Woodway Official Website". Accessed September 28, 2024.

<https://www.woodway.com>

Yahoo Finance. 2024. "Yahoo Finance Enervit Financials". Accessed October 10, 2024.

<https://finance.yahoo.com/quote/ENV.MI/financials/?guccounter=1>

Yao, Roger. 2023. "Fitness Equipment Industry Weekly News – W52". FTQS. Accessed

November 7, 2024. <https://www.fitqs.com/post/fitness-equipment-industry-weekly-news-w52>