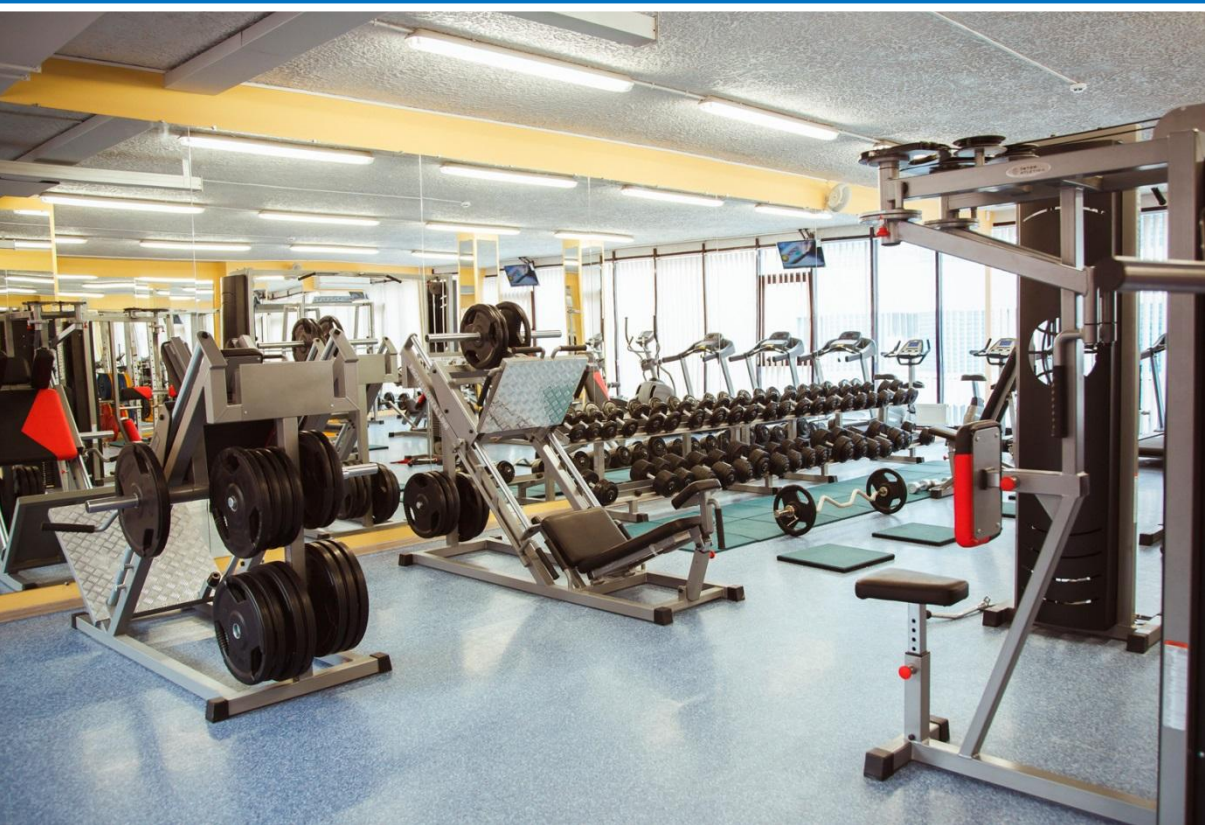


BUSINESS PLAN



Gym



2014

Adaptation of this business plan is possible for similar project worldwide.

The financial model in separate file is attached to this business plan, which makes it easy to build a new financial plan by entering the appropriate data.

Business Plan Description

Idea. Fitness club, which will combine on its territory all necessary for preserving and maintaining the beauty and health: professional approach, using of new techniques, saturated complex of sports and health services and high-quality equipment. The fitness club will be located at address: the town ***, 132 *** Street, in a separate building (premise total area – **0 sq. m, ceiling height – 5-7 m). The planning of premise is mixed. Communications: water supply, sewage, electricity, gas.

Market. The volume of Russian market of fitness services has increased by *** %, amounted \$ 1 billion and reached the pre-crisis level. In the coming years the market will be developing through the network players and by penetration of fitness in regions. There are 17 gyms in *** today, the sales volumes of which is between 100 and 500 pieces per month.

Competitive Advantages. It is planned to open the largest fitness club in ***, the total area of which will compose *** sq. m. The equipment will be represented by simulators Hammer Strength, which are the brand №1 over the world among power simulators. The professional trainers will work with visitors in the fitness club. Besides, the unique children`s playground, saunas, sports nutrition and a wide range of sporting goods will be available for club visitors.

Project Financial Indicators

Revenue	thsd. RUB	215,578
Gross Profit	thsd. RUB	***
Necessary Investment	thsd. RUB	***
Net Profit	thsd. RUB	***
NPV	thsd. RUB	***
IRR monthly	%	***
IRR annual	%	***
Payback Period	months	48
Discounted Payback Period	months	***

Excerpts from Research

According to the research data, fitness centers clients prefer to visit gyms – almost *** % of respondents give such answer, aerobics or shaping are demanded among *** % of visitors, sauna or bath – among *** % of fitness club visitors, 41% of visitors prefer to go for a massage to the fitness clubs. Experts mark that solarium and beauty services are in less demand. Also consumers use exercise bikes and cardio simulator more rarely. It could be explained by poorly developed supply of such kind of services in fitness clubs.

Modern market of fitness services is attractive enough for potential investors first of all from a position of the **dominant indicators** dynamics:

- potential capacity of Russian market of fitness services is approximately \$ *** billion, the market could reach this indicator in 5-6 years;
- only *** % of Moscow population and less than *** % of region population use services of fitness clubs, in the same time this indicator in London is 20%, in Barcelona – 35%, in Berlin – almost 60%;
- Russian market of fitness services is in a formative phase and its capacity still being less than *** % of global market, annual turnover of Russian fitness industry is 20 times less than in the United States.
- annual market growth is no less than ***% and decreasing is not expected, first of all in regions
- average industry return on market of fitness services is about *** %.

For attractiveness of new club clients the following **marketing courses** will be applied:

- Partner programs: discount of 15% on a subscription for the visitors to cafes and restaurants, which are partners of the fitness club (if certain conditions of cafes and restaurants are fulfilled).
- Lotteries of subscriptions, gift mugs, t-shirts, notebooks and so on.
- For regular customers the discount cards will be issued, through which the clients could buy sports nutrition, stuff and fitness club subscription for next month with discounts.

Contents

Privacy Memorandum	2
List of Figures, Tables and Charts.....	5
Executive Summary	7
1.0. Project Description	8
1.1. Fitness Club Conception.....	8
1.2. Services Spectrum.....	9
2.0. Information about Project Initiators	10
3.0. Analysis of Fitness Club Market.....	11
3.1. Capacity of Russian Market of Fitness Services	11
3.2. Basic Indicators of Social and Economic Development of *** Region in January-September 2013.....	15
3.3. Population of ***.....	21
3.4. Fitness Clubs of ***.....	23
4.0. Marketing Strategy.....	25
4.1. Design of Fitness Club Interior	25
4.2. Pricing	30
4.3. Marketing Strategy	31
4.3.1. Web Site Creation	31
4.3.2. Search Optimization.....	31
4.3.3. Contextual Advertising..	34
4.3.4. Social Media Marketing	35
4.3.5. Flyer Advertising.....	36
4.3.6. External Advertising	36
4.3.7. Advertising in Magazines.....	37
4.3.8. Advertising on Radio	41
4.3.9. Advertising in Lifts	42
4.3.10. Advertising Budget.....	43
4.4. Marketing Courses	44
5.0. Operational Plan	45
5.1. Fitness Club Location	45
5.2. Necessary Equipment for Fitness Club.....	46
5.3. Children's Playground.....	70
5.4. Sauna	71
5.5. Personnel.....	72
6.0. Financial Plan	75
6.1. Plan of Sales.....	75
6.2. Sales Volumes.....	77
6.3. Sales Price.....	79
6.4. Sales Revenue	79
6.5. Variable Costs	82
6.6. Fixed Costs	83
6.7. Capital Expenditure.....	85

6.8. Taxes.....	86
6.9. Profit and Loss Statement	87
6.10. Cash Flow Statement.....	92
6.11. Financial Indicators.....	98
7.0. Sensibility Analysis.....	100
7.1. Changing of Sales Price	100
7.2. Changing of Variably Costs.....	102
7.3. Changing of Fixed Costs.....	104
7.4. Changing of Capital Expenditure.....	106
7.5. General Conclusions	109

List of Figures, Tables and Charts

Figure 3.1. Structure of Russian Market of Fitness Service.....	12
Figure 3.2. The Most Demanded Services of Fitness Clubs.....	14
Table 3.1. Basic Indicators of Social and Economic Development of *** Region in January-September 2013.....	17
Figure 3.3. Dynamics of Population Number of ***.....	23
Table 4.1. Fitness Club Pricing.....	32
Figure 4.1. Distribution of Main Social Media by criterion of monthly attendance in Russian Federation.....	37
Table 4.2. Magazines, in which Fitness Club Advertising will be Posted...	39
Table 4.3. Budget of Advertising on Radio.....	42
Table 4.4. Advertising Budget.....	44
Table 4.5. Discount Cards for Fitness Club Regular Clients.....	45
Figure 5.1. Location of Fitness /club on Map.....	46
Table 5.1. Simulators.....	47
Table 5.2. «Pancakes».....	62
Table 5.3. Dumbbells.....	64
Table 5.4. Cardio Simulators.....	65
Table 5.5. Rods.....	67
Table 5.6. Handles.....	69
Table 5.7. Total Cost.....	70
Figure 5.1. Playground.....	71
Table 5.8. General Technical Specifications of IR-Cabin.....	72
Figure 5.2. Infrared Sauna.....	73
Table 5.9. Personnel.....	74
Table 6.1. Plan of Sales.....	75
Table 6.2. Sales Volume.....	77
Table 6.3. Sales Price.....	79
Table 6.4. Sales Revenue.....	79
Table 6.5. Variable Costs.....	82
Table 6.6. Fixed Costs.....	83
Table 6.7. Capital Expenditures.....	85
Table 6.8. Taxes.....	86
Table 6.9. Profit and Loss Statement.....	87
Chart 6.1. Dynamics of Changing of Basic Financial Indicators.....	91
Chart 6.2. Dynamics of Changing of Net Profit.....	92
Table 6.10. Cash Flow Statement.....	93
Chart 6.3. Comparison of Cash Flow Dynamics and Accumulated Cash Flow Dynamics.....	97
Chart 6.4. Comparison of Discounted Cash Flow Dynamics and Accumulated Discounted Cash Flow Dynamics.....	97
Table 7.1. Changing of Sales Price.....	100
Chart 7.1. Net Present Value – NPV (Changing of Sales Price).....	101

Chart 7.2. Payback Period (Changing of Sales Price)	101
Chart 7.3. Internal Rate of Return – IRR annual (Changing of Sales Price).	102
Table 7.2. Changing of Variable Costs	102
Chart 7.4. Net Present Value – NPV (Changing of Variable Costs).....	103
Chart 7.5. Payback Period (Changing of Variable Costs).....	103
Chart 7.6. Internal Rate of Return – IRR annual (Changing of Variable Costs)	104
Table 7.3. Changing of Fixed Costs	104
Chart 7.7. Net Present Value – NPV (Changing of Fixed Costs)	105
Chart 7.8. Payback Period (Changing of Fixed Costs).....	105
Chart 7.9. Internal Rate of Return – IRR annual (Changing of Fixed Costs)	106
Table 7.4. Changing of Capital Expenditure.....	106
Chart 7.10. Net Present Value – NPV (Changing of Capital Expenditure)...	107
Chart 7.11. Payback Period (Changing of Capital Expenditure).....	107
Chart 7.12. Internal Rate of Return – IRR annual (Changing of Capital Expenditure)	108

*We thank you for your confidence
and would like to remind you that:*

- ✓ with the purchase of the business plan of the
«VTSConsulting» company you'll have a guarantee of
getting a consultation from specialists who have
worked on a specific business plan*
- ✓ during one to two hours our team will be ready to
answer all questions related to the structure and
content of the business plan*

*Respectfully,
«VTSConsulting» team*

INFORMATION ABOUT THE «VTSConsulting» COMPANY

«VTSConsulting» company was founded in May 2010 by a team of professionals led by Vladyslav Tsygoda. Vladyslav Tsygoda is a business consultant, a recognized leader in the field of business planning in the CIS countries (according to the portal free-lance.ru), today he is the head of the rating of the consulting company.

Development of business plans, feasibility studies, investment memorandums, financial models and business presentations are the main directions of the team, which includes highly skilled analysts.

Experience of the team in the development of investment documents is more than 6 years, and today «VTSConsulting» is the only company in Ukraine, which is a partner of the project «RBC. Market research».

«VTSConsulting» team and principles of work

- ✓ a unique approach to solving problems;
- ✓ an impeccable reputation and a high degree of customer confidence;
- ✓ high professionalism regardless of field of study;
- ✓ practical experience, including the implementation of complex highly specialized projects.

We appreciate greatly the cooperation with each customer.

And we are proud of our customers!

LLC «Zemleugodie-Invest», OJSC «Votkinsky plant», SPE «Stealth», State Enterprise UkrSRIPRI «Masma», «Reproto Technologies», «VOK Montage Service» company, LLC «PRIIMAS» «Petrovizard» company, Port Temryuk, LLC «Spetsbudproekt», group of companies «SEMPROGROUП», LLC «Maximus Construction», «Rosmolodezh», LLC «Sisif Service», LLC «Plant TITAN», LLC «Project K», LLC «Portal Logistics», SPK «Nauka», I.N. Frantsevich Institute of Materials of NAS of Ukraine, NTUU «KPI», Science Park «Kyiv Polytechnic», The Russian Government, Verkhovna Rada of Ukraine

This is not a complete list of those

who was pleased with the cooperation with «VTSConsulting».

«VTSConsulting» company is a team of professionals, whose knowledge and experience will allow you to save money, nerves and time: preparation of investment documents will take from 4 to 10 days.

Our customers recommend us to their friends and partners, because we work for the results and complete satisfaction of a Client. Thus, ordering business plan, information or investment memorandum from us, you do not just spend money.

You invest.

*Respectfully,
Vladyslav Tsygoda,
the head of «VTSConsulting»*