

# [Financial analysis for planet fitness](https://assignbuster.com/financial-analysis-for-planet-fitness/)

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FINANCIAL ANALYSIS The Planet fitness franchise fee is $ 10, 000 for a 10-year renewable agreement. The total investment required for its operation a single installation Planet Fitness ranges from $ 673. 100 to $ 1, 658, 000 for a new position (IBIS World, 2015). This includes $ 71, 000 to $ 158, 000 to pay to the franchisor as predicted by income and transactions for the three companies Planet Fitness locations in the 2013-2014 financial year (IBIS World, 2015). Of the 42 sites of companies that operated for at least 12 months to 31 December 2013-2014, which represent three sites identified under after 42 in the 25th, 50th and 75th percentile in relation to the total annual turnover ranked Clubs were classified by the gross annual revenues in the order from lowest to highest(IBIS World, 2015).   
Also excluded are the data for enterprise clubs Planet Fitness which is holding as “ outliers", that is, both the position of the worst performing companies (with a gross annual income of 471, 219. 05 $) and the Club of the most powerful (with an annual gross income of $ 3, 649, 651. 37) (IBIS World, 2015). Especially achieved in terms of gross annual income of the best performing sector, the company does not believe that these results are typical of a Planet Fitness business (Hoover’s Inc, 2015).   
Retrieved from (IBIS World, 2015)   
Membership Sales - EFT / Cash $ 1, 189, 094. The main source of income Planet Fitness club membership fees (IBIS World, 2015). Membership fees are usually paid in cash or by electronic funds transfer (EFT), and are usually paid monthly. A fitness center is also an additional profit obtained through an annual membership fee and annual maintenance fees.   
Membership shall remain constant, while the other offered periodically throughout the year. The " Black Card" is the permanent membership package;. It is a 12-month contract The " Black Card" is offered at $ 19. 99 / month with an annual fee of $ 39 paid once a year requires June with the " Black Card" is free tanning included, drinks half price, free massage chair use access to another club Planet Fitness and the ability to host a free to bring his clubhouse (IBIS World, 2015).   
Advertising packages are offered at different times of the year and a franchisee is able to adapt the package to their club based on the benefits that come with the package (Taylor, 2014). Retail: $ 9. 773. Add beverage sales, tanning lotions and glasses, Planet Fitness, clothing and helmet. Planet Fitness Photo of interior LiconTotal Income: $ 1, 198, 867 (Hoover’s Inc, 2015). Of the 42 corporate locations (1) 31 business websites (or 74%) received an average total income greater than the 25th percentile by the Club; (2) 21 business websites (or 50%) have an average total income greater than that obtained by the club 50th percentile; and (3) 10 business websites (or 24%) had a mean total income is greater than the 75th percentile receive the association (IBIS World, 2015).   
YEAR   
U. S.   
CANADIAN   
INTERNATIONAL   
COMPANY OWNED   
2014   
773   
0   
0   
54   
2013   
627   
0   
0   
45   
2012   
514   
0   
0   
34   
2011   
416   
0   
0   
18   
Retrieved from (Entrepreneur Media, 2014)   
Cost of sales: $ 14. 556   
Gross profit: $ 1, 184, 311   
Expenses   
The following information reflects the cost of spending, corporate sites included in the declaration and an amount equal to the charges would be able to if it is a franchise location. You may incur additional costs. Advertising: 104. 803 USD. This reflects the actual amounts of these company websites for advertising (IBIS World, 2015). Franchises must have a minimum amount on advertising based on a percentage of the contributions EFT Project. The height of a club goes on advertising on the minimum varies by club (Entrepreneur Media, 2014).   
Bank and Settlement Costs: $ 50. 490   
Cleaning Supplies: $ 29, 980   
Benefit: $ 6. 893   
Rent: $ 3. 934   
Fees: $ 11, 000. Royalties are paid monthly and are based on a fixed percentage of the EFT project to increase (currently 5%) on. Business clubs pay a license fee. However, this expenditure category was included to adjust the payment of royalties for illustrative purposes only (IBIS World, 2015).   
Insurance: $ 11. 492. This insurance costs are based on bulk purchase prices for several clubs (IBIS World, 2015)   
Rates may vary depending on various factors.   
Office expenses: $ 8. 352   
Staff costs: $ 197. 199   
Fees: $ 8. 843. Consisting of accounting, consulting and legal fees (IBIS World, 2015).   
Rent: $ 177. 199. Your rent may vary depending on the size and location of the club (IBIS World, 2015).   
Repair and maintenance: $ 22. 621.   
Sales and Use Tax: $ 524 each state will have different rules for the distribution and taxes.   
Accessories Furnishings: $ 7. 445   
Utilities: $ 63. 465   
Total Expense: $ 715. 940   
Operating income: $ 468. 371, This number does not include provision for income taxes or non-cash expenses such as depreciation. It does not bear the cost of the capital structure of the company, franchisees or reserve for future investments together (IBIS World, 2015).   
Of the 42 corporate locations (1) 28 business websites (or 67%) achieved higher average operating profit that received the 25th percentile Club; (2) 13 business websites (or 31%) was achieved on average a higher operating result to that obtained by the 50 per cent club; and (3) 10 business websites (or 24%) achieved higher average operating profit that will receive the 75th percentile of the association (Entrepreneur Media, 2014).   
50th percentile   
Planet Fitness Interior Photo of Urban Partners Group Revenue   
Membership Sales - EFT / Money: $ 1, 709, 898   
Retail sales: $ 18. 567   
Total income: $ 1, 728, 464   
Cost of sales: $ 34. 415   
Gross profit: $ 1, 694, 049   
FreshAdvertising: 126. 905 USD   
Bank and Settlement Costs: $ 86. 821   
Cleaning Supplies: $ 12, 609   
Benefit: $ 4. 655   
Rent: $ 8. 067   
Fees: $ 18, 000   
Insurance: $ 11. 528   
Other: $ 18. 114   
Office expenses: $ 11, 968   
Staff costs: $ 218. 770   
Professional fees: 100 $   
Rent: $ 141. 391   
Repair and maintenance: $ 25. 040   
Sales and Use Tax: $ 1. 044   
Accessories Furnishings: $ 12. 115   
Utilities: $ 68. 413   
Total Expense: $ 765. 540   
Operating income: $ 928. 509   
75th percentile   
Income   
Membership Sales - EFT / Money: $ 2, 428, 673   
Retail sales: $ 71. 857   
Total income: $ 2, 500, 531   
Cost of sales: $ 77. 094   
Gross profit: $ 2, 423, 436   
FreshAdvertising: 189. 308 USD   
Bank and Settlement Costs: $ 113. 206   
Cleaning Supplies: $ 26, 148   
Benefit: $ 4. 764   
Rent: $ 7. 701   
Fees: $ 37, 500   
Insurance: $ 17. 830   
Other: $ 35. 461   
Office expenses: $ 21, 915   
Staff costs: $ 290. 920   
Fees: $ 15, 100   
Rent: $ 355. 841   
Repair and maintenance: $ 56. 559   
Sales and Use Tax: $ 48. 752   
Accessories Furnishings: $ 25. 122   
Utilities: $ 126. 045   
Total Expense: $ 1, 372, 172   
Operating income: $ 1, 051, 264 (IBIS World, 2015).   
Fitness Center grew from 47. 7 million to over 52. 6 million over the period 2008 to 2013 (entrepreneur article, 2014). These five numbers continue to rise as consumers to develop a healthy lifestyle and discretionary income (IBIS World, 2015). Twenty-five percent of the club members take care in the United States more than 55 years and, according to analysts with American Sports Data, this age group has become the fastest growing segment of the health-club membership because he began to study trends gym in 1998 (Moody’s Investors Service, 2014). The IHRSA publishes several reports each year and believes that health clubs to attract about 59 million consumers (Entrepreneur Media, 2014).   
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