

Financial analysis for planet fitness

Business



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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

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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

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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

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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

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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 \$

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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).

References

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