

Q3 2019

INTERIM REPORT

JANUARY – SEPTEMBER 2019

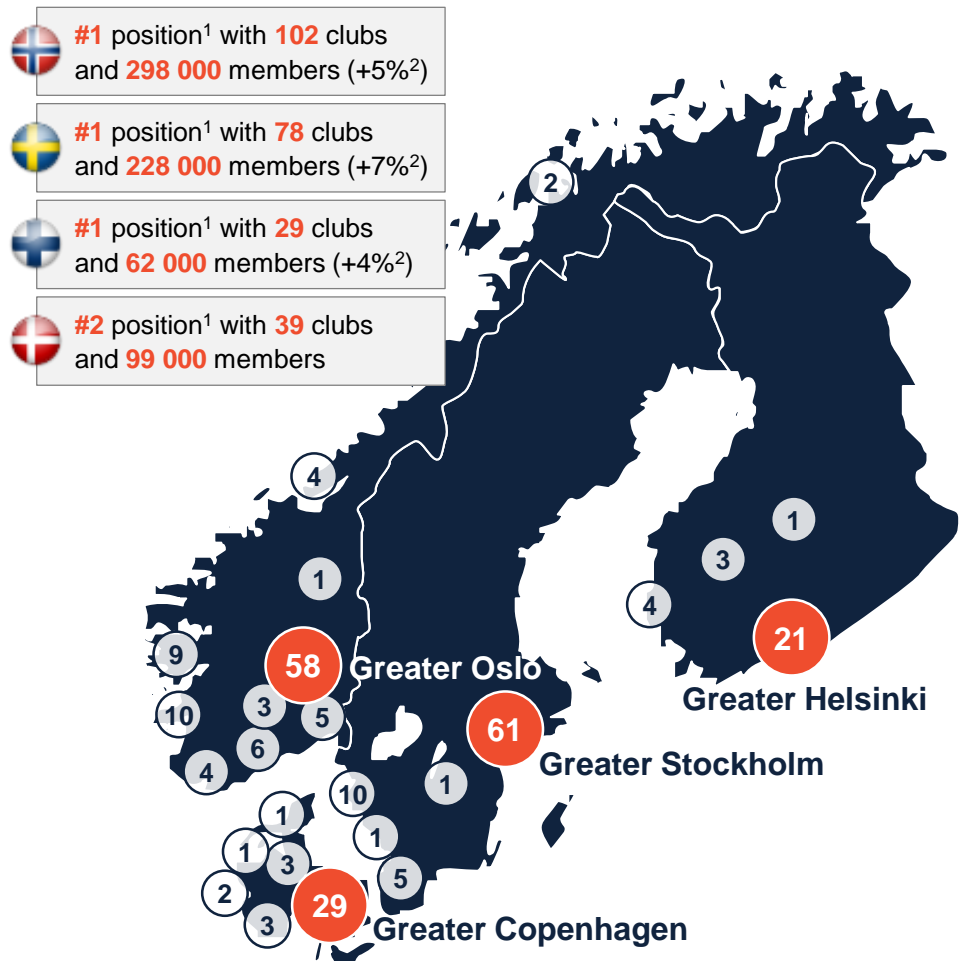
**SONDRE GRAVIR
CECILIE ELDE**

8 NOVEMBER 2019

SATSGROUP



SATS DELIVERED ANOTHER VERY SOLID QUARTER, CONTINUING THE JOURNEY WITH OUR NEW STRATEGY



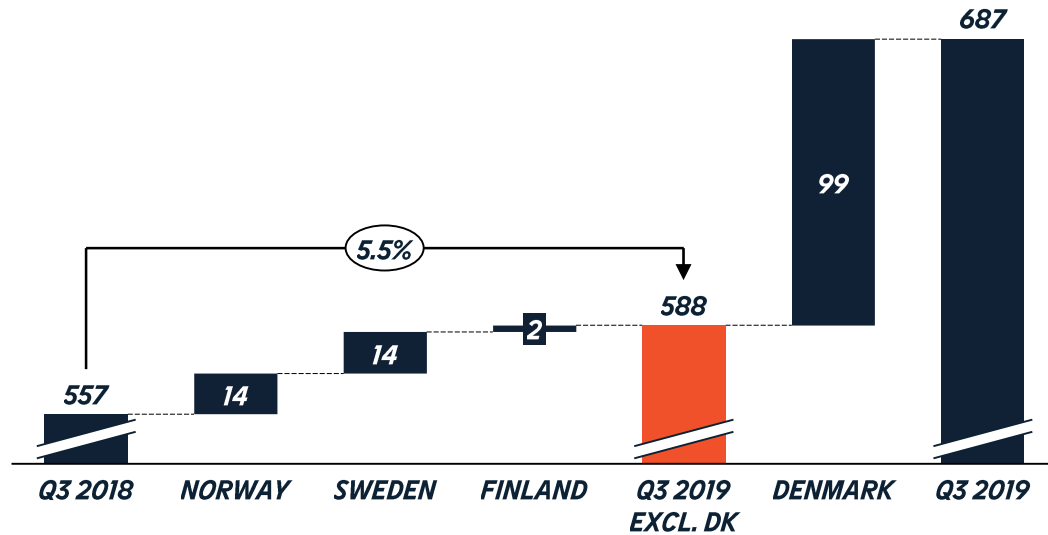
KEY FIGURES	GROUP	EXCL. DENMARK
TOTAL REVENUES	938M +25% VS Q3 2018	817M +9% VS Q3 2018
ADJ. EBITDA BEFORE IFRS 16	129M +2% VS Q3 2018	146M +15% VS Q3 2018
ADJ. EBITDA BEFORE IFRS 16 MARGIN	13.8% -3.1 PP VS Q3 2018	17.8% +1.0 PP VS Q3 2018

(1) Measured by 2018 revenues including fitness dk based on figures from Deloitte EuropeActive EHFMR 2019
 (2) Compared to Q3 2018

GROUP MEMBERS

SOLID MEMBER GROWTH YOY

OUTGOING MEMBER BASE ('000)

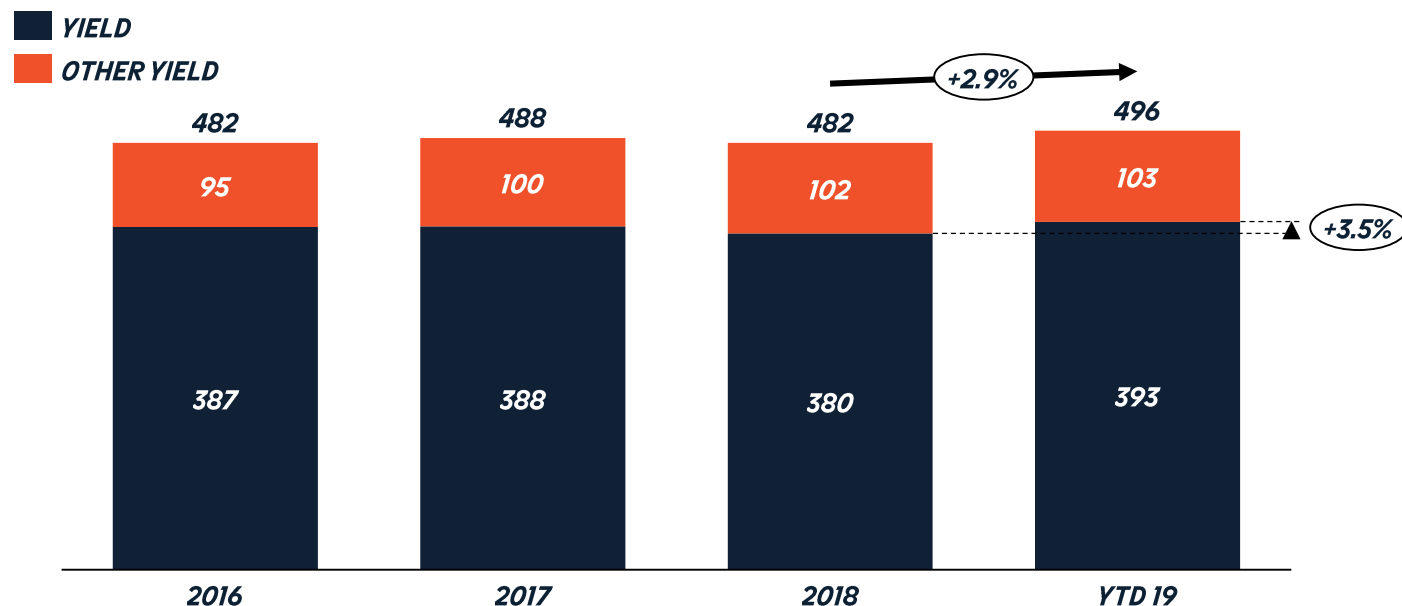


- Acquisition of fitness dk completed adding 39 clubs with a strong cluster in the Greater Copenhagen area
- Two fill-in acquisitions and one greenfield by Q3:
 - Oslo: FitnessXpress – 3 clubs
 - Stockholm: Gym & Motion – 3 clubs
 - Bergen: Greenfield opened in September
- Two additional greenfield openings in Q4 2019 (Danmarksplass and Scheelegatan)

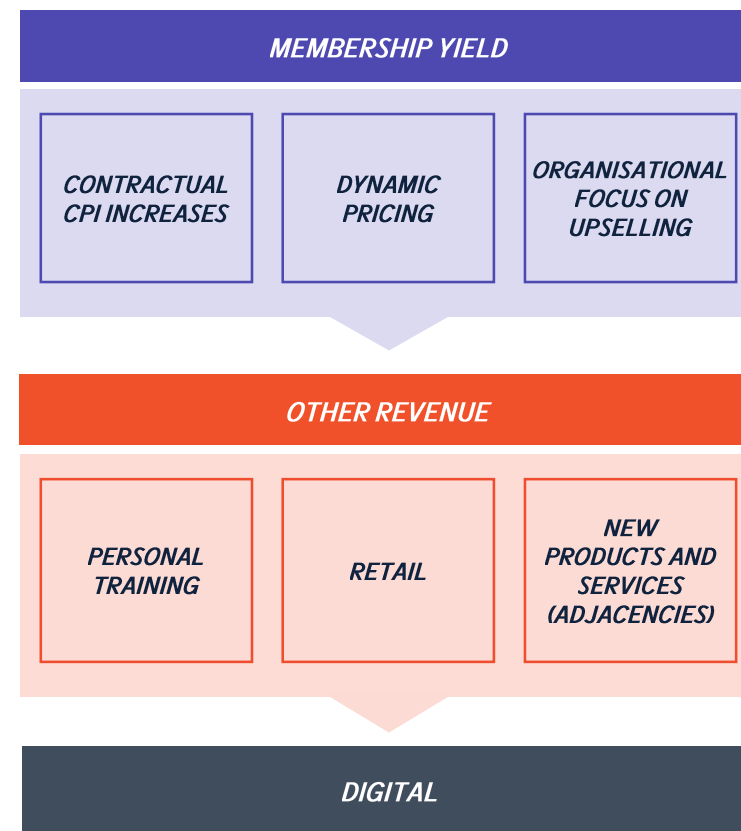


POSITIVE ARPM DEVELOPMENT DRIVEN BY STRONG OTHER REVENUE GROWTH AND RECENT PRICING INITIATIVES IMPROVING YIELD

RENEWED GROWTH IN MEMBERSHIP YIELD¹ FOLLOWING SEVERAL PRICING INITIATIVES²



LEVERS IN PLACE TO DRIVE CONTINUED ARPM³ GROWTH



- Flexible “pay for what you need” pricing model introduced in January 2017 with lower entry price point to improve competitive positioning
- Strong base to attract more members and drive up-selling
- New membership prices consistently improving and overtaking base prices
- Base price for existing members set to follow via annual price adjustments

(1) Calculated as member revenue in the period, divided by the average member base
 (2) Constant currency based on 2018 exchange rates, excluding Denmark
 (3) Average revenue per member per month, calculated as total revenue divided by the average member base

CURRENTLY PILOTING NEW PRODUCTS AND SERVICES

TREATMENTS

- Pilot offering within physiotherapy and sports massage launched at SATS CC Vest, Nesttun and Akersgata
- Following the business model developed in Sweden
- Building in-club treatment rooms
- 1-2 physiotherapists / massage therapists per treatment room

RASKERE VEI TILBAKE TIL ET AKTIVT LIV

SATS lanserer denne hasten fysioterapi på utvalgte sentre: CC Vest og Akersgata i Oslo og Nesttun i Bergen. Her får du individuell oppfølging av alle typer muskel- og skjelettplager, mosjons- og idrettskader. En unik kobling mellom fysioterapi og trening under samme tak skal sørge for at du får en raskere vei tilbake til et aktivt liv. Les her hva vi tilbyr:

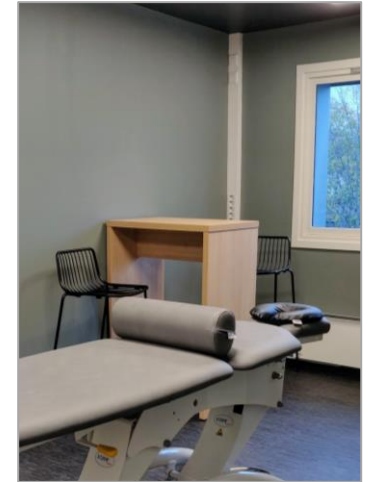


DROP-IN
Få en rask vurdering og veiledning

FYSIKALSK UNDERSØKELSE
Når kroppen hindrer deg i å trene hjelper vi deg å finne løsninger

FYSIKALSK BEHANDLING
Når videre behandling er nødvendig

SPORTSMASSASJE
Optimaliser restitusjonen før neste treningsøkt



NUTRITION ADVICE

- In September pilots of 1:1 nutrition counselling and lifestyle groups were launched in both Norway and Sweden
- Nutrition counselling delivered by certified nutritionists with minimum three years academic education
- Lifestyle groups are led by nutrition educated PTs and combines both group training and lifestyle lectures / workshops

SATS LANSERER
KOSTHOLDSVEILEDNING



NYHET!
FÅ PERSONLIG VEILEDNING
ELLER DELTA PÅ VÅRE
LIVSTILSKURSER

Se alle muligheter eller kontakt
mossagen for mer informasjon.



NÅ HAR VI
ERNÆRINGS-
FYSIOLOGER
PÅ SATS!

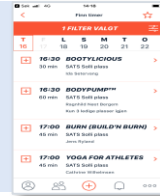
BESTILL PERSONLIG KOSTHOLDSRÅDGIVNING PÅ
SATS.NO/KOSTHOLD ELLER KONTAKT RESEPSJONEN.

ATTRACTIVE APP AND USER FUNCTIONALITY FOR MEMBERS WITH SEVERAL FUNCTIONALITIES LAUNCHED LAST SIX MONTHS

ATTRACTIVE APP AND USER FUNCTIONALITY...

Access to both GX and PT offering

- Program overview
- Filtering (e.g. clubs, classes)
- Direct PT booking



Full track of sessions and activity

- Automatic session logging
- Activity overview
- Workout diary



Social interaction with network functionality

- Build network
- Communicate
- Member challenges



...GAINING SIGNIFICANT TRACTION AMONGST MEMBERS!



370 000 users – 60% of the members



36% have one or more social relation



~1 700 000 «boosts» given to motivate friends

★ Implementation of QR codes to drive app penetration

- Very well received by SATS' members
- Integrated part of the training and experience

The app is key to increase member satisfaction and “stickiness”, we have successfully launched several functionalities the last six months

Push messages and notifications

In-app content

Comment functionality

Updated profile page with Trophy Case

Friends profile with privacy adjustments

Member challenges

CLUB EXPANSION ON TRACK

OPENING OF LAGUNEN, BERGEN

- Opened on 21 September
- 1,800 sqm
- Presale: 850 members (now: 1,200)
- Large group exercise room, Build'n Burn concept and Indoor Running offering



SIGNED GREENFIELDS

- Scheelegatan, Stockholm (opened Q4)
- Danmarks plass, Bergen (Q4 19)
- Tapiola, Helsinki (Q1 20)
- Ursvik Entré, Stockholm (Q1 20)
- Häggvik, Stockholm (H2 20)
- Bromma Blocks, Stockholm (2021)
- 3 additional locations signed (names TBA) and multiple other clubs in pipeline



IN-FILL M&A

- Three clubs in Oslo were acquired from FitnessXpress in January and rebranded in April
- Three clubs in Stockholm were acquired from Gym & Motion in April and rebranded in September





STATUS ON DENMARK

COUNTRY ECONOMICS AS OF YTD 2019

Members ('000)	99
Total revenue (MNOK)	377
ARPM (NOK)	417
Adjusted country EBITDA before impact of IFRS 16 (MNOK)	-33
Adjusted country EBITDA before impact of IFRS 16 margin	-9%

ROLLING OUT THE MODEL IN THE DANISH MARKET



SATS entered the Danish fitness market by the acquisition of fitness dk in January 2019



Period of poor performance and underinvestment leaving operation with substantial upside for improvement

SATS ACTIONS DELIVERED TO DATE



Rebranding to SATS and launch of full offering



Back-end cost reductions



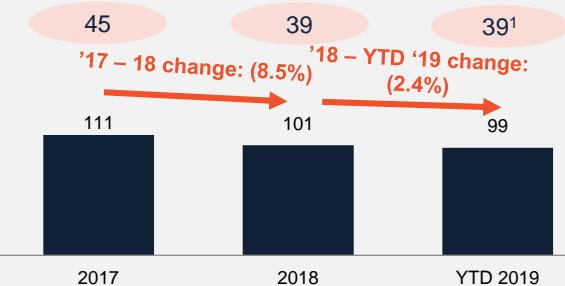
Digital front face-lift



Employee re-training

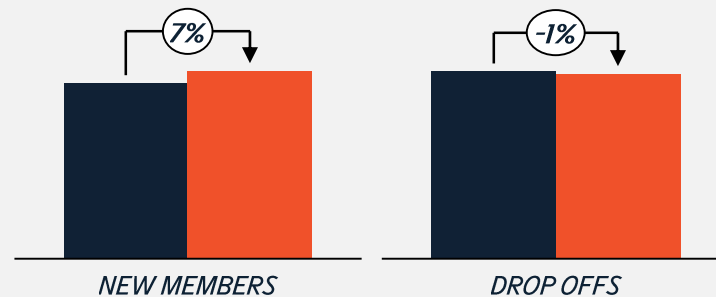
MEMBERSHIP DEVELOPMENT

of clubs, '000, EOP



ROLLOUT OF TURNAROUND MEASURES BY SATS ALREADY SEEING IMPROVEMENTS IN PERFORMANCE

■ Q3 18 ■ Q3 19



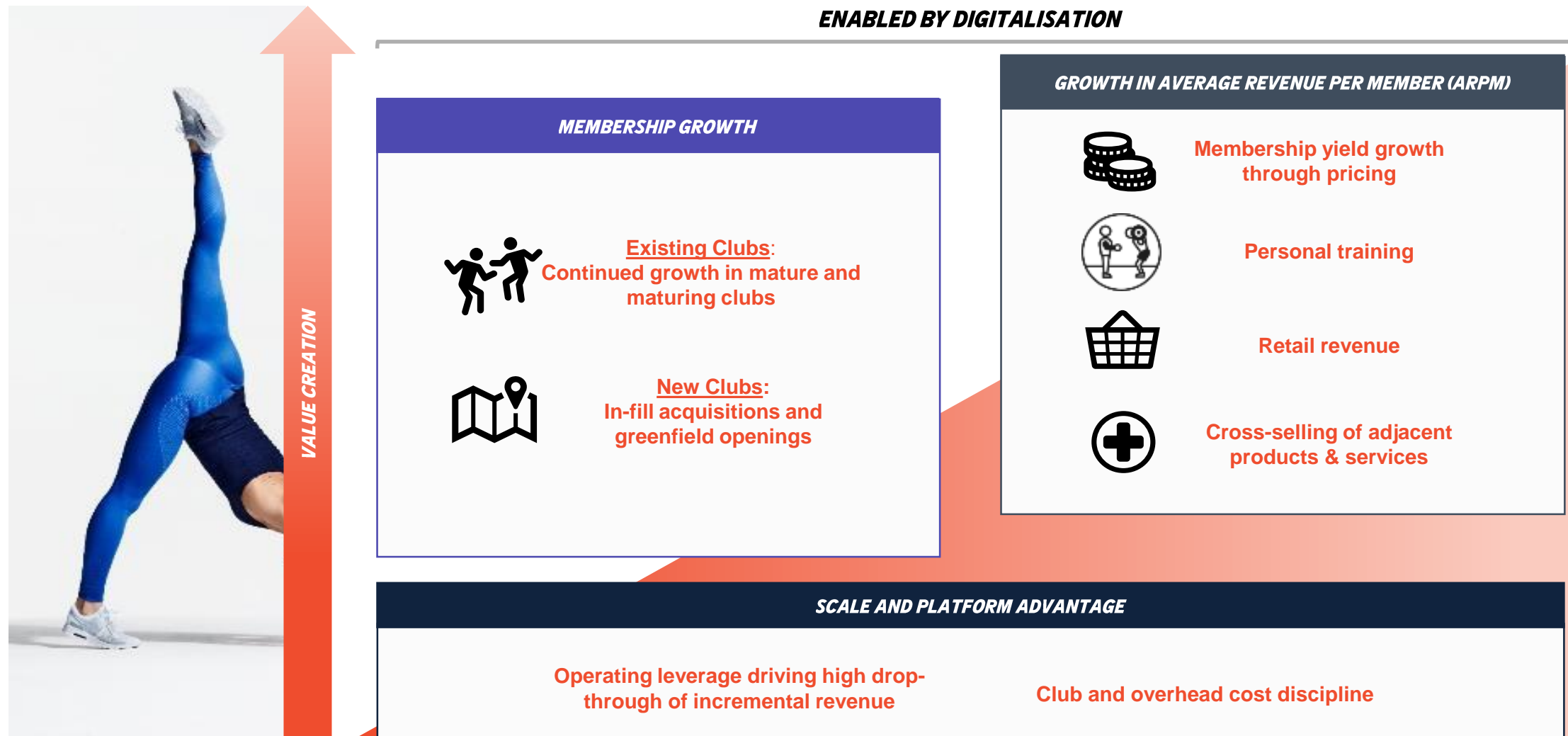
SATS PRODUCTS PREFERRED TO FDK PRODUCTS - THE FORMER ARE BEING ROLLED OUT GRADUALLY

Average load factor per GX class



1) One club (SATS Viborg) closed in October 2019

MULTIPLE GROWTH LEVERS TO DRIVE FUTURE VALUE CREATION



FINANCIAL REVIEW

SATS**GROUP**

FINANCIAL HIGHLIGHTS: SATS HAS AN EXCELLENT PERFORMANCE TRACK RECORD AND ATTRACTIVE FINANCIAL CHARACTERISTICS

A DIVERSIFIED, LOW-RISK BUSINESS

Broad geographic exposure to stable Nordic countries

Diversified revenue structure with 21% contribution from other revenue

High visibility subscription model

Attractive business model with a strong market position



STRONG PERFORMANCE TRACK RECORD

Continued volume growth across portfolio

Positive momentum in yield and track record in driving other revenue

Proven ability to acquire and integrate clubs onto SATS platform

Double-digit adj. EBITDA growth enhanced by operating leverage



ATTRACTIVE AND GROWING PROFITABILITY

High drop-through of growth in existing clubs and other revenue

Profitable and efficient club operations with expanding margins

Well-invested local and central overhead and IT backbone

Value creation via uplift to SATS model in new, converted and acquired clubs



STRONG CASH GENERATION

Maintenance and expansion capex discipline

Flexibility to reinvest in future growth or return cash

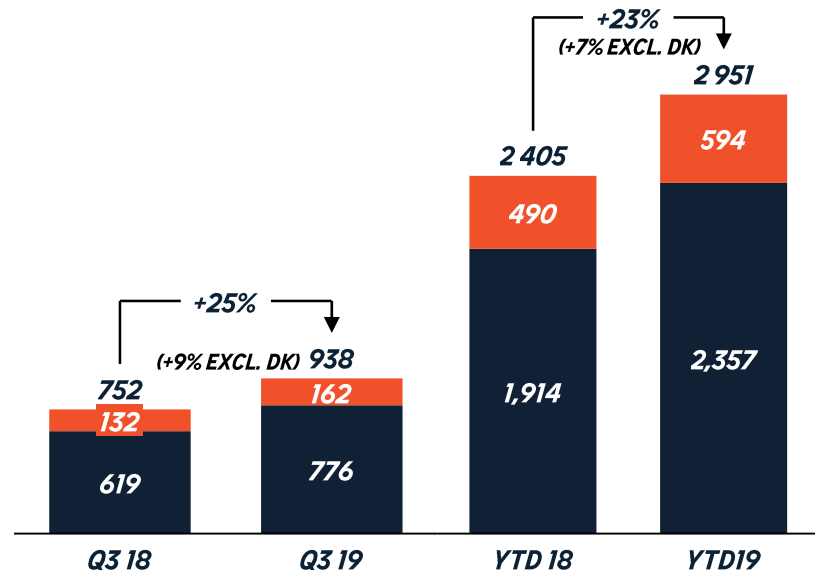


GROUP REVENUES

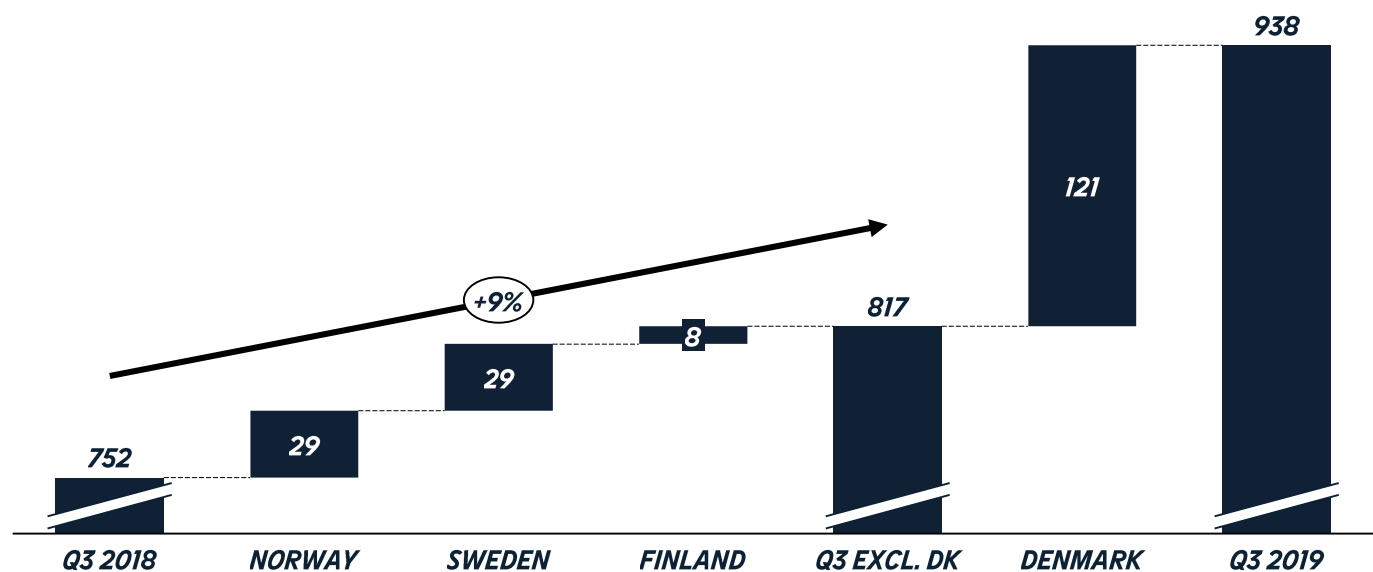
VOLUME DRIVEN REVENUE GROWTH SUPPORTED BY INCREASE IN ARPM

TOTAL REVENUES (MNOK)

MEMBERSHIP REVENUES
OTHER REVENUES



BY SEGMENT: TOTAL REVENUE DEVELOPMENT Q3 2019

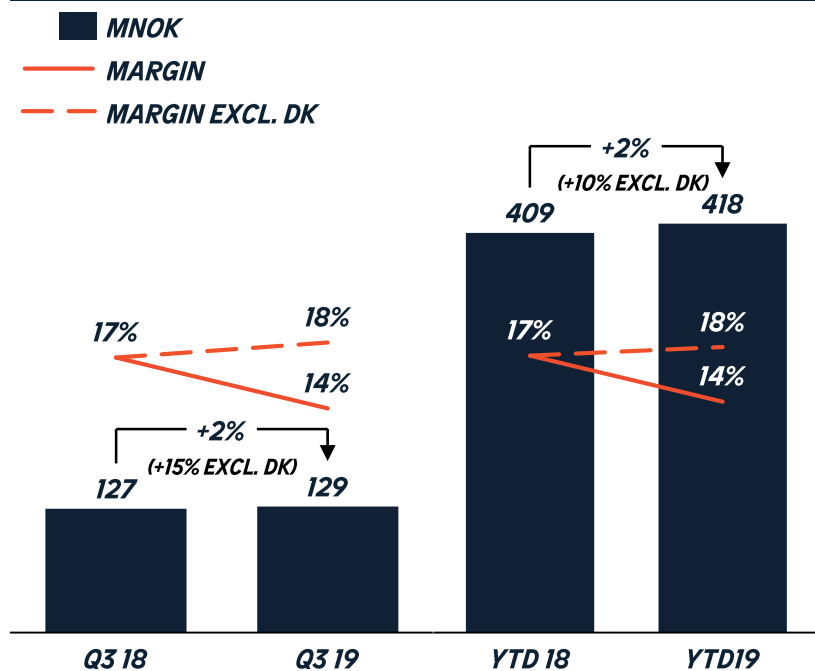


- Solid revenue improvement compared to last year driven by both member growth and improved ARPM
- Increased yield and increase in sale of personal training and retail, driven by successful campaigns, improved product offering and member activation

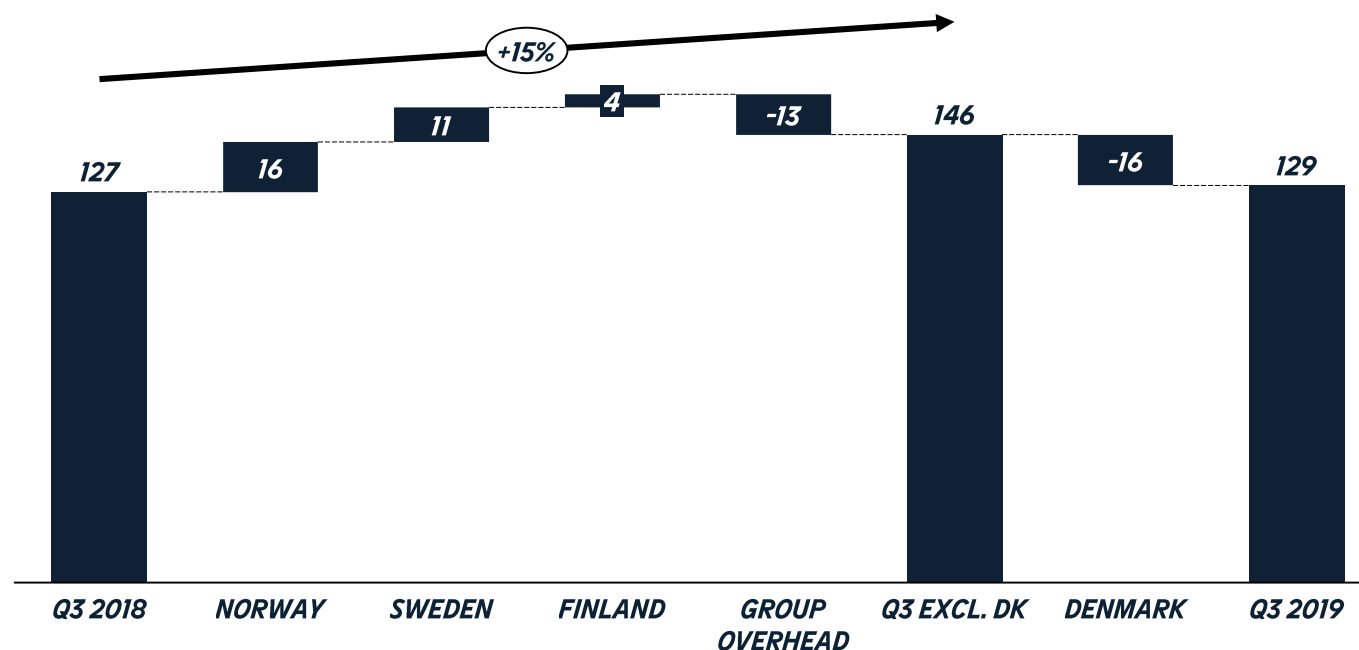
GROUP EBITDA

SOLID IMPROVEMENT IN ADJUSTED EBITDA (EXCL. DK), IMPROVING MARGINS TO 18%

ADJUSTED EBITDA BEFORE IMPACT OF IFRS 16



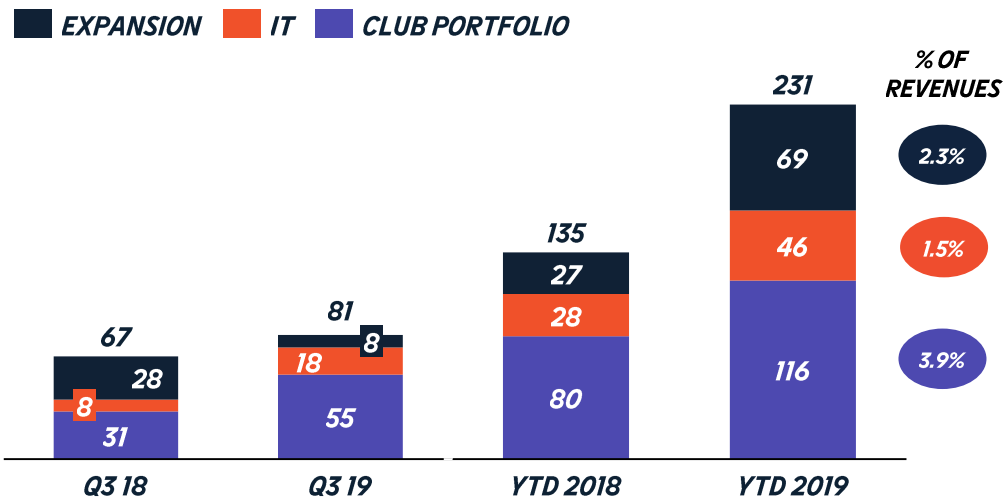
BY SEGMENT: ADJUSTED EBITDA BEFORE IMPACT OF IFRS 16



- Norway, Sweden and Finland show continued strong development in adjusted country EBITDA and improved margins as a result of operating leverage
- As expected, Denmark has a negative impact on the Q3 2019 result, with a negative adjusted country EBITDA of 16 MNOK

CAPITAL EXPENDITURES

CAPITAL EXPENDITURE (MNOK)



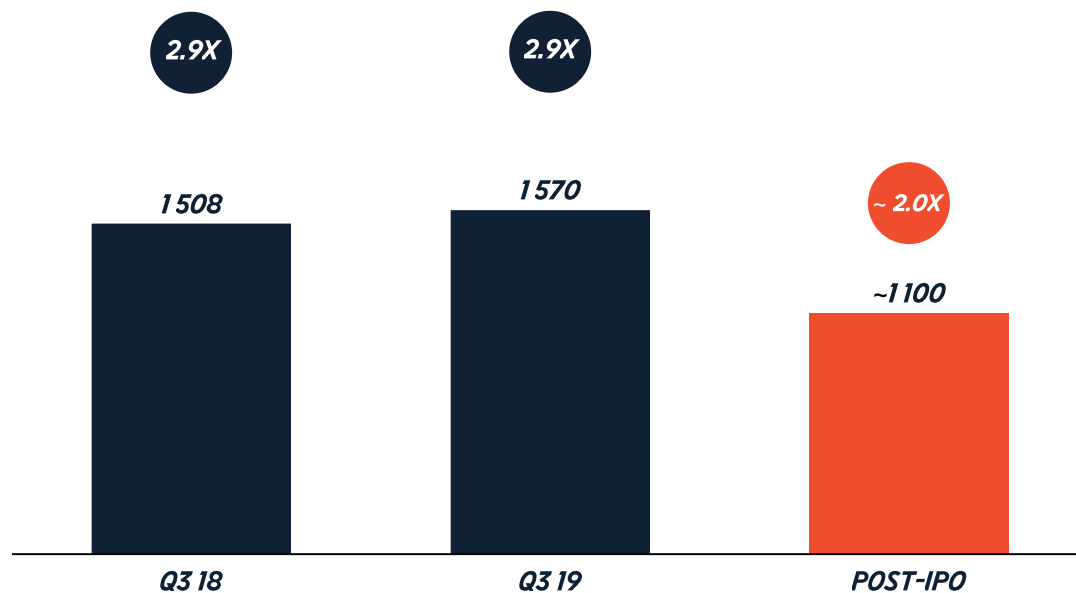
- Maintenance capex¹ YTD of 162 MNOK (5.4% of revenues), slightly higher than historical averages and expectations for coming years
 - Full year maintenance capex remains in line with expected levels communicated at IPO (~225 MNOK)
 - Step-up in club portfolio investments partly driven by acquisition of Denmark
 - Increased IT investments to reflect strategic importance of strong digital platform
- Expansion capex of 69 MNOK YTD, reflecting recent acquisitions and greenfields

(1) Maintenance capex consists of IT capex and club portfolio capex



STABLE DEVELOPMENT IN NET DEBT AND LEVERAGE

NET DEBT (MNOK) AND LEVERAGE RATIO¹



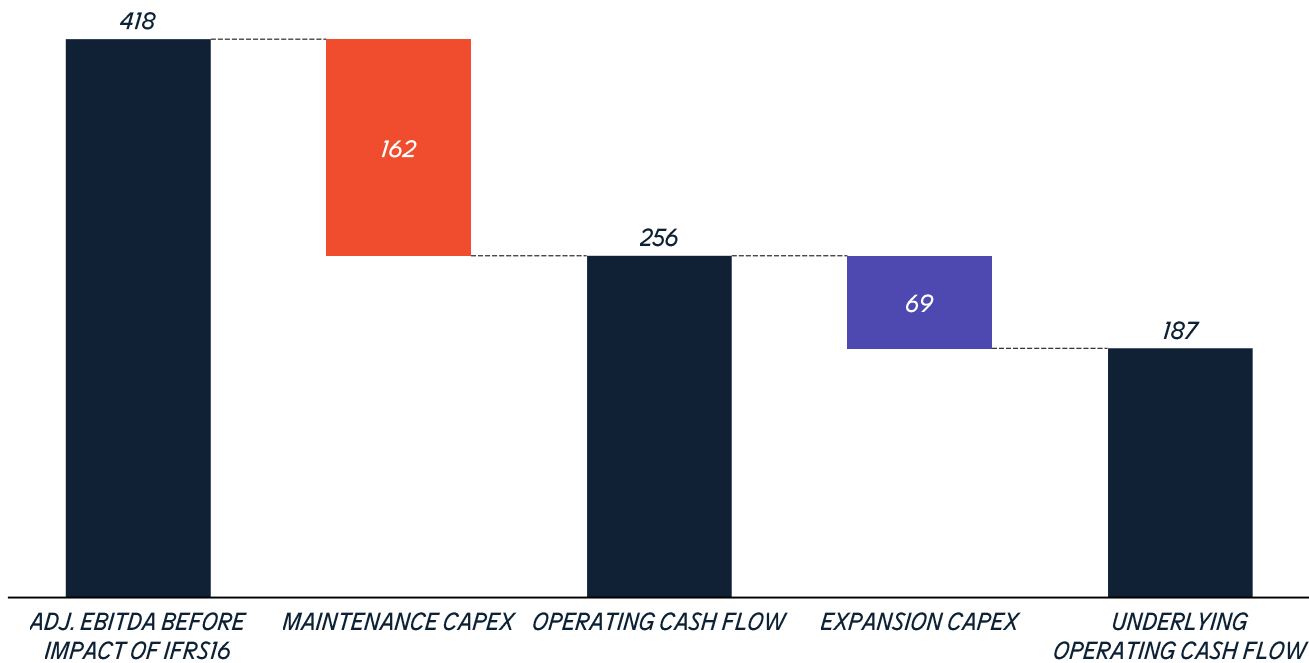
- Slight increase in net debt compared to last year after acquiring fitness dk
- Leverage stable at 2.9x
- IPO proceeds has reduced net debt to ~1 100 MNOK and the leverage ratio to the communicated target of ~ 2.0x

(1) Net debt divided by last twelve months adjusted EBITDA before impact of IFRS 16

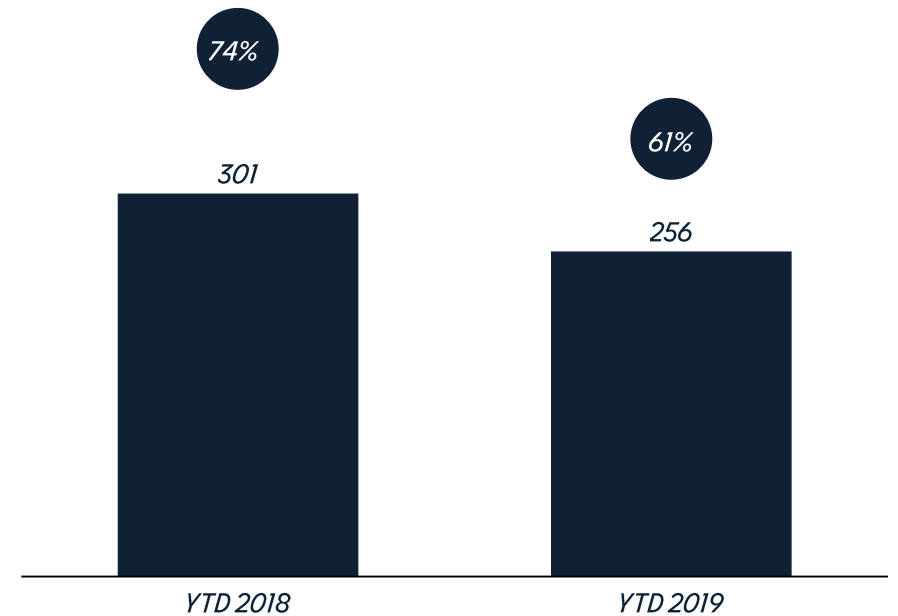


CASH CONVERSION

KEY CASH FLOW ITEMS YTD 2019 (MNOK)



OPERATING CASH FLOW (MNOK) AND CASH CONVERSION



- Cash conversion YTD at 61%, slightly down from 74% in 2018
- Decrease in cash conversion as a result of negative contribution from Denmark, increased maintenance CAPEX LTM due to major upgrades in Denmark and increased IT investments

OUTLOOK



Continued volume growth, yield expansion and growth in other revenues.

We expect H2 to be more balanced relative to H1 in EBITDA* generation in 2019 compared to previous years.



Continue to strengthen cluster position through new club openings and M&A.



Increased focus on digital capabilities and product development.

*Adjusted EBITDA before impact of IFRS 16



Q&A

SATS**GROUP**

DISCLAIMER

This report includes forward-looking statements which are based on our current expectations and projections about future events. Statements herein, other than statements of historical facts, regarding future events or prospects, are forward-looking statements. All such statements are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements. As a result, you should not place undue reliance on these forward-looking statements.

The Group reports its financial results in accordance with accounting principles IFRS as issued by the IASB and as endorsed by the EU. However, management believes that certain alternative performance measures (APMs) provide management and other users with additional meaningful financial information that should be considered when assessing the Group's ongoing performance. These APMs are non-IFRS financial measures, and should not be viewed as a substitute for any IFRS financial measure. Management, the board of directors and the long term lenders regularly uses supplemental APMs to understand, manage and evaluate the business and its operations. These APMs are among the factors used in planning for and forecasting future periods, including assessment of financial covenants compliance.

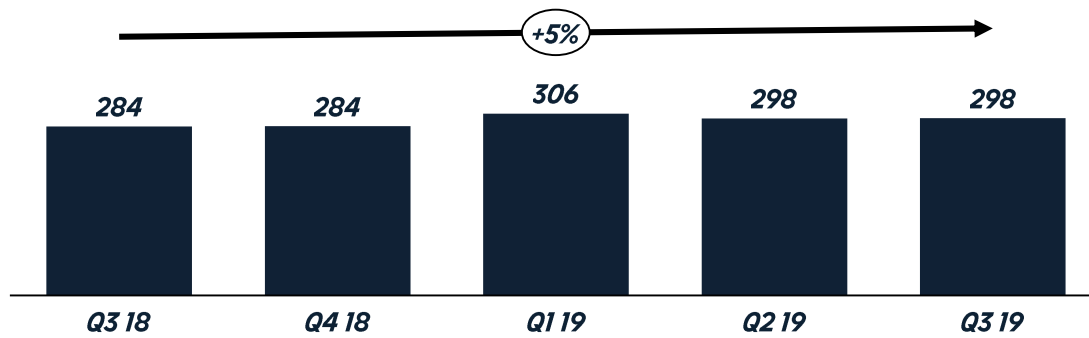
APPENDIX

SATS**GROUP**

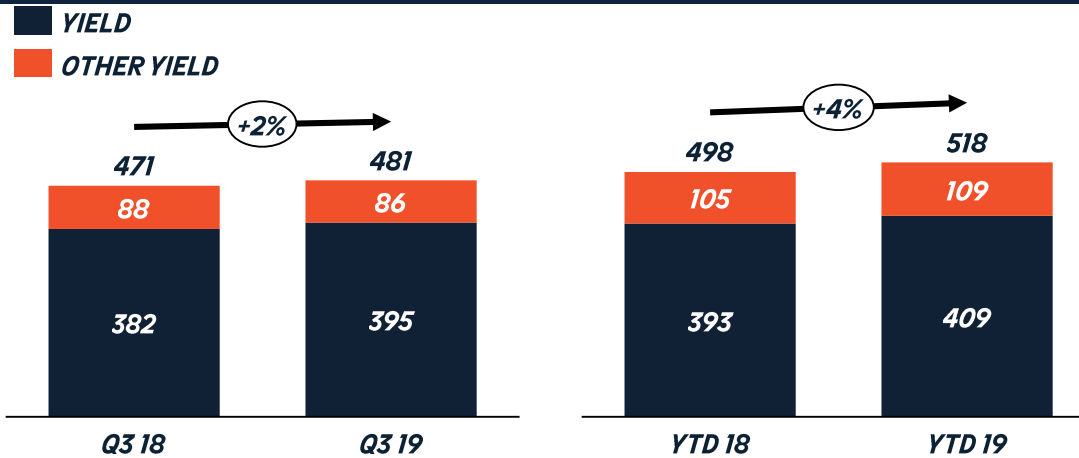
NORWAY

MEMBERS AND ARPM

OUTGOING MEMBER BASE ('000)

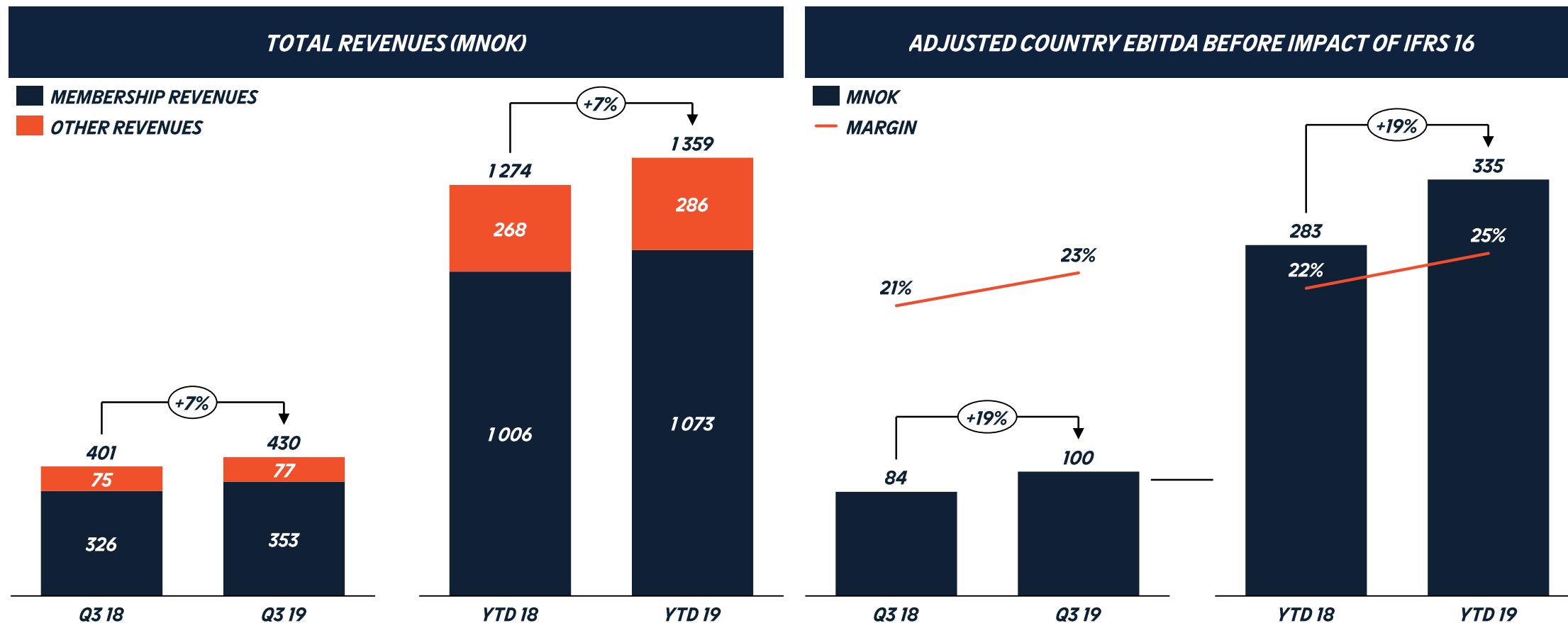


ARPM AND YIELD (NOK/MONTH)



NORWAY

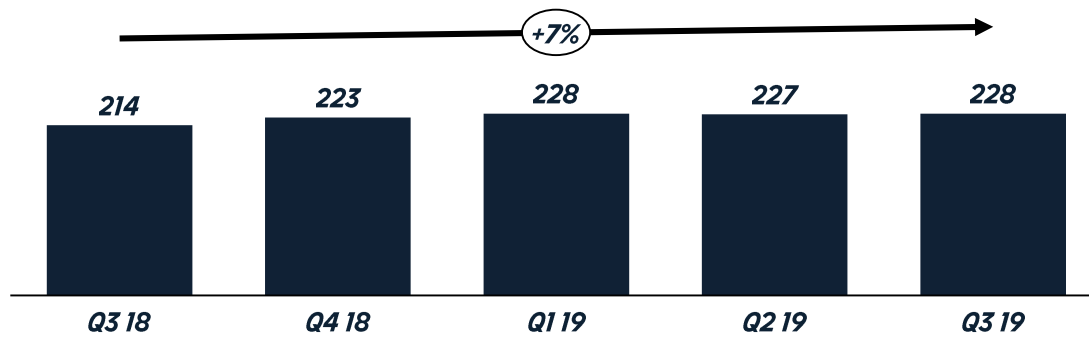
REVENUES AND EBITDA



SWEDEN

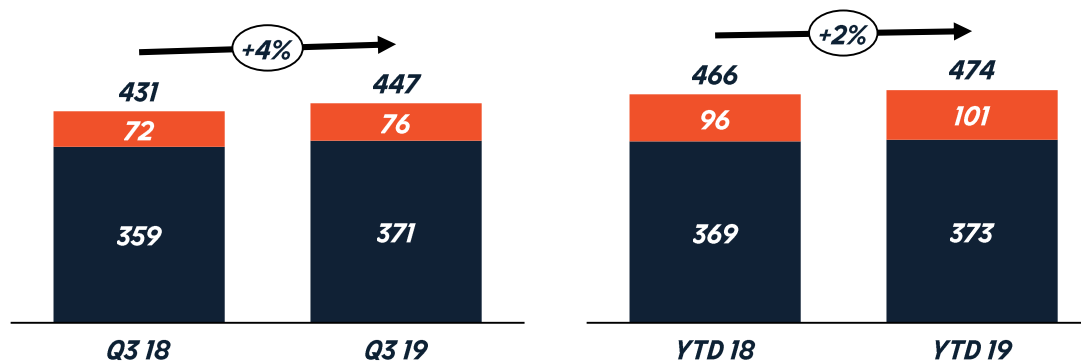
MEMBERS AND ARPM

OUTGOING MEMBER BASE ('000)



ARPM AND YIELD (NOK/MONTH)

■ YIELD
■ OTHER YIELD

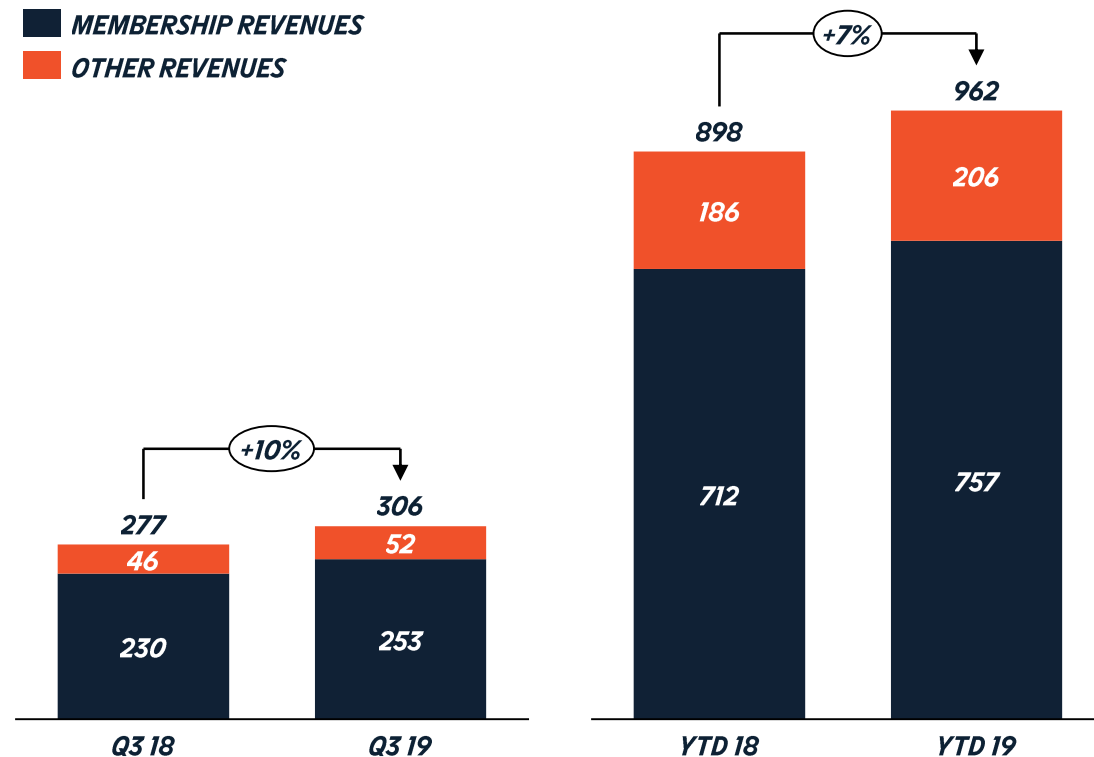


SWEDEN

REVENUES AND EBITDA

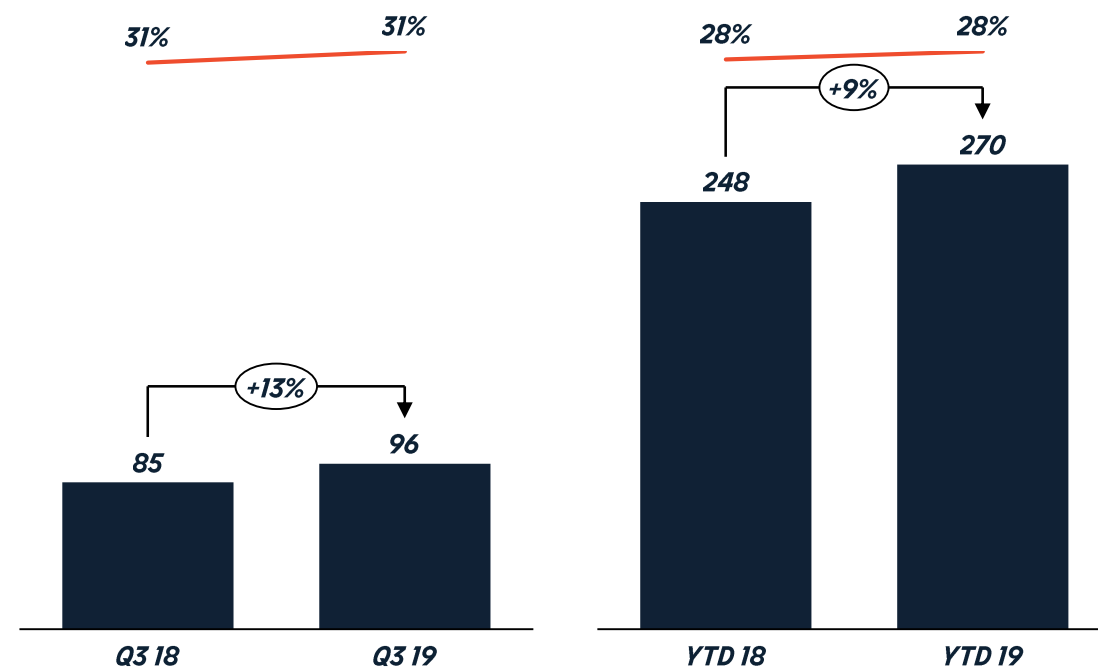
TOTAL REVENUES (MNOK)

- MEMBERSHIP REVENUES
- OTHER REVENUES



ADJUSTED COUNTRY EBITDA BEFORE IMPACT OF IFRS 16

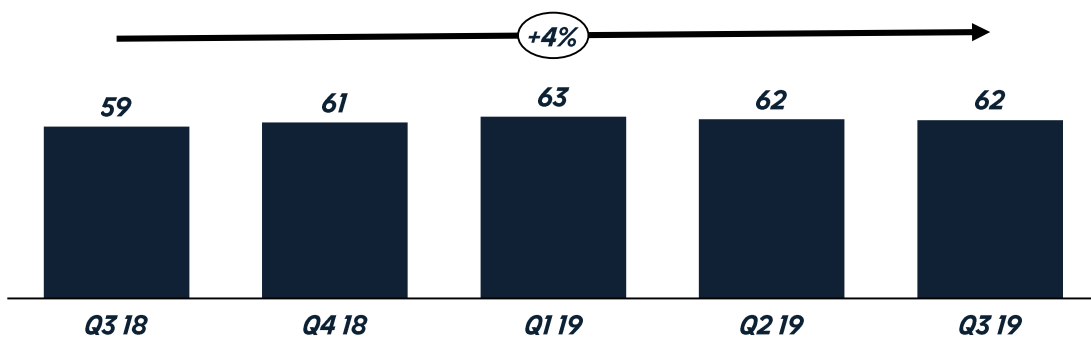
- MNOK
- MARGIN



FINLAND

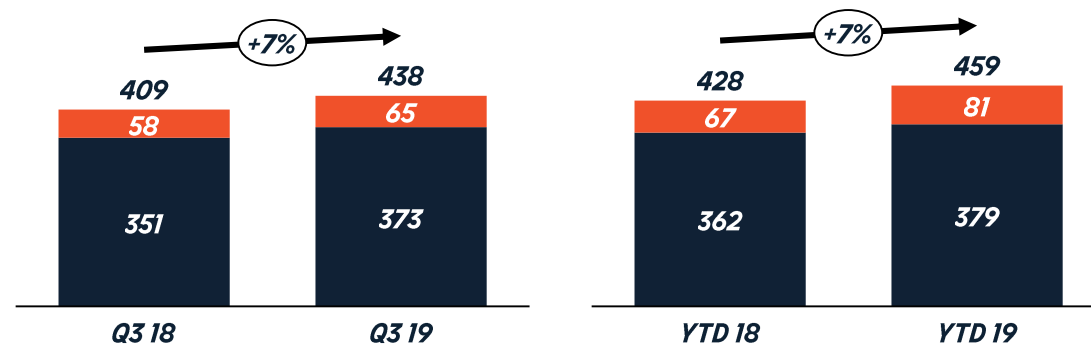
MEMBERS AND ARPM

OUTGOING MEMBER BASE ('000)



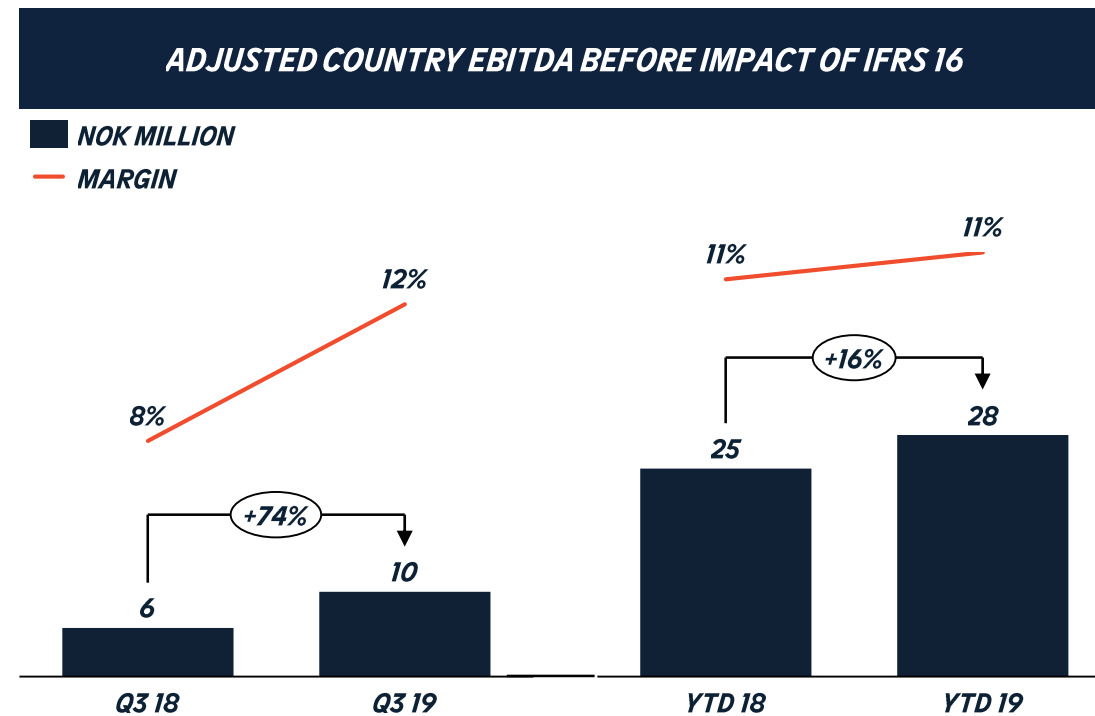
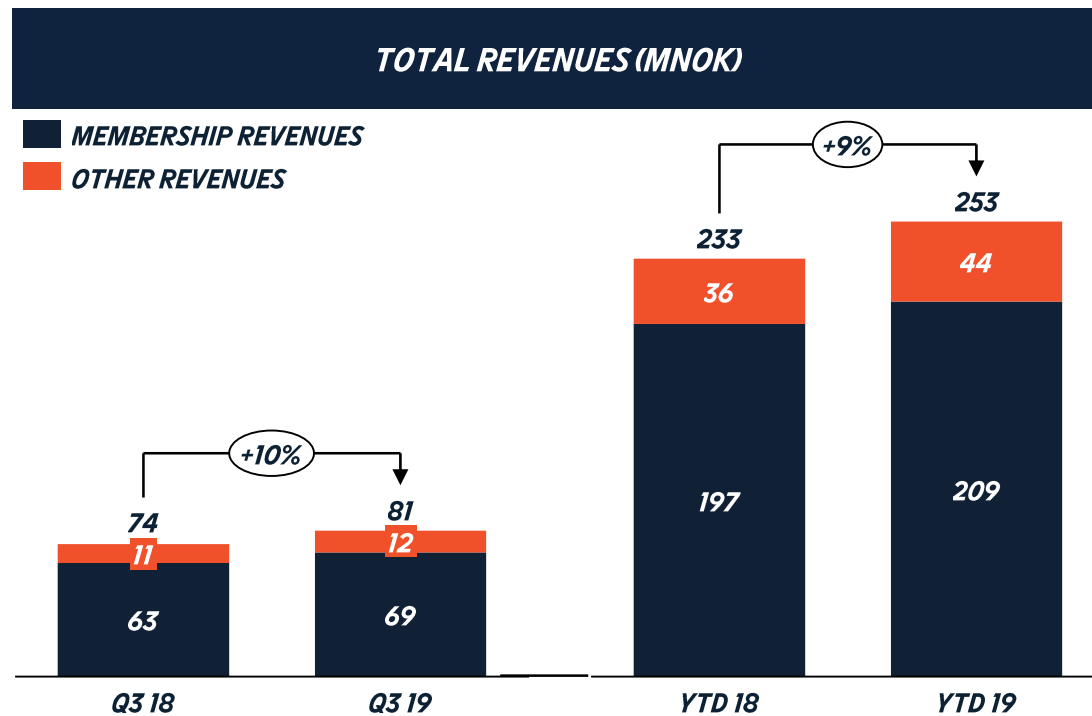
ARPM AND YIELD (NOK/MONTH)

■ YIELD
■ OTHER YIELD



FINLAND

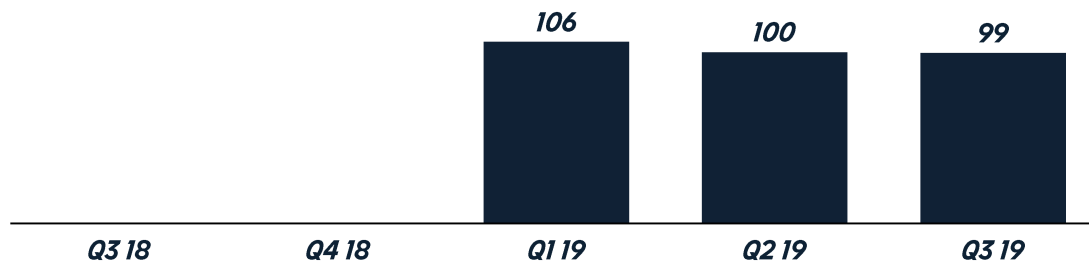
REVENUES AND EBITDA



DENMARK

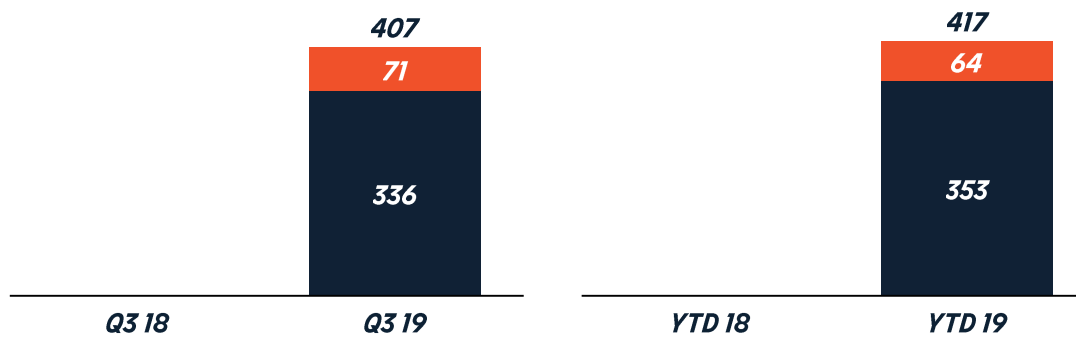
MEMBERS AND ARPM

OUTGOING MEMBER BASE ('000)



ARPM AND YIELD (NOK/MONTH)

■ YIELD
■ OTHER YIELD

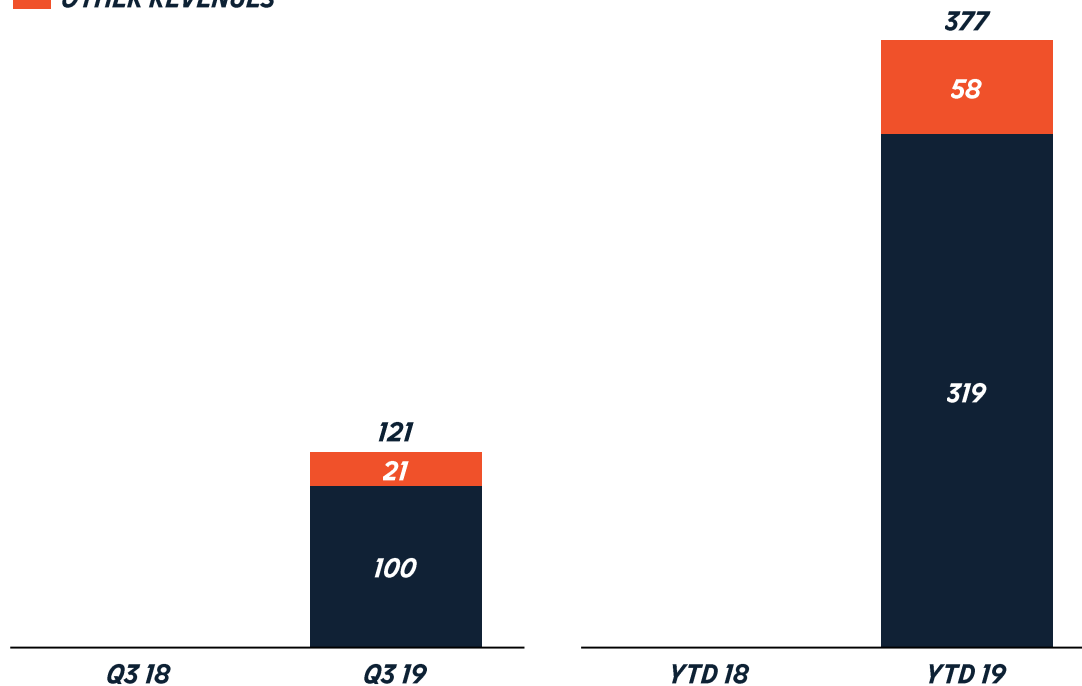


DENMARK

REVENUES AND EBITDA

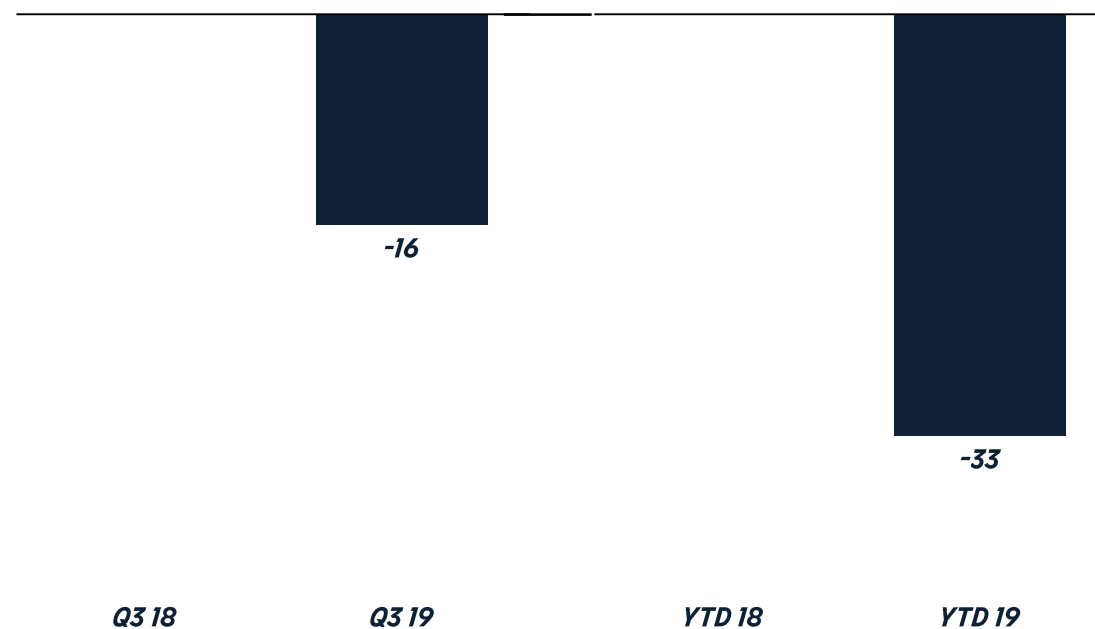
TOTAL REVENUES (MNOK)

- MEMBERSHIP REVENUES
- OTHER REVENUES



ADJUSTED COUNTRY EBITDA BEFORE IMPACT OF IFRS 16

- MNOK



GLOSSARY

TERM	DEFINITION
Adjusted country EBITDA before impact of IFRS 16	Adjusted EBITDA before impact of IFRS 16 less allocation of Group overhead and cost allocations
Adjusted country EBITDA before impact of IFRS 16 margin	Adjusted country EBITDA before impact of IFRS 16 divided by total revenue
Adjusted EBITDA before impact of IFRS 16	EBITDA adjusted for (i) closed clubs; (ii) certain items affecting comparability; and (iii) the impact of implementation of the new IFRS 16 lease standard
Adjusted EBITDA before impact of IFRS 16 margin	Adjusted EBITDA before impact of IFRS 16 divided by total revenue
Average number of members per club	Number of clubs by the end of the period divided by the average member base
Average revenue per member (ARPM)	Average revenue per member per month, calculated as total revenue divided by the average member base
Capex: Club portfolio capital expenditures	Maintenance capital expenditures less IT capital expenditures
Capex: Expansion capital expenditures	The sum of investments related to acquisitions and greenfields
Capex: IT capital expenditures	Capital expenditures associated with developing software programs
Capex: Maintenance capital expenditures	Total capital expenditures less expansion capital expenditures
Capex: Total capital expenditures	The sum of all capital expenditures
Cash conversion	Operating cash flow divided by adjusted EBITDA before impact of IFRS 16
Club	Number of clubs open and trading under the brands 'SATS', 'ELIXIA', 'Fresh Fitness' and 'HiYoga' as of the end of the period

TERM	DEFINITION
EBITDA	Profit/(loss) before net financial items, income tax expense, depreciation and amortization
EBITDA before impact of IFRS 16	EBITDA adjusted for lease expenses applying IAS 17 Leases
EBITDA before impact of IFRS 16 margin	EBITDA before impact of IFRS 16 divided by total revenue
Group overhead	Consists of group services such as e.g. commercial functions, IT, finance and administration
Leverage ratio	Net debt divided by last twelve months adjusted EBITDA before impact of IFRS 16
Member base, average	Average number of members at the beginning and in the end of the period, including frozen memberships, excluding free memberships
Member base, outgoing	Number of members as of the end of the period, including frozen memberships, excluding free memberships
Net debt	Current and non-current borrowings less cash and cash equivalents
Operating cash flow	Adjusted EBITDA before impact of IFRS 16 less maintenance capital expenditures
Operating profit excluding impairment	Operating profit adjusted for any recognised impairment
Other yield	Calculated as other revenue in the period, divided by the average member base
Underlying operating cash flow	Operating cash flow less expansion capital expenditures
Yield	Calculated as member revenue in the period, divided by the average member base

SUMMARY TABLE

KEY KPIS					
	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Number of clubs, EOP	248	199	248	199	203
Outgoing member base ('000s)	687	557	687	557	569
Average member base ('000s)	687	558	679	559	555
Average number of members per club	2 770	2 806	2 736	2 808	2 736
ARPM (NOK)	455	449	483	478	489
Yield (NOK)	377	370	386	381	385
Reported EBITDA (MNOK)	348	308	1 103	938	1 267
Adjusted EBITDA before impact of IFRS 16 (MNOK)	129	127	418	409	539
Adjusted EBITDA before impact of IFRS 16 margin	14%	17%	14%	17%	17%
Adjusted country EBITDA before impact of IFRS 16 (MNOK)	190	175	600	555	724
Net debt (MNOK) ¹	1 570	1 508	1 570	1 508	1 490
Total capital expenditures (MNOK)	81	67	231	135	221
Expansion capital expenditures (MNOK)	8	28	69	27	34
Maintenance capital expenditures (MNOK)	73	39	162	108	187
IT capital expenditures (MNOK)	18	8	46	28	38
Club portfolio capital expenditures (MNOK)	55	31	116	80	149
Operating cash flow (MNOK)	56	88	256	301	352
Leverage ratio ¹	2.9x	2.9x	2.9x	2.9x	2.8x
Cash conversion	44%	69%	61%	74%	65%

(1) Please note that the figures are pre-IPO

REPORTING UNDER IFRS 16

Balance sheet items - IFRS 16			
<i>Amounts in NOK million</i>	Reported 9/30/2019	Change IFRS 16	Excl. IFRS 16 9/30/2019
Non-current property, plant and equipment	2 460	-6	2 466
Right-of use asset	3 641	3 641	0
Deferred tax assets	215	75	140
Prepaid expenses and accrued income	236	-66	301
Total assets	7 727	3 645	4 082
Equity	-111	-314	204
Non-current lease liability	3 271	3 269	2
Current lease liability	745	741	4
Other current liabilities	1 168	-50	1 218
Total equity and liabilities	7 727	3 645	4 082
Profit & loss items - IFRS 16			
Revenue	2 951	0	2 951
Cost of goods sold	83	0	83
Personnel expenses	1 052	0	1 052
Other operating expenses	713	691	1 404
Depreciation and amortisation	723	-569	154
Operating profit	380	122	258
Net financial items	-169	-140	-29
Income tax expense	-44	3	-47
Profit/(loss) for the period	168	-15	182
Other comprehensive income	-15	2	-17
Total comprehensive income	153	-12	166

- SATS implemented IFRS 16 using the full retrospective approach. As such, 2018 financial information is required to be restated in these financial statements. The impact of the new lease standard is reflected in the opening balance of 1 January 2018
- SATS presents the right-of-use assets and lease liabilities as separate line-items in the statement of financial position. Lease liabilities are split into current, due within one year, and non-current, due after more than one year.
- EBITDA no longer includes lease costs, instead the depreciation charges on the RoUA and interest charges on the leases are included in the P&L
- IFRS 16 has no impact on bank covenants as they are calculated based on frozen GAAP

ESTIMATED BALANCE SHEET EFFECTS FROM THE IPO

CONSOLIDATED BALANCE SHEET

(Amounts in NOK million) 30.09.2019

ASSETS

Non-current assets

Non-current intangible assets	2 460
Right-of use asset	3 641
Other non-current assets	965
Total non-current assets	7 067

Current assets

Other current assets	442
Cash and cash equivalents	219
Total current assets	660
Total assets	7 727

EQUITY

Share capital	239
Other equity	-349
Total equity	-111

LIABILITIES

Non-current liabilities

Borrow ings	1 708
Lease liability	3 271
Other non-current liabilities	127
Total non-current liabilities	5 106

Current liabilities

Borrow ings	80
Lease liability	745
Contract liability	507
Other current liabilities	2 415
Total current liabilities	2 732
Total liabilities	7 838
Total equity and liabilities	7 727

CASH BALANCE

Change in cash on balance resulting from the net effect of i) debt refinancing / down payment and ii) and net primary proceeds from the listing of SATS

TOTAL SHAREHOLDERS EQUITY

Net positive effect of approx. 1 854 MNOK¹ resulting from a primary issue of shares raising net proceeds of 1 355 MNOK² and a conversion of a committed dividend to equity in the amount of 500 MNOK

LONG TERM DEBT

New revolving credit facility coming into effect per the listing, with an initial draw-down of 1 300 MNOK. Leverage ratio reduced from 2.9x to target level at 2.0x

(1) Including settlement of a receivable in conjunction with the IPO

(2) Including expenses and professional fees related to the listing process of 45 MNOK, which is incurred in Q4 and which will hence affect the balance sheet and income statement in this reporting period

***SATS*GROUP**