

TOWN SPORTS INTERNATIONAL HOLDINGS INC
Form 10-K
March 07, 2016

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

Annual Report pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2015

Transition Report pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934
For the transition period from

Commission file number: 001-36803

Town Sports International Holdings, Inc.
(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

20-0640002
(I.R.S. Employer
Identification No.)

5 PENN PLAZA —~~T~~4 FLOOR
NEW YORK, NEW YORK
(Address of principal executive offices)

10001
(Zip code)

(212) 246-6700
(Registrant’s telephone number,
including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Common Stock, \$0.001 par value

Name of Each Exchange on Which Registered
The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirement for the past

90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part IV of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of June 30, 2015 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$39.0 million (computed by reference to the last reported sale price on The Nasdaq National Market on that date). The registrant does not have any non-voting common stock outstanding.

As of March 1, 2016, there were 25,002,411 shares of Common Stock of the Registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the 2016 Annual Meeting of Stockholders, to be filed not later than April 29, 2016, are incorporated by reference into Items 10, 11, 12, 13 and 14 of Part III of this Form 10-K.

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TOWN SPORTS INTERNATIONAL HOLDINGS, INC.
FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements regarding future financial results and performance, potential sales revenue, potential club closures, results of cost savings initiatives, legal contingencies and tax benefits and contingencies, future declarations and payments of dividends, and the existence of adverse litigation and other risks, uncertainties and factors set forth under Item 1A., entitled “Risk Factors”, of this Annual Report on Form 10-K and in our other reports and documents filed with the Securities and Exchange Commission (“SEC”). You can identify these forward-looking statements by the use of words such as “outlook”, “believes”, “expects”, “potential”, “continues”, “may”, “will”, “should”, “seeks”, “approximately”, “predict”, “plans”, “estimates”, “anticipates”, “target”, “could” or the negative version of these words or other comparable words. These statements are subject to various risks and uncertainties, many of which are outside our control, including, among others, the level of market demand for our services, economic conditions affecting our business, the success of our pricing model, the geographic concentration of our clubs, competitive pressure, the ability to achieve reductions in operating costs and to continue to integrate acquisitions, outsourcing of certain aspects of our business, environmental matters, the application of Federal and state tax laws and regulations, any security and privacy breaches involving customer data, the levels and terms of the Company’s indebtedness, and other specific factors discussed herein and in other SEC filings by us. We believe that all forward-looking statements are based on reasonable assumptions when made; however, we caution that it is impossible to predict actual results or outcomes or the effects of risks, uncertainties or other factors on anticipated results or outcomes and that, accordingly, one should not place undue reliance on these statements. Forward-looking statements speak only as of the date when made, and we undertake no obligation to update these statements in light of subsequent events or developments. Actual results may differ materially from anticipated results or outcomes discussed in any forward-looking statement.

PART I

Item 1. Business

In this Annual Report, unless otherwise stated or the context otherwise indicates, references to “Town Sports”, “TSI”, “the Company”, “we”, “our” and similar references refer to Town Sports International Holdings, Inc. and its subsidiaries, references to “TSI Holdings” refers to Town Sports International Holdings, Inc., and references to “TSI, LLC” refer to Town Sports International, LLC, our wholly-owned operating subsidiary.

General

Based on the number of clubs, we are one of the leading owners and operators of fitness clubs in the Northeast and Mid-Atlantic regions of the United States (“U.S.”) and one of the largest fitness club owners and operators in the U.S. As of December 31, 2015, the Company, through its subsidiaries, operated 152 fitness clubs (“clubs”) and three BFX Studio (“studio”) locations. Our clubs collectively served approximately 541,000 members as of December 31, 2015. We owned and operated a total of 105 clubs under the “New York Sports Clubs” (“NYSC”) brand name within a 120-mile radius of New York City as of December 31, 2015, including 37 locations in Manhattan where we are the largest fitness club owner and operator. We owned and operated 27 clubs in the Boston region under our “Boston Sports Clubs” (“BSC”) brand name, 12 clubs (one of which is partly-owned) in the Washington, D.C. region under our “Washington Sports Clubs” (“WSC”) brand name and five clubs in the Philadelphia region under our “Philadelphia Sports Clubs” (“PSC”) brand name as of December 31, 2015. In addition, we owned and operated three clubs in Switzerland as of December 31, 2015. We also have one partly-owned club that operated under a different brand name in Washington, D.C. as of December 31, 2015. We employ localized brand names for our clubs to create an image and atmosphere consistent with the local community and to foster recognition as a local network of quality fitness clubs rather than a national chain.

We develop clusters of clubs to serve densely populated major metropolitan regions and we service such populations by clustering clubs near the highest concentrations of our target customers’ areas of both employment and residence. Our clubs are located for maximum convenience to our members in urban or suburban areas, close to transportation hubs or office or retail centers. Our members include a wide age demographic covering the student market to the

active mature market. In each of our markets, we have developed clusters by initially opening or acquiring clubs located in the more central urban markets of the region and then branching out from these urban centers to suburbs and neighboring communities.

Over our 42-year history since 1973, we have developed and refined our club formats, which allows us to cost-effectively construct and efficiently operate our fitness clubs in the different real estate environments in which we operate. Our fitness-only clubs average approximately 20,000 square feet, while our multi-recreational clubs average approximately 38,000 square feet.

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The aggregate average size of our clubs is approximately 27,000 square feet. Our clubs typically have an open fitness area to accommodate cardiovascular and strength-training equipment, as well as special purpose rooms for group fitness classes and other exercise programs. We seek to provide a broad array of high-quality exercise programs and equipment that are popular and effective, promoting a quality exercise experience for our members. When developing clubs, we carefully examine the potential membership base and the likely demand for supplemental offerings such as swimming, basketball, children's programs, tennis or squash and, provided suitable real estate is available, we will add one or more of these offerings to our fitness-only format. For example, a multi-recreational club in a family market may include Sports Clubs for Kids programs, which can include swim lessons and sports camps for children. We completed the introduction of a lower pricing model in the second quarter of 2015, offering reduced monthly dues. As of December 31, 2015, approximately 80% of our clubs were operating under this pricing model, with the remaining clubs principally comprising the Company's passport-only model. The clubs that are operating under the lower pricing model offer a similar level of service and amenities but at a lower price point. This model gives us an opportunity to recapture market share and compete against certain other gyms that opened in our markets. We believe our offerings are compelling because we include group exercise classes, top of the line equipment, pools and courts with price of certain memberships, when available. We continue to consider and make pricing adjustments in order to increase revenue while also driving membership growth.

We added 64,000 net members in the year ended December 31, 2015 compared to a net member loss of 13,000 in 2014. The ending member count of 541,000 included two adjustments decreasing the count during the year. In the third quarter we completed the conversion from our internally developed Club Management legacy system to a third-party developed software system which resulted in a one-time adjustment to our historical legacy member count of approximately 5,000 members. We believe this adjustment was non-revenue generated and therefore does not impact our consolidated financial statements. In addition there are approximately 2,000 members at one partly-owned club operating under a different brand name that were not included in the total member count as of December 31, 2015 however were included as of December 31, 2014 when the club was operating as a Washington Sports Club. We continue to account for this club as an equity investment.

Due to the rise in popularity of private studio offerings, we introduced our BFX Studio brand in 2014. We currently have three studio locations. This three-dimension luxury studio brand takes advantage of the rise in consumer demand for studio experiences. The studios include three unique offerings: Ride Republic, which is indoor cycling, Private Sessions for personal training and Master Class for certain group exercise classes. The studios are also staffed with high caliber instructors in each of the three core offerings and the studios are designed to appeal to all ages and all experience levels. This studio concept requires approximately 9,000 to 12,000 square feet of space per studio which compares to the approximately 27,000 square feet aggregate average size of our clubs.

Reportable Segments

During the fourth quarter of 2014, we began managing and reporting operating results through two reportable segments: clubs and BFX Studio. The clubs segment comprised clubs under the NYSC, BSC, PSC and WSC brand names, and the clubs we own and operate in Switzerland. BFX Studio is our private studio brand that was introduced in 2014 and is reported as a separate reportable segment as it does not meet the aggregation criteria to be aggregated with our fitness clubs. Previously, we had managed and reported operating results through one reportable segment. We reflect these segments for all the historical periods presented. For certain financial information relating to our segments, see Note 18 - Reportable Segments to our consolidated financial statements.

Industry Overview

According to the most recent information released by the International Health, Racquet and Sportsclub Association ("IHRSA"), total U.S. fitness club industry revenues increased at a compound annual growth rate of 4.5% from \$20.3 billion in 2010 to \$24.2 billion in 2014, with an 8.0% increase from 2013 to 2014. According to IHRSA, participation in health clubs has been growing steadily with total U.S. fitness club memberships increasing at a compound annual growth rate of 1.9% from 50.2 million in 2010 to an all time high of 54.1 million in 2014, with a 2.3% increase from 2013 to 2014. According to the IHRSA, the health club industry is witnessing a shift in the preferences of health club members. The club landscape includes traditional, full-service fitness centers that serve local communities and all age

groups as well as affordable fitness centers with basic amenities. Studio concepts, including boxing, yoga, Pilates, group cycling, barre, boot camps, and sports-specific training, also shape the club market. According to the IHRSA, demographic trends have helped drive the growth experienced by the fitness industry over the past decade. The average age of a health club member in 2013 was 39 years old and more than one-fourth of health club members were between the ages of 18 and 34 years old. The greatest membership growth in the past few years has been in the

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under-18 age group, which has grown 36.1% from 2010 to 2014 and in the over-55 age group, where membership grew 18.3% from 2010 to 2014. These two age groups made up approximately 38% of total U.S. health club members in 2014. The industry has benefited from the “millennials”, and aging “baby boomer” and “Eisenhower” generations as they place greater emphasis on their health, including a focus on fitness.

According to the Centers for Disease Control and Prevention, state prevalence of obesity continues to remain high across the country in 2014, with no state with a prevalence of obesity less than 20.0%. In 2014, 23 states had a prevalence of 25% or more and 22 of these states had a prevalence of 30% or more. As healthcare costs continue to rise in the U.S., some of the focus on combating obesity and other diseases is being directed at prevention. Both government and medical research has shown that exercise and other physical activity plays a critical role in preventing obesity and other health conditions, thereby reducing healthcare costs for treating obesity related sicknesses.

As the focus on exercise and overall healthy lifestyles continue to impact the health club industry, we believe that we are well positioned to benefit from these dynamics as a large operator with recognized brand names, leading regional market shares and an established operating history.

Competitive Strengths

We believe the following competitive strengths are instrumental to our success:

Strong market position with leading brands. Based on number of clubs, we are one of the leading owners and operators of fitness clubs in the Northeast and Mid-Atlantic regions of the United States and one of the largest fitness club owners and operators in the United States. Our strong real estate presence in the New York, Boston, Washington D.C. and Philadelphia metropolitan regions enhances convenience to our members. We attribute our positions in these markets in part to the strength of our localized owner and operator brand names, which foster recognition as a local network of quality fitness clubs.

Regional clustering strategy provides significant benefits to members and corporations. By operating a network of clubs in a concentrated geographic area, the value of our memberships is enhanced by our ability to offer members access to any of our clubs, which provides the convenience of having fitness clubs near a member’s workplace and home. This is also a benefit to our corporate members, as many corporations have employees that will take advantage of multiple gym locations. Approximately 280,000, or 52%, of our members currently have a Passport Membership, including our corporate and group Passport Memberships, and because these memberships offer enhanced privileges and greater convenience, they typically generate higher monthly dues than our single club memberships in each respective region. Regional clustering also allows us to provide special facilities to all of our members within a local area, such as swimming pools and squash, tennis and basketball courts, without offering them at every location. In the year ended December 31, 2015, 32% of all club usage was by members visiting clubs other than their home clubs.

Regional clustering strategy designed to enhance revenues and achieve economies of scale. We believe our regional clustering strategy allows us to enhance revenue and earnings growth by providing high-quality, conveniently located fitness facilities on a cost-effective basis. We believe that potential new entrants would need to establish or acquire a large number of clubs in a market to compete effectively with us. Our clustering strategy also enables us to achieve economies of scale with regard to sales, marketing, purchasing, general operations and corporate administrative expenses and reduces our capital spending needs. Regional clustering also provides the opportunity for members who relocate within a region to remain members of our clubs, thus aiding in member retention.

Expertise in site selection and development process. We believe that our expertise in site selection and development provides an advantage over our competitors given the complex real estate markets in the metropolitan areas in which we operate and the relative scarcity of suitable sites. Before opening or acquiring a new club, we undertake a rigorous process involving demographic and competitive analysis, financial modeling, site selection and negotiation of lease and acquisition terms to ensure that a potential location meets our criteria for a model club. We believe our flexible club formats are well suited to the challenging real estate environments in our markets.

Business Strategy

In the long-term, we seek to maximize our net member growth, revenues, earnings and cash flows using the following strategies:

Grow membership revenues. We seek to grow our membership revenues through driving membership growth and optimizing dues through price and member retention. In the second quarter of 2015, we completed the introduction of a lower pricing model to our clubs, offering a similar level of service and amenities at our non-passport clubs but at a lower price point. This pricing model gives us an opportunity to recapture market share and compete against certain other gyms that opened in our

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markets. We believe our offerings are compelling because we include group exercise classes, top of the line equipment, pools and courts with price of certain memberships, when available. Our member count increased 64,000 to 541,000 in 2015 compared to a loss of 13,000 in 2014. We continue to consider and make pricing adjustments in order to increase revenue while also driving membership growth.

Grow ancillary and other non-membership revenues. We intend to grow our ancillary and other non-membership revenues through a continued focus on increasing the additional value-added services that we provide to our members. Over the past five years, we have expanded the range of ancillary club services provided to members.

Non-membership revenues have increased from \$95.6 million, or 20.5% of revenues for the year ended December 31, 2011, to \$101.6 million, or 24.0% of revenues for the year ended December 31, 2015. Personal training revenue, in particular, increased 17.3% over this five-year period and increased as a percentage of total revenue from 13.4% in 2011 to 17.3% in 2015. We offer a multi-session personal training membership product and fee-based class offerings to generate additional revenue. The fee-based class offerings include our Ultimate Fitness Experience (“UXF”) class and our fee-based Small Group Training programs. The Small Group Training programs include offerings such as Pilates Reformer Technique, Total Body Resistance Exercise (“TRX”) and Kettlebells. We also offer Sports Clubs for Kids programs at select clubs. In 2016, we plan to remain focused on increasing our ancillary programs with continued improvements in training and hiring and building on ancillary programs such as our personal training membership product. These sources of ancillary and other non-membership revenues generate incremental profits with minimal capital investment and assist in attracting and retaining members.

Optimization of our clubs. We remain committed to optimizing our existing club base, including through club closures when appropriate. During 2015, we opened three locations. We are also considering the sale of clubs or groups of clubs. We also plan to open one additional location in 2016 for a lease we signed in August 2014. In the event we build and acquire new clubs, the club expansion is expected to be funded with cash on hand or through internally generated cash flows.

Retain members by focusing on the member experience. Our Company’s mission is “Improving Lives Through Exercise.” We enact our mission through our “Ten Essentials,” which provide a clear road map for how we want our clubs to look and how we want to serve our members. This is the core of our member experience strategy and allows us to crystallize how we engage our staff to deliver a superior member experience. We tailor the hours of each club to the needs of the specific member demographic utilizing each club and offer a variety of ancillary services, including personal training, group classes, Small Group Training, Sports Clubs for Kids programs. We offer a variety of different sports facilities in each regional cluster of clubs; modern, varied and well-maintained exercise and fitness equipment; and an assortment of additional amenities including access to babysitting. Through hiring, developing and training a qualified and diverse team that is passionate about fitness and health; maintaining and enhancing our programs and services; and continually increasing our attention to individual member needs, we expect to demonstrate our commitment to increase the quality of the member experience, and thereby increase net membership. To better measure the member experience, we utilize member surveys and website feedback to help analyze the areas we can improve upon as well as the areas in which the members are satisfied overall.

Provide state-of-the-art fitness equipment and services. We help educate our members to best practices in their pursuit of fitness, wellness and healthy lifestyles and each of our clubs has a large array of cardiovascular machines, resistance training equipment, free weights and functional training zones. We have technicians who service and maintain our equipment on a timely basis. In addition, we have personal viewing television screens on most pieces of cardiovascular equipment which accommodate individual preferences and viewing, and many cardio machines now include embedded technology that offers both entertainment and tracking features that record workout results and communicate with many mobile technologies. Most clubs have between one and three studios used for exercise classes, including at least one large studio used for most group exercise classes, a cycling studio and a mind and body studio used for yoga and Pilates classes. We further offer a large variety of group fitness classes at each club and these classes are accessible to all members. The volume and variety of activities at each club allow each member to enjoy the club, whether customizing their own workout or participating in group activities and classes.

In addition, as part of our efforts to provide fitness equipment and services, our club formats are flexible and can easily adapt and respond to the changing demands of our customers. This flexibility allows us to compete against private studios with unique specialty offerings by adapting the space and formats in our own clubs to match the offerings provided by these private studios. We have a UXF training zone within our clubs that features an array of innovative equipment designed to maximize the member's workout. The UXF training zone is approximately 1,000 to 1,200 square feet with AstroTurf flooring, a TRX suspension training frame and a variety of functional training equipment including Kettle Bells, Battling Ropes and Power Sleds. The UXF training zone is open to members for free self guided workouts and UXF fee-based workout programs. The UXF training zone is also used by our personal trainers for their personal training sessions with our members.

BFX Studio. Due to the rise in popularity of private studio offerings, we introduced our BFX Studio brand in 2014. We currently have three studio locations. This three-dimension luxury studio brand takes advantage of the rise in consumer demand

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for studio experiences. The studios include three unique offerings: Ride Republic, which is indoor cycling, Private Sessions for personal training and Master Class for certain group exercise classes. The studios are also staffed with high caliber instructors in each of the three core offerings and the studios are designed to appeal to all ages and all experience levels. This studio concept requires approximately 9,000 to 12,000 square feet of space per studio which compares to the approximately 27,000 square feet aggregate average size of our clubs.

Marketing

Our in-house marketing agency is responsible for brand positioning, brand strategy, and product innovation for all of TSI's regional brands. The primary objective is to ensure that our regional brands seize market share and opportunities through well-defined and coordinated go-to-market strategies that focus on being a premier network of fitness clubs. We are organized to enable close collaboration between our marketing, sales, fitness and operations staff, which helps to align efforts around operational objectives and new product development. We seek to inspire brand experiences and in doing so, drive sustainable and quality growth, while building a strong reputation and loyalty with members. In order to have credible and authentic connections to create such desirability with our members, we utilize a market segmentation strategy which includes targeted marketing in addition to mass marketing. We seek to identify and understand consumers' individual motivations and goals for exercising in an effort to create meaningful products, services and experiences that build a lasting impression and brand loyalty.

Sales

We sell our memberships through four channels: direct sales at the club level; through corporate and group sales; through our online website; and through our call center principally to reach out to former members and to handle specific campaigns. We employ approximately 340 "in-club" membership sales consultants who are responsible for new membership sales in and around their designated club locations. Each club generally has two membership sales consultants. These consultants report directly to the club general manager, who, in turn, reports to a business director. Additional incentive-based compensation represents a majority of the compensation for the membership sales consultants. Membership sales consultants complete a classroom based sales training followed by ongoing training within the club environment. Training includes hands on experience of the entire sales process (from prospecting to after care) and product knowledge in what we consider a live but supervised environment. Through our corporate and group sales approach we concentrate on building long-term relationships with local and regional companies and other large groups. We also manage private fitness centers for both large and small corporations, colleges and universities, and private clubs through the Fitcorp Private Fitness Center. These managed sites include three managed university locations, and seven managed sites.

We also sell individual memberships online at www.mysportsclubs.com for our standard membership types and the website also enables us to sell memberships for pre-established corporate and group programs. The website also allows our members to give us direct feedback about our service levels and enables prospective members to sign up for our popular one-week trial membership. The online sales channel offers a high degree of convenience for customers who know and trust our brand and do not require up-front interaction with a membership sales consultant to make their decision. In addition, selling online significantly reduces our cost of sale. The web site also provides information about club locations, program offerings, exercise class schedules and sales promotions. Job seekers can also begin the employment application process through the site and investors can access financial information and resources.

Memberships

We believe that clustering clubs allows us to sell memberships based upon the opportunity for members to utilize multiple club locations near their workplace and their home. As of December 31, 2015, we currently offer the following types of memberships at our clubs:

The Premier Membership allow members unlimited use of a single "home club". Premier members can also elect to pay a per visit fee of \$12.95 to use non-home clubs. Membership dues for Premiere Memberships currently sell in the range of \$19.99 to \$44.99 per month. The price is dependent on club location and whether the member joins under a non-commit or a one-year commit contract.

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The Passport Membership entitles members to use any of our clubs in any region at any time. Membership dues for Passport memberships currently sell in the range of \$59.99 to \$69.99 per month while student Passport memberships sell in the range of \$39.99 to \$49.99. We also sell Premium Passport Memberships at three of our clubs in Boston that have a greater array of member services and facilities at monthly rates between \$79.99 and \$179.99 depending on the club.

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We offer both “month-to-month” and “commit” membership options. A member may cancel a month-to-month membership at any time for a fee. Under the commit model, new members commit to a one year membership, generally at a lower monthly rate than a month-to-month membership. When the members’ commit period is over, they retain membership as a month-to-month member until they choose to cancel. As of December 31, 2015, approximately 43% of our total members were on a month-to-month basis.

In joining a club, a new member signs a membership agreement that typically obligates the member to pay fees (“Joining Fees”) on the date of enrollment including a one-time initiation fee and the first annual fee. Initiation fees currently range between \$0 and \$20 while the annual fee currently charged is \$59.99 for all memberships. These one-time Joining Fees averaged \$72, \$75 and \$59 per sale for the years ended December 31, 2015, 2014 and 2013, respectively. The annual fee is also charged on each anniversary of the enrollment date, however is no longer considered a joining fee after the first payment.

Monthly EFT of individual membership dues on a per-member basis, including the effect of promotions, averaged approximately \$50 per month for the year ended December 31, 2015, and \$59 per month for both the years ended December 31, 2014 and 2013. Currently, approximately 98% of our members pay their membership dues the first of each month through EFT, with EFT membership revenue constituting approximately 72.3% of total consolidated revenue for the year ended December 31, 2015.

Usage

Our total club usage, based on the number of member visits, was 30.8 million and 28.7 million member visits for the years ended December 31, 2015 and 2014, respectively. In the year ended December 31, 2015, approximately 32% of total usage or club visits was to members’ non-home clubs, indicating that our members take advantage of our network of clubs. Our membership plans allow for club members under the Premier Membership to elect to pay a per visit fee of \$12.95 to use non-home clubs. In the aggregate, approximately \$719,000 and \$2.2 million of usage fees were generated in 2015 and 2014, respectively. The decline in usage fees was primarily due to the adoption of our lower pricing strategy as the majority of our members existing at the time of this adoption were converted to Passport Membership. Usage fees are reported in membership dues in our consolidated statements of operations.

Non-Membership Revenue

The table below presents non-membership revenue components as a percentage of total revenue for the years ended December 31, 2011 through 2015.

	For the Years Ended December 31, (\$ in thousands)									
	2015	%	2014	%	2013	%	2012	%	2011	%
Total revenue	\$424,323	100.0 %	\$453,842	100.0 %	\$470,225	100.0 %	\$478,981	100.0 %	\$466,941	100.0 %
Non-Membership Revenue:										
Personal training revenue	73,191	17.3 %	70,338	15.5 %	66,367	14.1 %	65,641	13.7 %	62,394	13.4 %
Other ancillary club revenue(1)	22,138	5.2 %	22,304	4.9 %	24,720	5.3 %	29,897	6.2 %	28,297	