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Powerleague chief Sean Tracey has made deals with schools to obtain new sites. Photograph: Donald MacLeod

## Never mind the Premierleague, here's the Powerleague

IAIN DEY

ONE morning in 1987, John Pitt looked out on the empty tennis courts at the Anchor recreational centre in Paisley that he had just bought with his father and realised they were never going to be a moneyspinner. He thought: why not turn them into football pitches?

Pitt created Pitz, the country's first five-a-side football chain. It soon found itself at the centre of a new industry and spawned a number of imitators.

He sold out in 1999, but those former tennis courts now adjoin the headquarters of Powerleague, which has grown to become the biggest five-a-side football operator in the UK and floated on AIM earlier this year with a value of £50m.

Goals Soccer Centres, the other dominant force in the industry, is based just down the road in Hamilton. It floated late last year and now has a market value of more than £60m.

Together these companies are credited by the FA with making five-a-side football more widely played in the UK than the full-blown 11-a-side version of the game.

Their impressive growth rates in recent years show no sign of slackening. Powerleague is expected to reveal this week, in its maiden set of results since joining the market, that its operating profits have climbed 80%. Goals announced two weeks ago that its profits grew by 60% - and said it would be able to start paying dividends soon, irrespective of its expensive roll-out programme. Since floating in May, Powerleague's shares have risen from a low of 48p to a 67p peak. Similarly, Goals is trading close to its 157.5p year high against a low of 89p.

It is a business which is booming, seemingly recession-proof and has ample room for growth. What's more, it's Scottish.

"Football is unarguably the most popular sport in the UK," says Goals chief executive Keith



Rogers. "If you walk into any office on a Monday morning, most of the guys who pick up the newspaper will read it from the back page to the front.

"Everyone in this country has played football at some point, and we're making it easier for people to start playing again. We get asked about the age profile of our customers, and I can genuinely say that it ranges from six to 66. There is still a large untapped market for us."

Combined, the two dominant Scottish five-a-side chains see around 120,000 footballers pass through their doors each week - an impressive tally but still only a fraction of the football-playing population. While Powerleague is the biggest operator, it currently runs just 32 centres UK-wide. Goals has 14 sites up and running, with 12 more openings planned for the next two years. So while sizeable businesses have been built, the number of sites still lies far below the level of demand - Powerleague's latest complex in Watford had 150 teams registered to start playing in its regular league competitions one month before it even opened its doors.

With dozens of small local chains across the country running one or two centres, there could be acquisition opportunities - which seems to appeal to Powerleague in particular. But the handful of City analysts who have begun to look at the sector reckon there is easily room for another 100 five-a-side centres across the UK.

"If we were in direct competition with the housebuilders for land, that would make life quite difficult," says Powerleague chief executive Sean Tracey. "But we now do a lot of work with local authorities. Our commercial business is only there at evenings and weekends - our peak times are 6pm to 11pm, Monday to Friday. So rather than have those sites lie empty through the day, we are giving schools free access to the facilities in exchange for renting otherwise unused land from them. It's a system that works for everyone."

There is a debate within this close-knit industry as to who came up with the schools partnership model first, but it is now standard practice for the five-a-side football business.

One of the claimants to the partnership concept was Vida Sports, the chain set up by Rangers FC chairman David Murray which went into administration in February, little more than one year after Murray sold it to venture capitalists Alchemy Partners. Vida's collapse is the one stain on the industry's reputation, and has been blamed on an over- aggressive expansion plan, combined with poor research on the location of its sites.

Nonetheless, Vida's administrators now have only two of its 12 sites left to sell to new owners. Four were bought by Powerleague, another four were bought by Roko - a firm based in the south of England which is backed by Glasgow venture capital firm Penta. The remainder have been snapped up by small local operators.

"What Vida has shown is that if you don't get the site right or you don't have the proper management in place then it can go wrong," says Vida's administrator Colin Dempster at Ernst & Young. "One of these developments costs at least £1.5m to build, so it can become very costly very quickly if you don't get that right."

These football centres offer much more than the creaking municipal pavilions of yesteryear, and the bar is constantly being raised - the latest innovation being introduced by Goals is to pipe crowd noise recorded from Real Madrid's Bernabeu stadium into the changing rooms, to help players charge themselves mentally before their big match.

Roughly 70% of the revenues of the average complex come from league tournaments or

long-term block bookings. Another big chunk of income comes from bar takings. Corporate sponsorship is also becoming more important - Powerleague has just secured a new three-year deal with its headline sponsor, Microsoft's X-Box, and has been running nationwide staff football tournaments for the likes of Sainsbury, pubs group JD Wetherspoon and Barclays Bank. Goals is also believed to have a big sponsorship deal up its sleeve.

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