

Expresso Fitness Works Up \$14M Debt And Equity

By Lorie Konish

12/9/2008

Cardio fitness systems company Expresso Fitness Corp. has raised a \$14 million combination of debt and equity in its second fund-raising this year to boost growth.

Expresso opened a new \$7 million working capital line with Silicon Valley Bank. The remaining equity funding was provided through existing investors Enterprise Partners Venture Capital, Physic Ventures and Sierra Ventures. Valuation was not disclosed.

Sunnyvale, Calif.-based Expresso last raised a \$12 million Series C-2 round in May. The company has raised about \$38 million in equity, according to VentureWire records, including the additional \$7 million from this round.

Since the company closed the Series C-2 round, it has debuted a new line of upright and recumbent stationary bikes with improved features such as a larger 19-inch screen monitor and buttons instead of triggers for shifting gears. The bikes include screens that work to engage riders with interactive courses, off-road games and contests that can be tracked on the company's Web site.

With the new funding, the company will pursue growth in existing markets including health clubs, hotels and universities, according to Physic Ventures Director Andy Donner. The company will also look to tap into new markets, he said, including youth-oriented programs aimed at combating obesity and international markets including Europe.

"This fund-raising will be to get the company to profitability," projected for next year, Donner said. "The anticipation is that this could be the last round of financing, but there could be one other round to stimulate growth into other areas."

With consumer spending down overall, Donner said Expresso is in a good competitive position, with a unique product to potentially lure new consumer memberships and a market that has previously proven to be relatively stable.

"We've looked at a lot of primary and secondary research reports that indicate that consumer spending in terms of fitness is one of the last things to get pulled back," Donner said.