

ELECTRIC KART TRACK OPPORTUNITY

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Company profile

OTL (www.otl.it) was founded in 1996 with the goal of producing electric Karts with innovative characteristics, especially conceived for the rental market. OTL sells its own products and services all over the world and has become a real leader in the market, with a continuous growth especially in export.

The experience they have gained in more than 15 years of pioneering track planning allows them to supply an overall service on how to enter the rental market, the opening of the premise, it's proper management, the implementation of business plans and all the necessary strategies to make the venture a profitable one.

In other words, OTL provides all the necessary planning in any project segment, but it's also able to operate in a context of system integration and to provide, through appropriate partnerships, a real "turnkey" solution.

Description of the business opportunity: realisation and management of an indoor kart rent facility

The activity of kart rental service, in the sector of sports and leisure time, has proved during past years to be most profitable and the possibilities of continuous growth are quite considerable, especially in Italy. Abroad there are several successful facilities, many of which have turned into chains operating in the whole territory with different tracks, especially in the United States. Here we can mention K1speed (www.k1speed.com) with 35 facilities operating by 2016 or Pole Position (www.racep2r.com) with 13 operating facilities with a turnover for each single premises of 4 to 6 million dollars annually, this is purely related to the kart rental service, to which we have to add the turnover of the other complementary site services.

The kart track, when located near shopping malls or tourist attractions, is often equipped with complementary services such as bars, restaurants or pizzerias, play centres ,meetings and conference facilities, however, when totally self contained the track site still offers huge possibilities to both enhance and earn income from the visitors experience.

An indoor facility with electric karts enables a continuous use which is not influenced by weather conditions.

Both national and in particular the European legislation are orientated towards a prohibition of petrol engines in indoor spaces. Many Italian administrations, are becoming sensitive regarding environmental problems, even refusing permits for outdoor tracks with petrol motors and are instead extremely interested in the alternative of electric karts as an educational message , e.g. "an alternative to petrol engines is possible. "

The business concept consists not only in the target of realising one single kart stadium but, above all, in the possibility of building up a chain of kart facilities in Italy and in Europe, with a business model near to similar experiences made in the USA (K1Speed, Pole Position).

The analysis of the type of visitors of kart stadiums tells us that an indoor kart facility attracts a completely different target of people compared to the ones who usually visit the petrol engine kart tracks (usually outdoor stadiums, but not always). The latter in fact is a target which generally consists in very young and young male visitors who are enthusiastic about engines and sports related to car racing. The target of the motor engine kart stadiums therefore is very limited, and not really of interest for a real economic output, normally these people are ready for all kinds of sacrifices if they only can run on the track: no matter if it rains or it is cold, if you get dirty or you have to wear a special suit, if the air is bad and it is very noisy.

The electric karts attract a totally different clientele, often one which has never tried the experience of car racing, but has the instinct and the curiosity, almost primitive, to try to drive reaching their limits. These people love comfort,

preferring a clean and not noisy environment, they look for high performance because they love the thrill of speed but require at the same time security: an electric kart track, conceived in a proper and safe way (customer oriented) offers all these advantages. Moreover, thanks to the characteristics of comfortable handling of the karts which makes them easy to drive (largely thanks to the presence of a differential gear and a reverse gear), also women and children (from 8 to 14 years, with a kart model especially designed for them) are open to this kind of experience.

Investment characteristics

Covered surface of at least 3-5000 square meters located in areas of high frequency minimum investment (excluding the hangar) of at least 500.000 Euro (go-Kart, crash barriers, Tele- chronometry, Bar, Hall, reception / cash booth, track, changing rooms, toilets, electric installations etc. ..). The biggest facilities reached an investment up to around 3 – 3,5 Million Euro, including the construction of the structure/the hangar.

The employees (management, mechanicals, track employees, cashier) vary from a minimum of 4 up to 7-8.

An average investment for an indoor facility considering all characteristics for a big business success ranges from 800.000 to 1.5 Million Euro, with a rented hangar. The policy of our company has been always focussing on a protection of the area of each facility, by guaranteeing a minimum distance between the different tracks (territorial exclusivity).

Management characteristics

A manager should be a dynamic person with organizational, administrative and marketing skills.

He should be inventive, a self-promoter and able to attract young people (who are the primary target).

Growth and profitability

The market presents wide margins of growth, in Italy as well as abroad. In Italy in particular there is a considerable space for growth both in the cities and in tourist and commercial resorts.

With regard to the financial performance, the indoor tracks reach an EBITDA that comes close to 50% with an EBIT of around 30%. The tracks that are close to large population centres and with a sufficient length (a minimum of 500 meters) are close to an EBIT of 40%.

Small kart track: 1200-1600 runs weekly (track length of 400 meters).

Medium size track: 1800-2500 runs weekly (track length from 500 to 600 meters connected to an average aggregation area).

Big track: 2500-5000 weekly races (track of at least 600 metres in length, connected to a big aggregation area).

At present in Italy the annual turnovers are ranging between 800,000 and 1.5 Million Euro.

Some OTL ITALIA facilities

Important indoor tracks in the world: here below you find the worldwide tracks created by OTL with an own website. Other worldwide tracks with OTL karts are not equipped with a web site.

K1 Speed	<i>(35 tracks in 35 U.S. cities)</i>	www.k1speed.com
Pole Position Raceway	<i>(13 tracks in 13 U.S. cities)</i>	www.polepositionraceway.com
Autobahn Indoor Speedway	<i>(6 tracks in 6 U.S. cities)</i>	www.autobahnspeed.com
Driven Raceway	<i>(2 tracks in 2 U.S. cities)</i>	www.drivenraceway.com
MB2 Raceway Sylmar	<i>Sylmar (California, USA)</i>	www.mb2raceway.com
MB2 Raceway Redding	<i>Redding (California, USA)</i>	www.mb2raceway.com
Full Throttle Raceway Visalia	<i>Visalia (California, USA)</i>	www.ftrraceway.com
Tampa Bay Grand Prix St Petersburg	<i>St Petersburg (Florida, USA)</i>	www.tampabaygp.com
Orlando Gran Prix	<i>Orlando (Florida, USA)</i>	www.orlandogp.com/
Hawaii Podium Raceway	<i>Hawaii (USA)</i>	www.podiumraceway.com
Grand Prix Kartways Toronto	<i>Toronto, Canada</i>	www.gpkartways.com
Formula E	<i>New Zeland</i>	www.formulae.co.nz
C1 Speed	<i>Australia</i>	www.c1speed.com.au
IKart Club	<i>Schenyang, China</i>	www.ikartclub.com
Powerpark Harma	<i>Harma, Finland</i>	www.lillbacka.com
E- Karting De Kegel	<i>Middelkerke, Belgium</i>	www.bowlingdekegel.be
Genas Karting	<i>Lyon, France</i>	www.genas-karting.com
Xtrem Kart Mallorca	<i>Mallorca, Spain</i>	www.xtremkartmallorca.com
Kart Arena Brno	<i>Brno, Czech Republic</i>	www.motokary-brno.cz
Kart Race Schladming	<i>Schladming , Austria</i>	www.kartraceschladming.at
Lot66	<i>Breda, Netherlands</i>	www.lot66.nl
Etc..		

Indoor tracks in Italy:

Driver Indoor Park	<i>Como</i>	www.drivercomo.it/indoor-karting
Kart1 Varese	<i>Cassano Magnago, Varese</i>	www.kart1.it
Planet Kart Romagna	<i>Conselice</i>	www.planetkartromagna.com
GoParc – Go Karting	<i>Bagnolo S. Vito – Mantova</i>	www.goparc.it
Kart Savignone	<i>Savignone, Genova</i>	www.kartsavignone.it
MyKart Montecatini	<i>Montecatini Terme</i>	www.mykart.it
Planet Kart Prato	<i>Prato</i>	www.planetkart.prato.it
Ice Kart track (outdoor)	<i>Andalo (Trento)</i>	www.iceracingkart.com
Drift kart Livigno (outdoor)	<i>Livigno (Sondrio)</i>	www.facebook.com/LivignoDriftKart
Kart Race	<i>Potenza</i>	www.kartrace.net
Etc..		

Advantages of an electric motor and qualities of OTL

Generally speaking electric Karts are the only suitable option for an indoor facility, guaranteeing both safety and very high entertainment value for customers of all abilities from absolute beginners to the experienced Kart enthusiast. Performance figures compare very favourably with the combustion alternative, the standard rental Kart accelerates 0 to 90 KPH in 6 seconds, whilst the Racing model figures 0 to 100 KPH in 4 seconds!



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Finally choosing an Electric Kart investment over the alternative combustion system is a safer investment opportunity since many costly and disruptive issues which threaten the investment are completely avoided, you are choosing to avoid accidents, noise and environmental pollution (complaints from both customers and neighbours) and numerous potential fire hazards.

Our site will list these advantages in more detail:
www.otlkart.com (www.otlkart.com/investment/advantages-of-electric.html)

Contacts

For further information please contact our distributors
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