

CMAA and Wohlsen Consulting 2022 Research Partnership

NSW Clubs Benchmarking and Gaming Trends



Thursday 5th May 2022

9/05/2022

Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au



We help to
'grow the people who grow your club'

Welcome and Thank you for attending!

Your attendance today earns you 5 ACCM points!

9/05/2022

Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au



Agenda

- | | |
|---------------------------------------|-------|
| 1. CMAA Welcome and Opening Comments | Chris |
| 2. Introduction to Wohlsen Consulting | Geoff |
| 3. CMAA 2022 Research Plan Overview | Phil |
| 4. NSW Benchmarking | Geoff |
| 5. NSW Gaming Trends | Phil |
| 6. Member Visitation Survey | Phil |
| 7. Remuneration Survey | Geoff |



Webinar Information

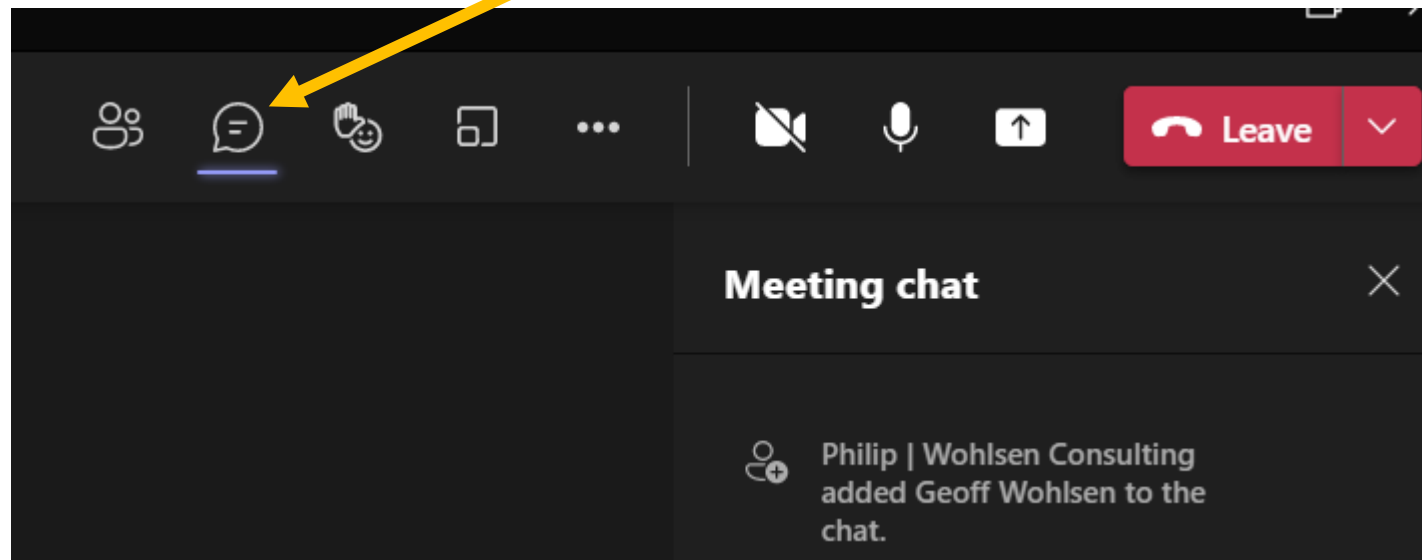
- 50 minutes for presentation, 10 minutes Q&A at the end.
- Video : Everyone is enabled. You can choose to have your video on or off.
- Sound : Everyone is on mute to manage background noise.
- Questions/comments may be posted anytime using the chat function – we encourage this as we can answer posted questions in the Q&A session.
- A copy of the presentation will be emailed to you.
- More questions or discussion after the webinar? Please contact:



Philip Wohlsen
philip@wohlsenconsulting.com.au
Phone 0457 009 557

How to use the chat function

Top Right corner of your screen
Press this button to turn on the
chat function, then simply type
comments or questions into the
chat window on the right



Introduction to Wohlsen Consulting

- Wohlsen Consulting = Geoff (Brisbane) and Philip (Sydney) Wohlsen
- 25 years of club experience
- **Geoff:** Law & Economics, University of Qld, BP Oil (1988 – 1994), KPMG Consulting (1994 – 2001), own practice or partnerships incl DWS
- **Philip:** Bachelor of Business QUT, MBA AGSM UNSW. Unilever, Arnott's, Pfizer, Johnson and Johnson, Bayer, GSK, own practice



Example Consulting Work

- Market and Financial feasibility and ROI analysis for major greenfield club developments in NSW and Qld
- Strategic Planning for clubs in NSW, ACT, Qld and Vic
- Corporate Governance, Constitution advice, writing and amendment
- Research and business intelligence for major clubs
- Industry paper on the impact of Queen's Wharf Casino on Qld clubs

Areas of Delivery

- Planning – strategic, business and project
- Research – consumer, member, staff/personnel, marketing, culture
- Finance – accessing finance, feasibility, ROI
- Operations – management structure, profitability, marketing audit
- Governance review, policy development



CMAA and Wohlsen Consulting Partnership

- Wohlsen Consulting appointed CMAA exclusive research partner 2022 - 2024
- Extensive 2022 research plan

1. Financial
Benchmarking

2. Member
Visitation Survey

3. Remuneration
Survey

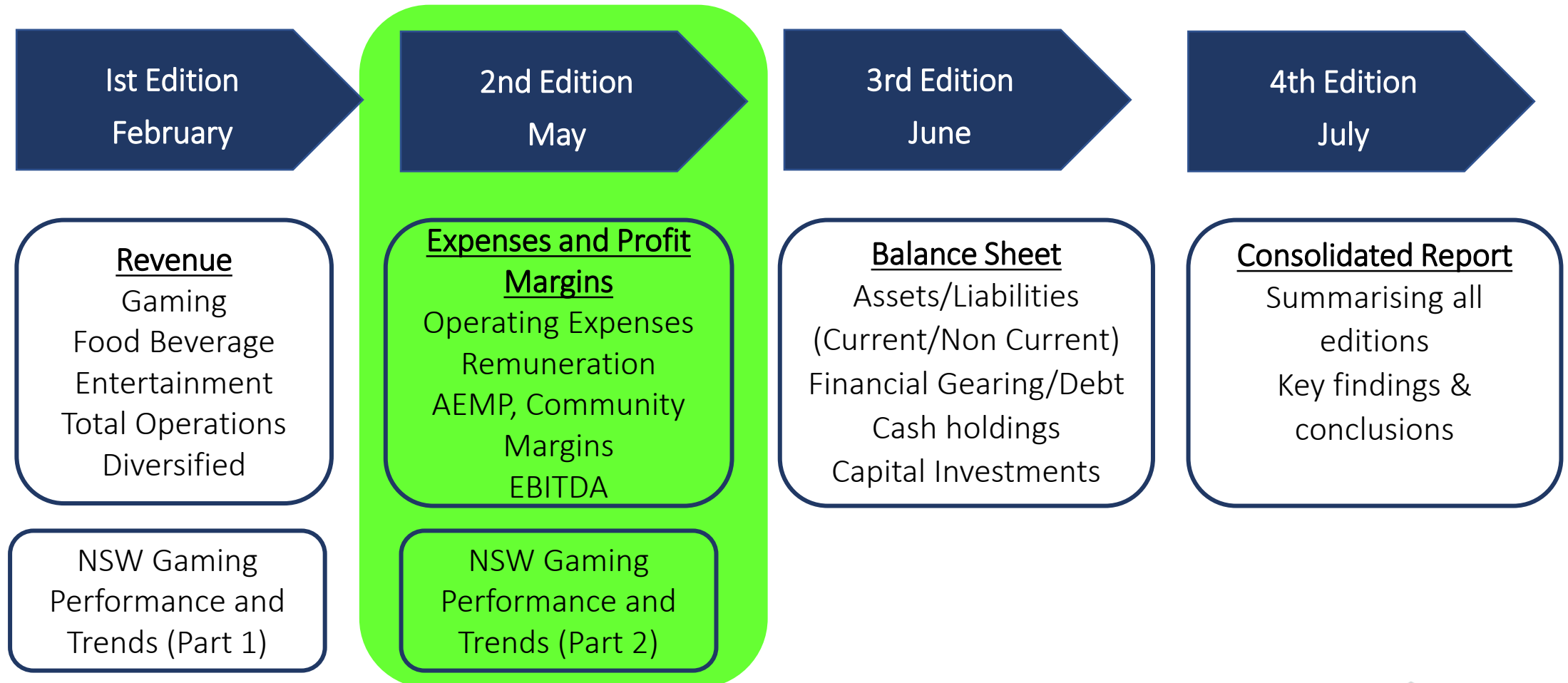
4. Gaming
Performance and
Trends

5. Departmental
and Operations
Metrics

- Today we will focus on NSW Financial Benchmarking and Gaming Trends
- National information will be rolled out through the year

NSW Financial Benchmarking and Gaming Trends Editions

The analysis will be released over 4 editions:



9/05/2022

Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

NSW 60 Large Club Groups Financial Benchmarking Study 2019 and 2020 Expenses and Profit



9/05/2022

Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

WOHLSEN
—CONSULTING—
CMA NATIONAL RESEARCH PARTNER

Financial Benchmarking NSW 60 Large Clubs, 135 Venues

- Sourced from Annual Reports FY 2019 and 2020, Segmented into 3 tiers
- 68 days COVID closure

Tier 1 Alpha Order	Tier 2 Alpha Order	Tier 3 Alpha Order
2019 Revenue \$128M - \$50M	2019 Revenue \$50M - \$30M	2019 Revenue \$30M- \$18M
Bankstown Sport Blacktown Workers Cabra-Vale Diggers Campbelltown Catholic Canterbury Bulldogs Dee Why RSL Dooleys Catholic Liverpool Catholic Mingara Recreation Mounties Group North Sydney Leagues Penrith Panthers Revesby Workers Rooty Hill Wests HQ South Sydney Juniors St Johns Park Bowling Twin Towns RSL Wentworthville Leagues Wests Leagues C'town Wyong Rugby League	Burwood RSL Campsie RSL Canterbury Hurlstone Pk RSL Castle Hill RSL Chatswood RSL Club Central Hurstville Coffs Ex Services Club Collegians Rugby League Easts Rugby League Fairfield RSL Hornsby RSL Merrylands RSL Moama Bowling North Ryde RSL Queanbeyan Rugby League Seven Hills Toongabbie RSL Smithfield RSL St George Leagues St Marys Rugby League Sutherland Tradies	Albury Sailors Soldiers Airmen Ballina RSL Belmont 16 Footers Skiff Canada Bay Club Central Coast Leagues Dapto Leagues Doyalson Wyee RSL Dubbo RSL Ettalong Diggers Forster Tuncurry Memorial Gosford RSL Guildford Rugby League Ingleburn RSL Merrylands Bowling Penrith RSL Ramsgate RSL Riverwood Legion Ryde Eastwood Leagues The Epping Club Wests Illawarra

Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

The Club model - 2019



GAMING
\$73



BAR
\$11



CATERING
\$13



OTHER
\$3



**GAMING
SURPLUS**
\$40 (55%)



**BAR
SURPLUS**
\$2 (18%)



**CATERING
SURPLUS**
<\$1 (3%)



OTHER
\$3



**FRONT OF
HOUSE GP**
\$46 (46%)



OVERHEADS
\$27 (27%)



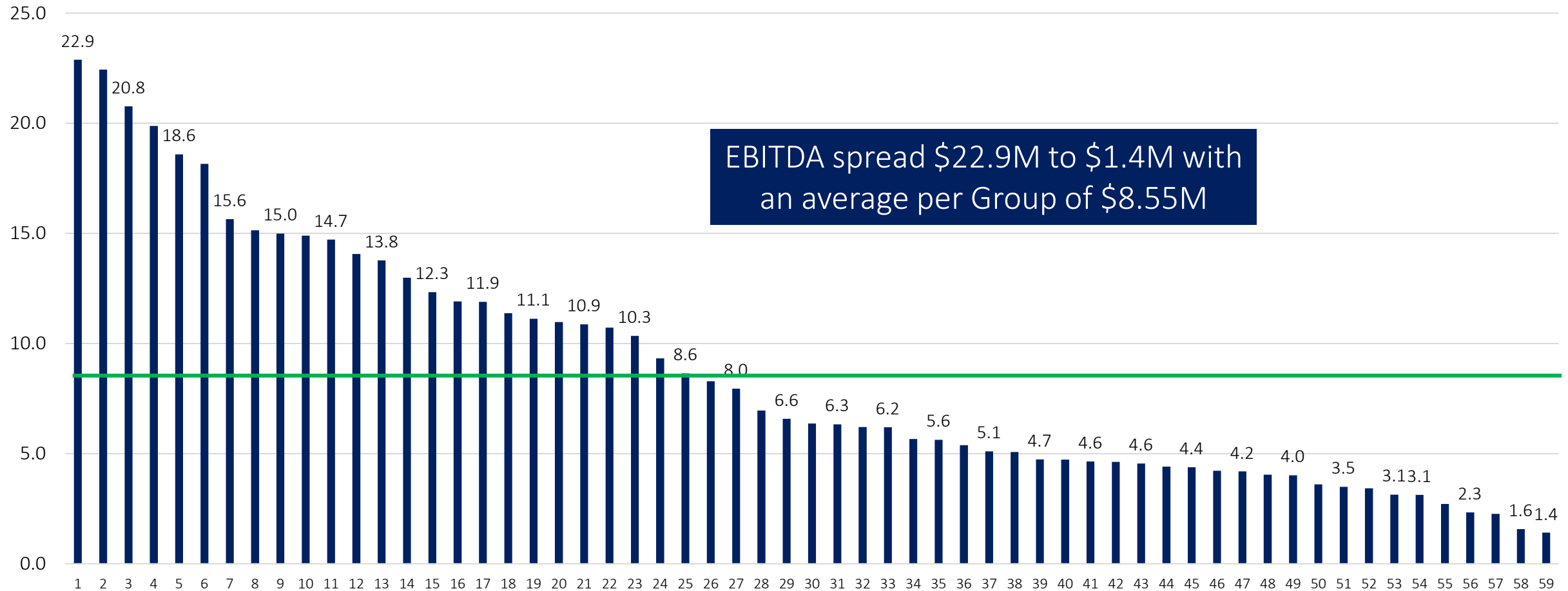
EBITDA
\$19 (19%)



EBITDA per Group dropped from
\$8.55M (at 18.8%) in 2019 to \$8.16M
(at 22.1%) in 2020

EBITDA is profit before interest, tax,
depreciation, amortisation

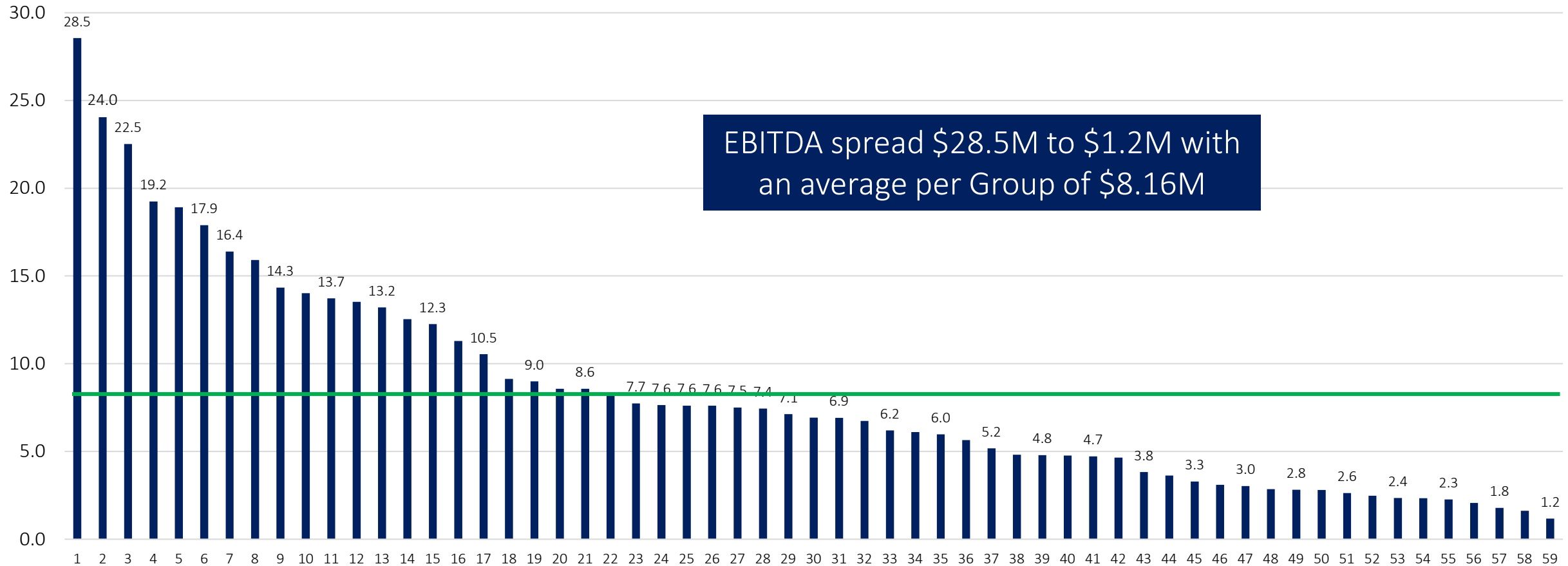
EBITDA \$M spread - 2019



Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

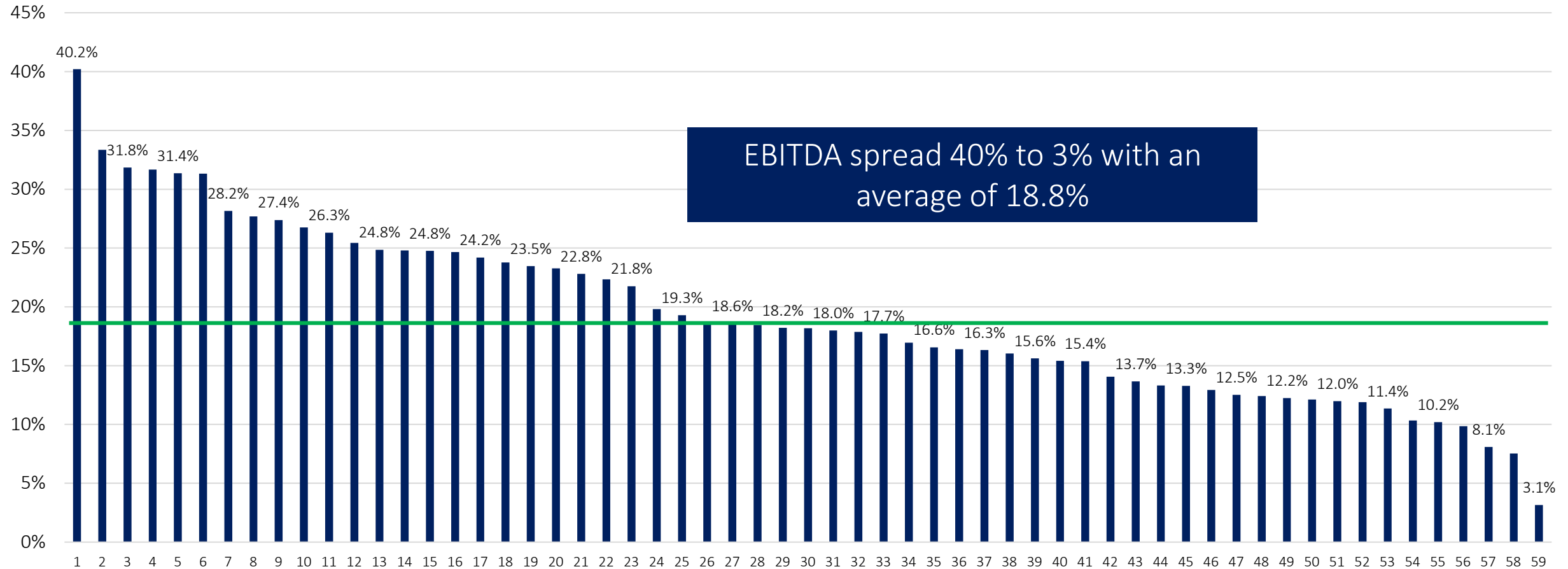
EBITDA \$M spread - 2020



Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

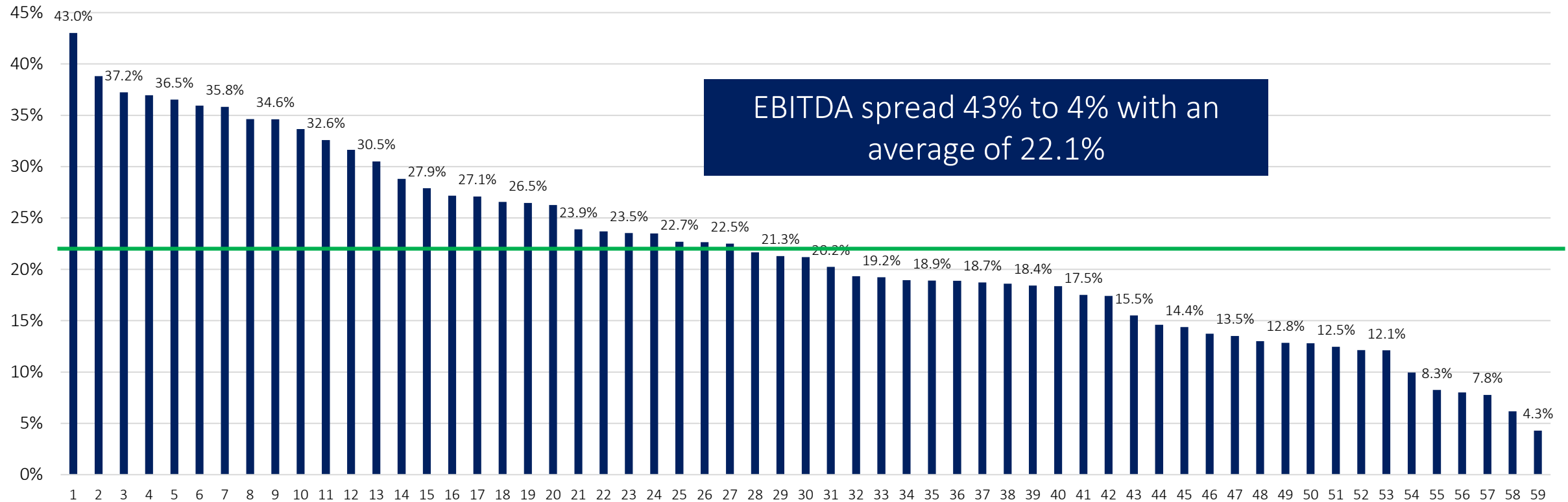
EBITDA % spread - 2019



Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

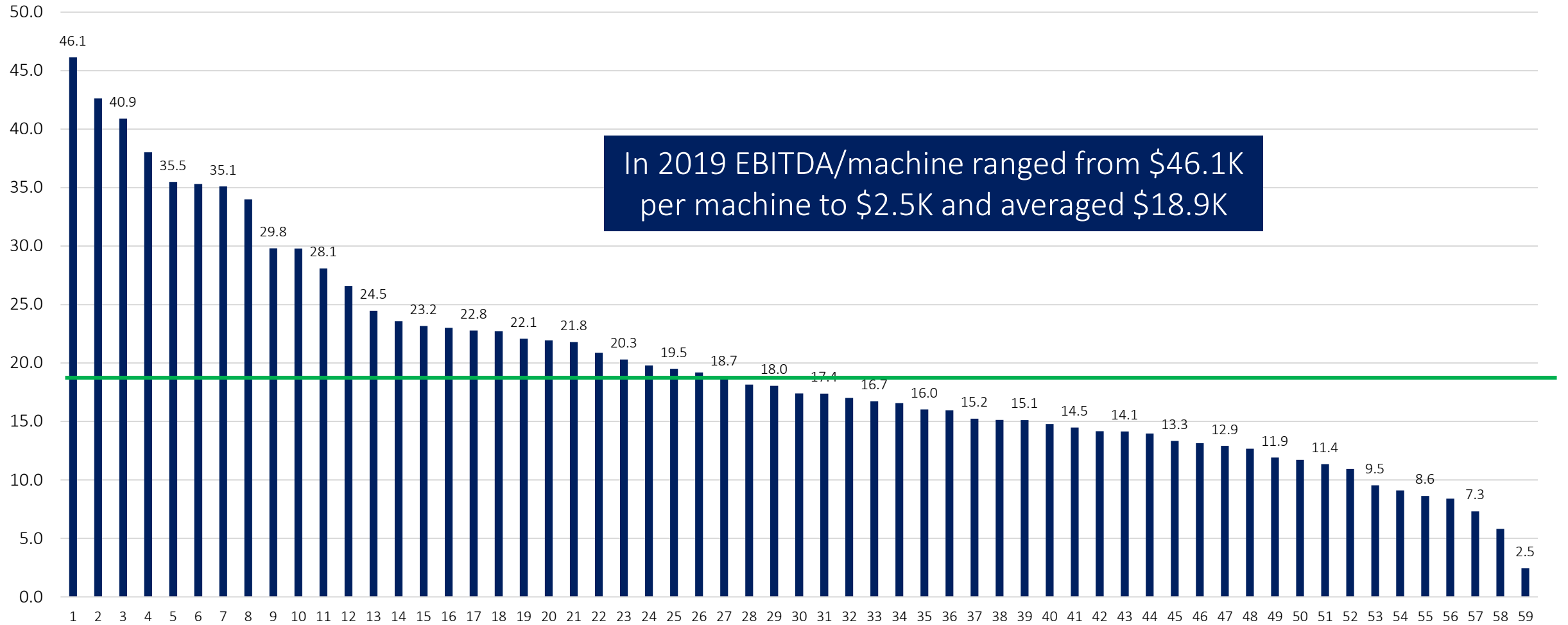
EBITDA % spread - 2020



Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

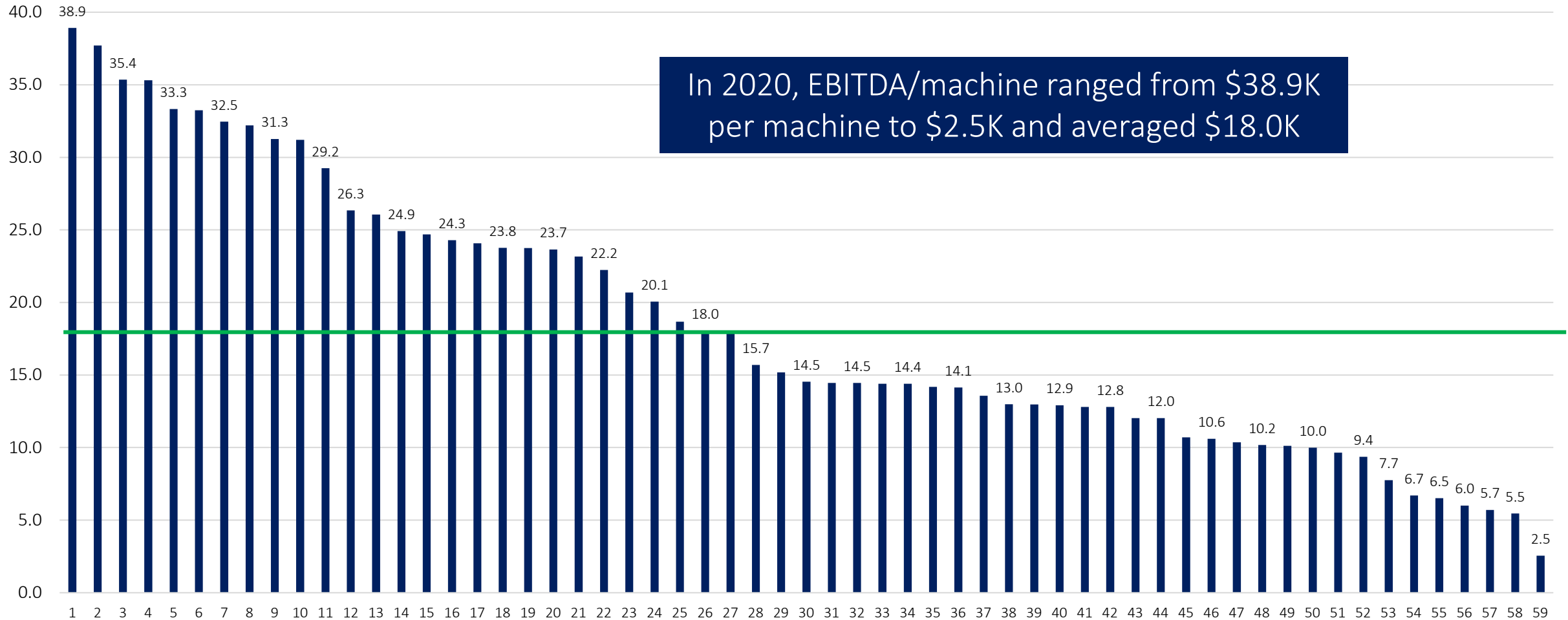
EBITDA per machine - 2019



Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

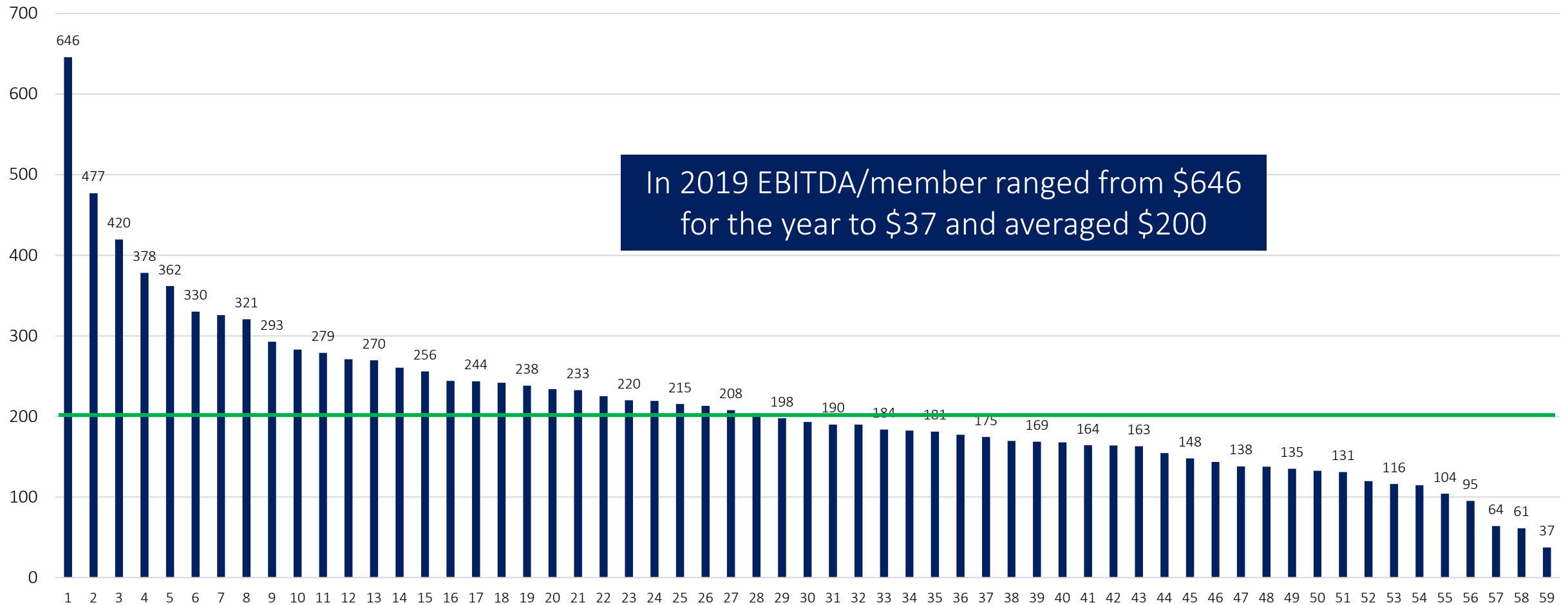
EBITDA per machine - 2020



Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

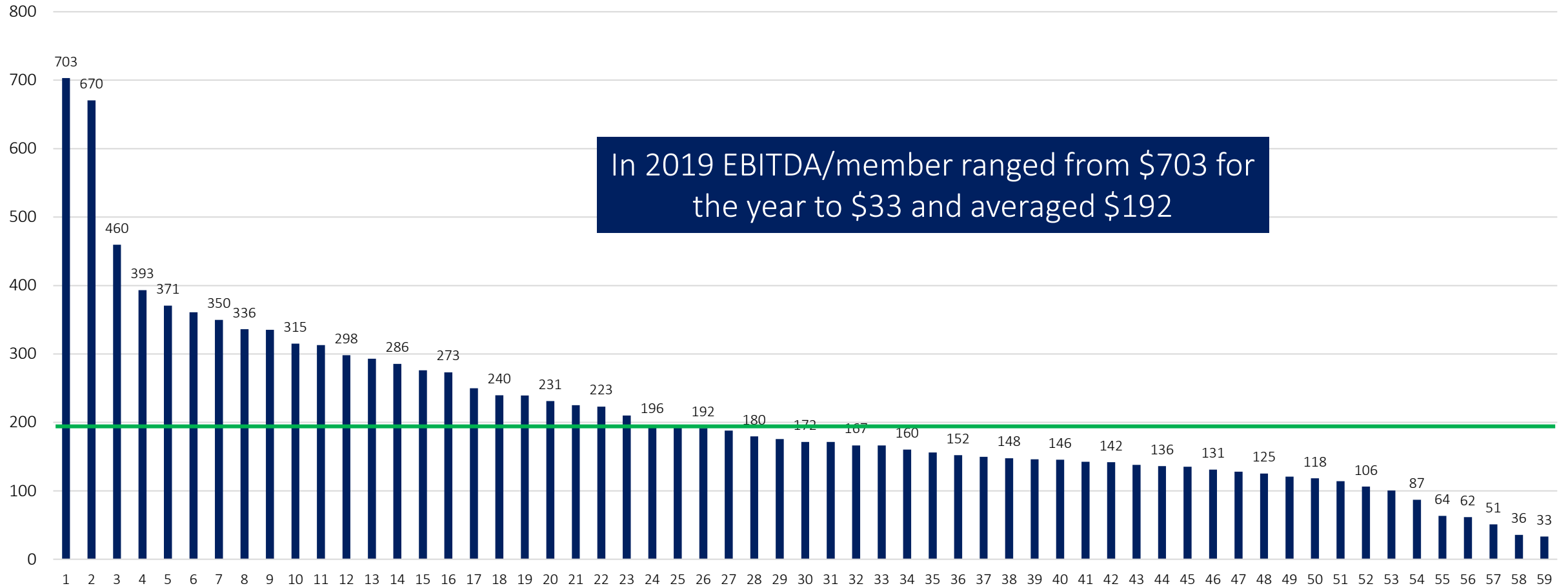
EBITDA per member - 2019



Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

EBITDA per member - 2020



Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au



Member Life-time Value (MLV)

	Type 1	Type 2	Type 3	Type 4
Average EBITDA	\$200	\$400	\$600	\$20,000
Average life span	30 years	30 years	30 years	30 years
Today's value of member	\$3,920	\$7,840	\$11,760	\$392,000

Securing a good member and keeping them for 30 years may generate lifetime EBITDA of almost \$400K

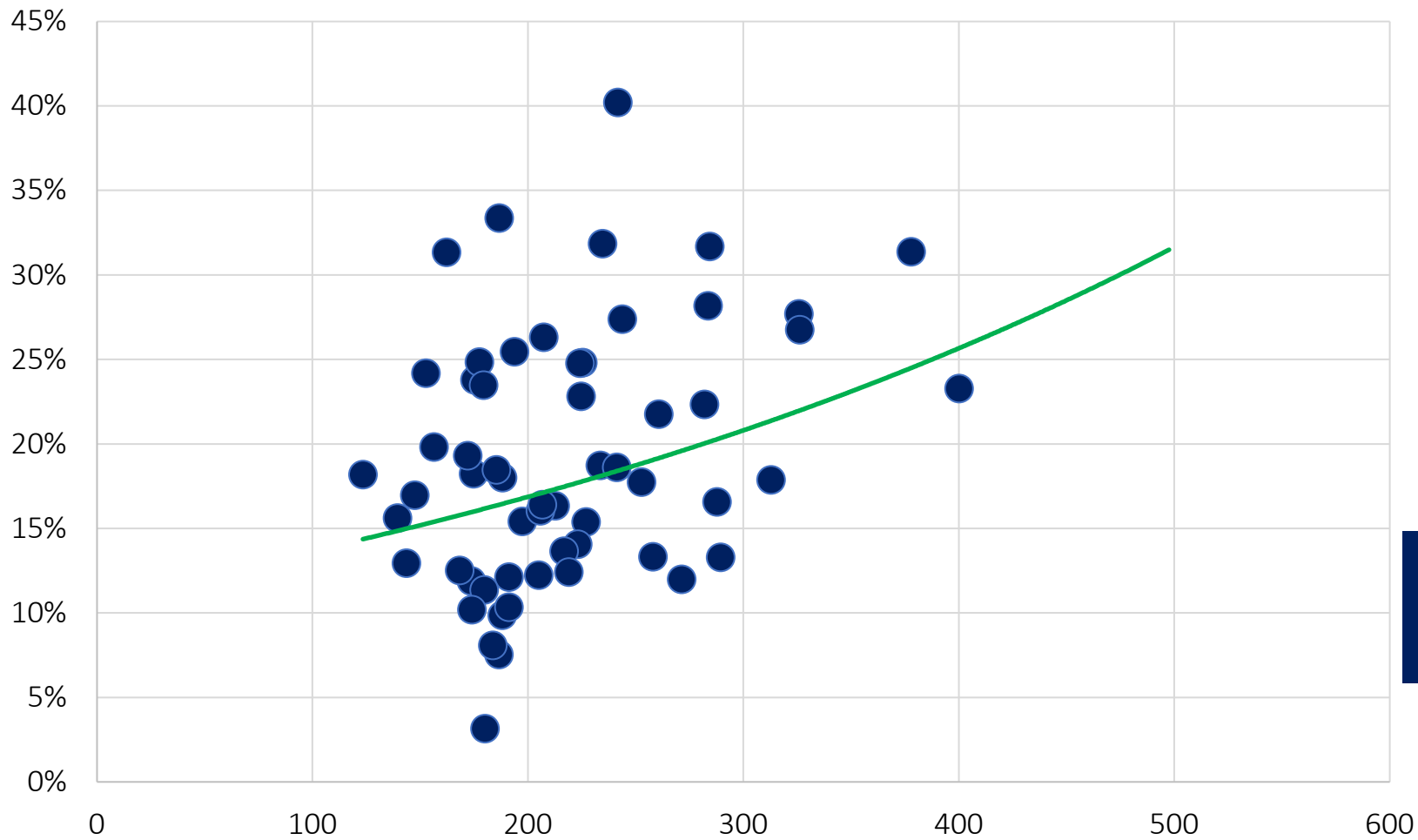
EBITDA profile by EBITDA range 2019

	High 25% and over	Mid 18% - 25%	Low below 18%
Groups (number in segment)	16	17	26
Venues (number in segment)	28	44	61
Machines (operational in segment)	6,015	8,339	12,399
Members (in segment)	0.635	0.806	1.090
ADR \$	\$265	\$223	\$207
Gaming revenue %	81.1%	74.1%	69.8%
F&B revenue %	13.4%	20.1%	23.3%
Other revenue %	5.6%	5.8%	6.9%
Total revenue %	100.0%	100.0%	100.0%
F&B GP %	57.9%	54.9%	61.7%
AEMP %	9.1%	7.4%	6.8%
Remuneration costs %	24.5%	24.9%	31.0%
EBITDA %	28.8%	20.3%	13.0%
EBITDA per member \$	\$297	\$210	\$145
EBITDA per machine \$	\$31,323	\$20,312	\$12,747

Region v Sydney profile 2019 & 2020

	Regional '19	Regional '20	Sydney '19	Sydney '20
Groups	17	17	42	42
Venues	39	39	94	94
Machines	6,473	6,521	20,280	20,258
Members millions	0.567	0.571	1.964	1.941
ADR \$	\$171	\$192	\$242	\$250
Gaming revenue %	63.7%	66.5%	76.6%	79.6%
F&B revenue %	28.2%	25.7%	17.7%	15.6%
Other revenue %	8.1%	7.8%	5.7%	4.8%
Total revenue %	100.0%	100.0%	100.0%	100.0%
F&B GP %	64.5%	63.3%	56.6%	55.1%
AEMP %	7.8%	6.6%	7.5%	6.3%
Remuneration costs %	31.1%	30.5%	26.6%	23.9%
EBITDA %	14.3%	14.9%	20.4%	24.6%

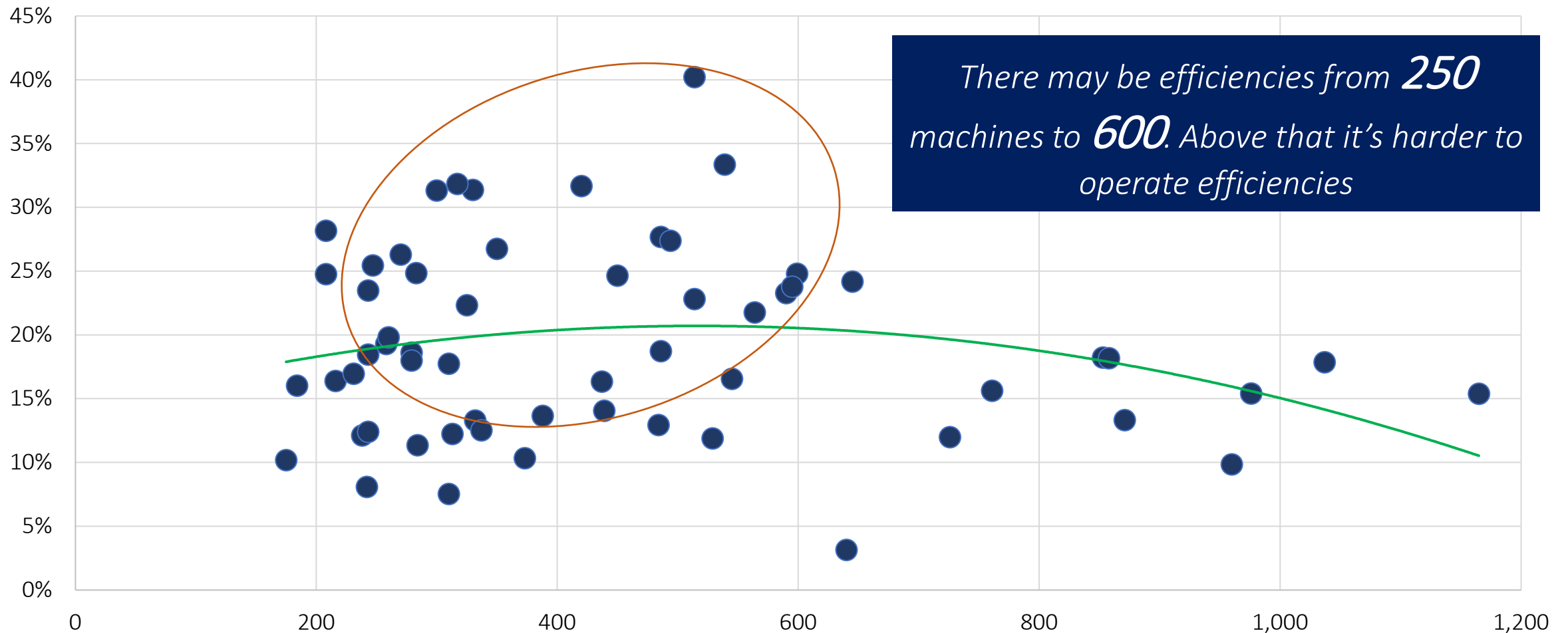
Correlation EBITDA & ADR



ADR	EBITDA%
150	15.7%
200	17.7%
250	19.7%
300	21.7%
350	23.7%
400	25.7%

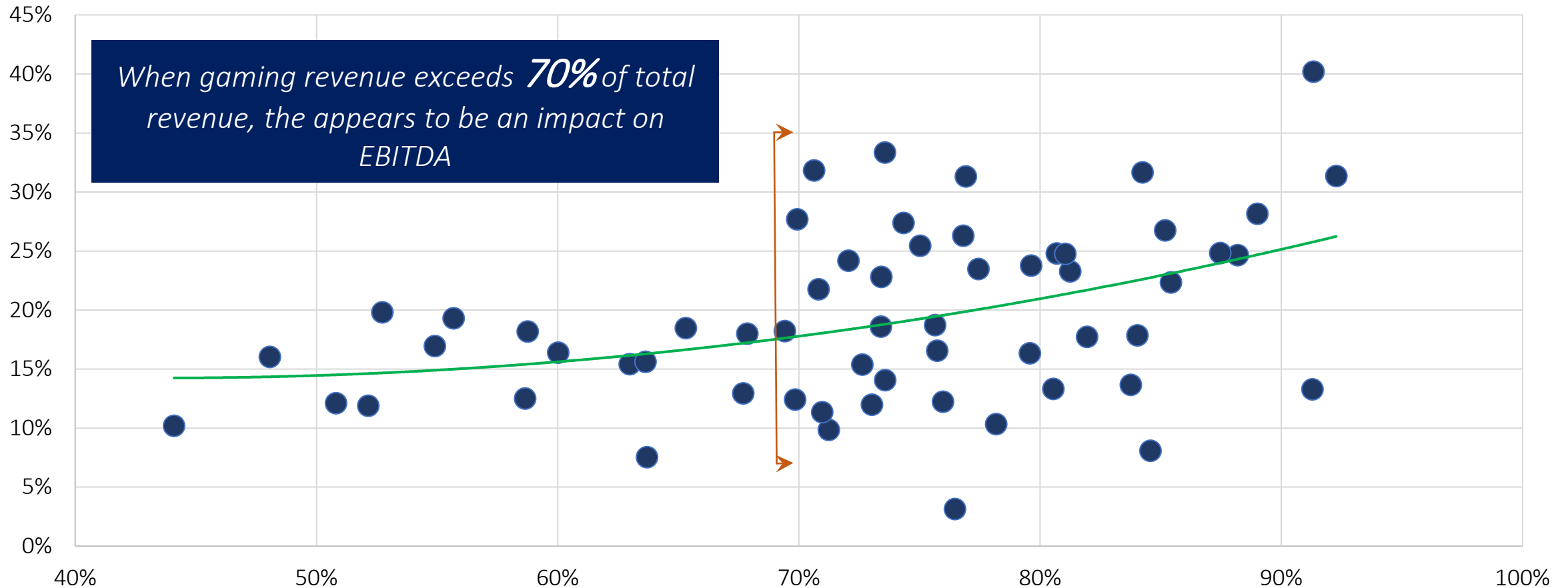
For every \$50 increase in ADR, EBITDA% increases by 2%

Correlation EBITDA & # machines - 2019

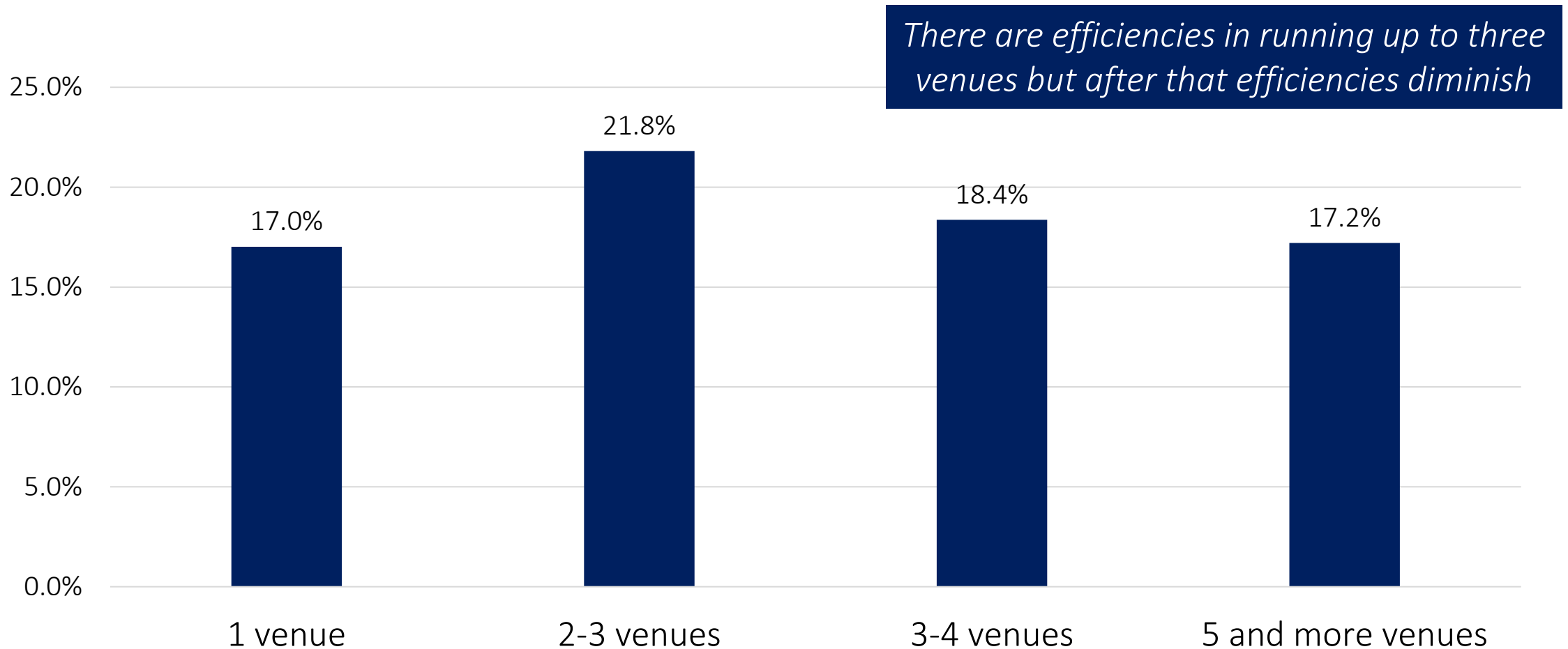


Correlation EBITDA & % gaming rev - 2019

EBITDA % Operational Revenue



EBITDA by number of venues



Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au



F&B COGS

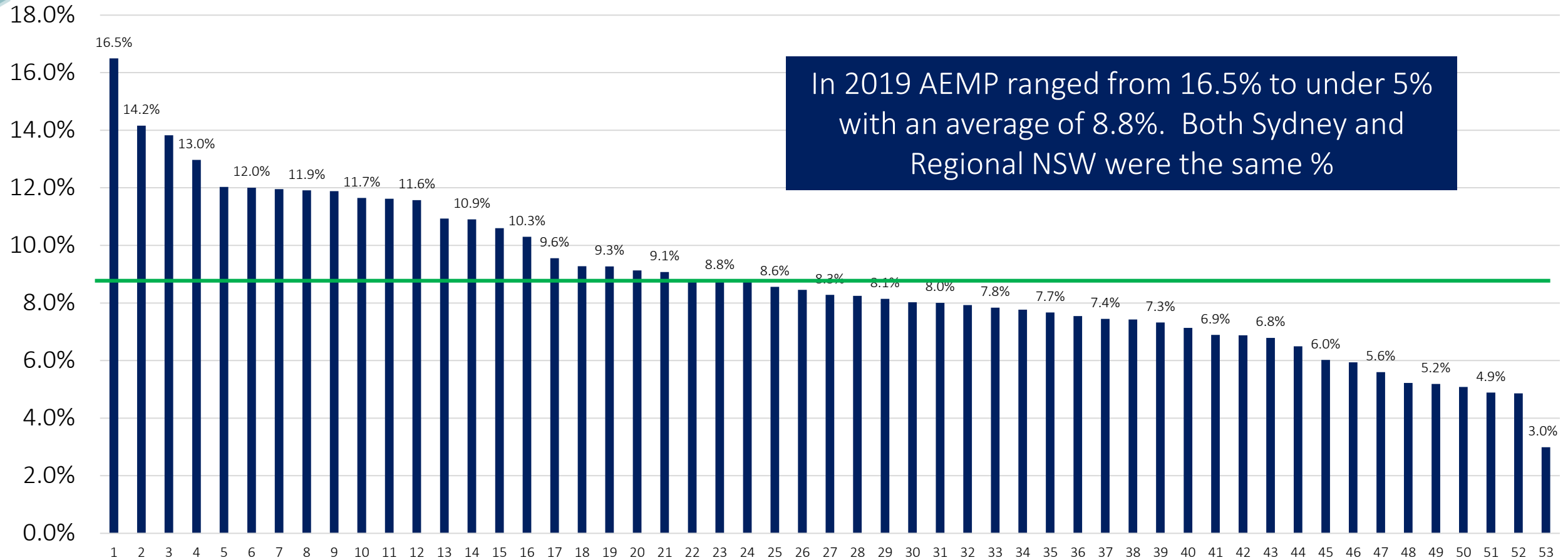
	Best	Low	Average
Bar GP	68%	54%	62%
Food GP	66%	52%	59%

A small sample and warnings against consistency – eg rebates, discounts, complimentary items

Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

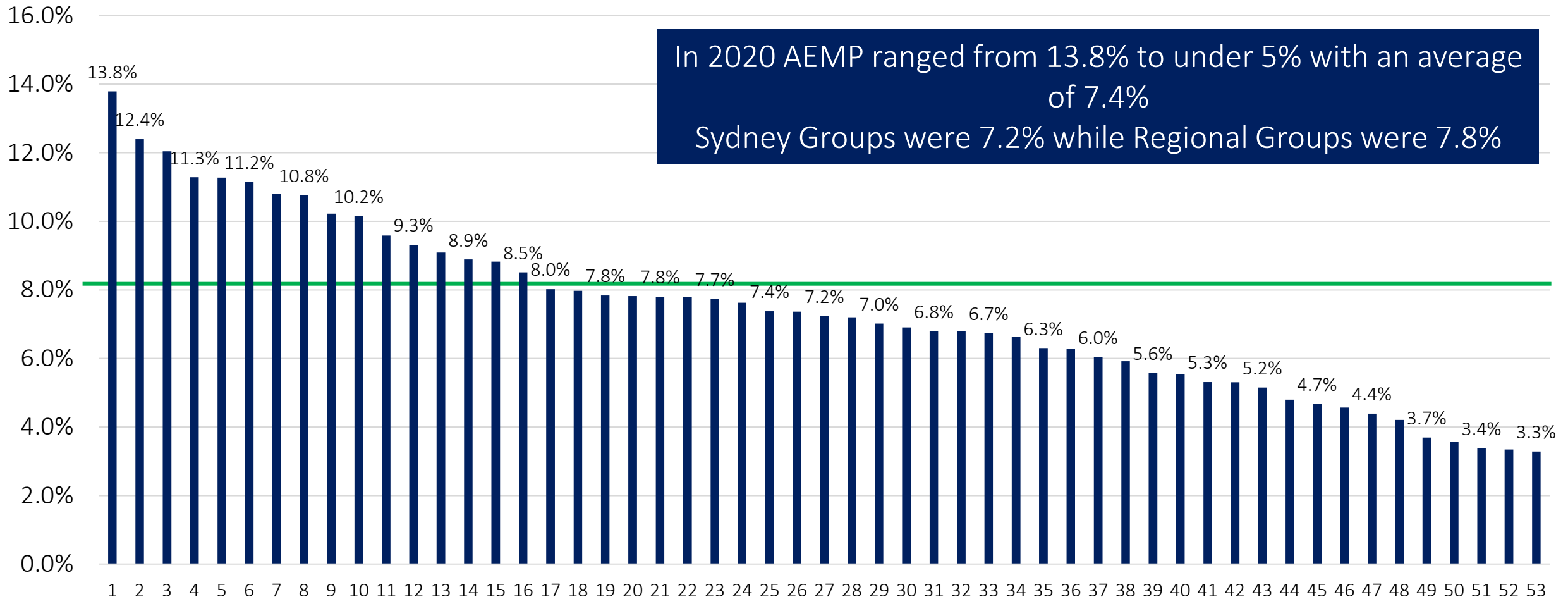
AEMP – 2019



Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

AEMP – 2020

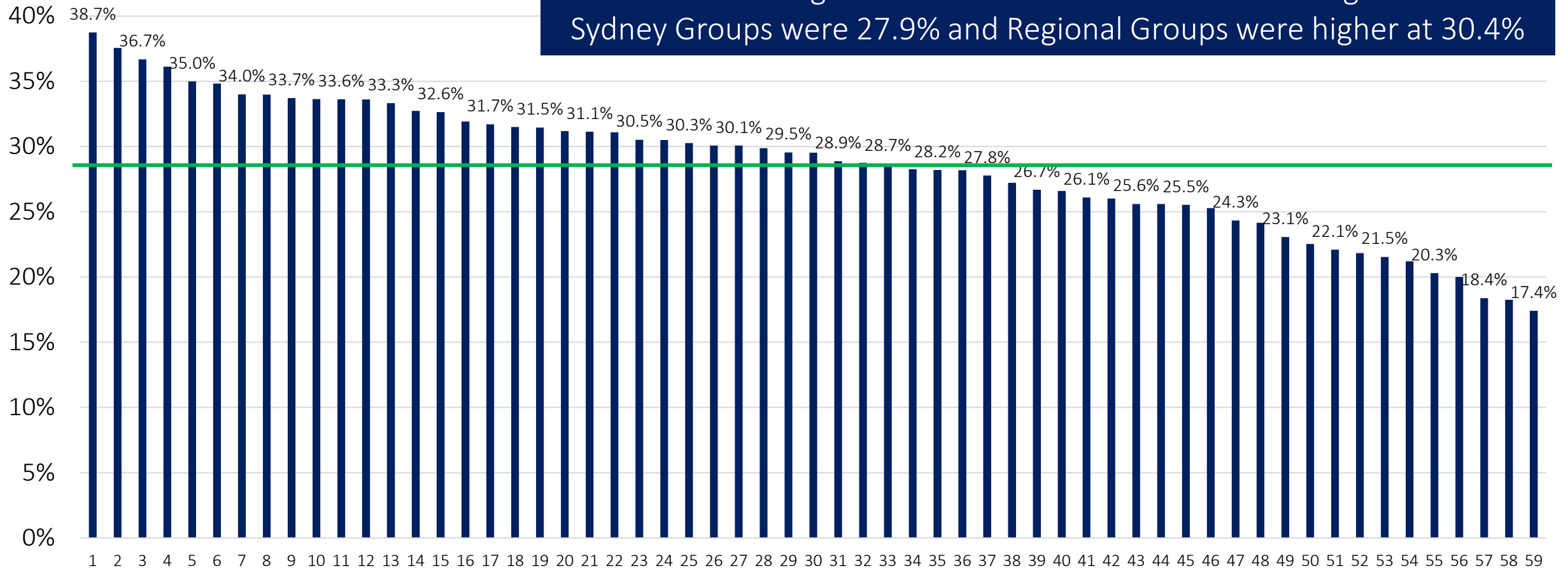


Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

Total Remuneration costs – 2019

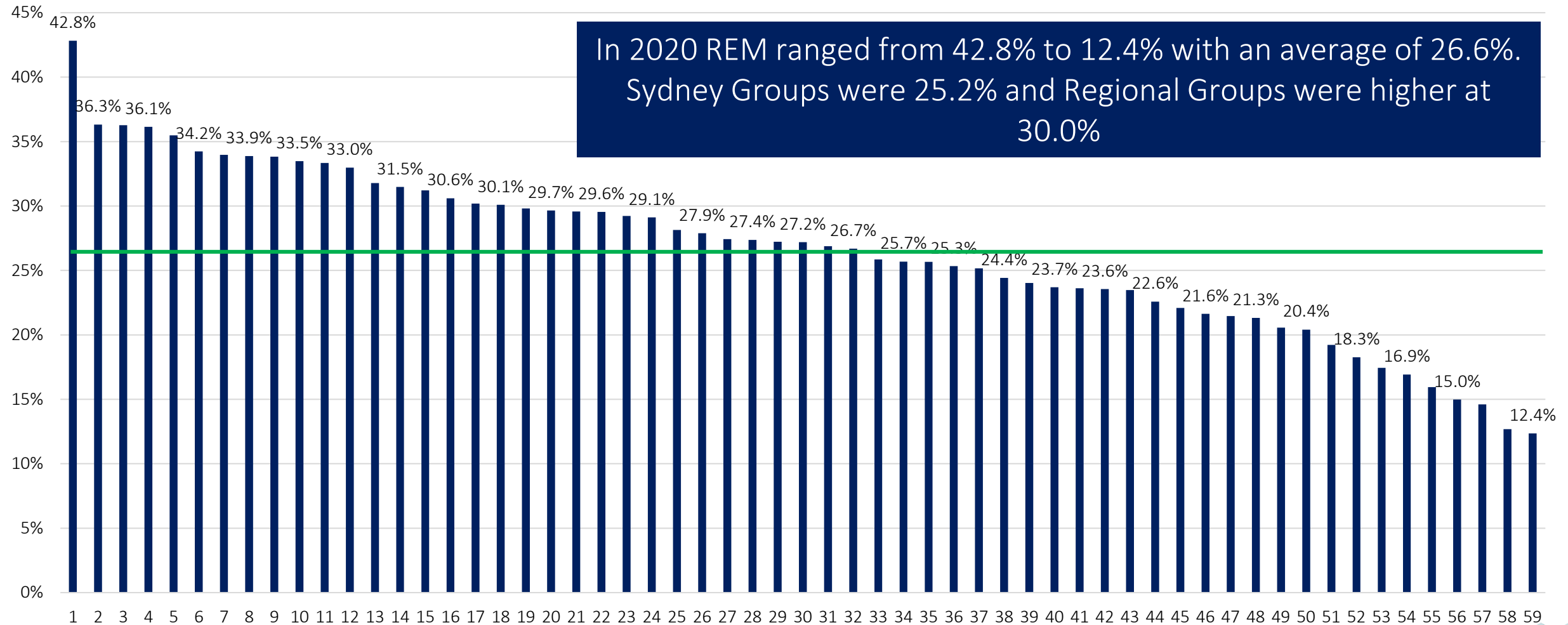
In 2019 REM ranged from 38.7% to 17.4% with an average of 28.6%.
Sydney Groups were 27.9% and Regional Groups were higher at 30.4%



Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

Total REM – 2020



Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au



O/head cost items - % total revenue

	2019	2020
Repairs and maintenance	2.17%	2.67%
Power costs	2.10%	2.38%
Cleaning costs	1.75%	1.80%
Security costs	1.41%	1.40%
Insurances	0.86%	0.92%
Professional fees & audit	0.34%	0.38%

Summary

- EBITDA on revenues ran at 18.8% Pre COVID, increased to 22.1% in 2020
- Sydney Groups are achieving better EBITDA levels than Regional NSW Groups with higher ADR levels (in 2019, \$219 v \$156)
- Key differences in costs
 - AEMP went from 8.8% to 7.4%, REM 28.6% to 26.6%
 - But other overheads were harder to adjust down in 2020
- EBITDA is boosted when gaming revenue is over 70%
- Extra \$50 ADR → +2% in EBITDA
- 250 → 600 machines is the *sweet spot* with higher EBITDA levels
- 3+ venues are harder to maintain efficiencies on EBITDA

NSW Gaming Trends

2017 to 2021 - 5 Years of Data
Reported as Calendar Years
2 Years of COVID impact



Basis of our analysis is at Australian Bureau of Statistics SA4 level

- 28 SA4 areas in NSW, 14 in Sydney and 14 in Regional NSW
- SA4 population: Sydney 200k to 630k, NSW Regional 120k to 380k people



Source: Australian Bureau of Statistics

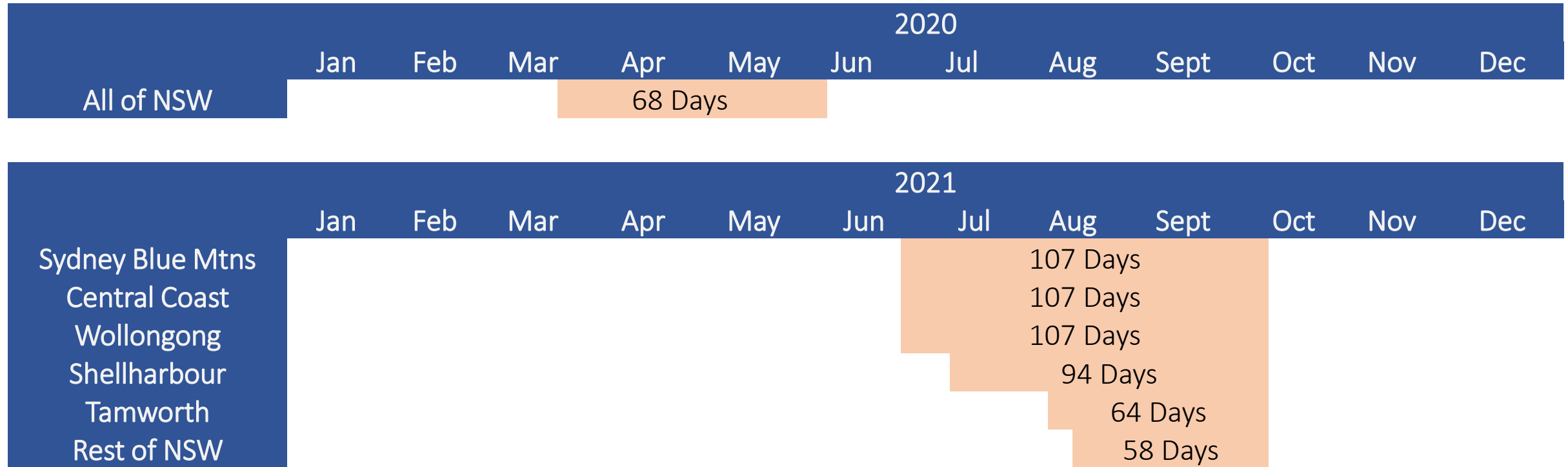
9/05/2022

Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

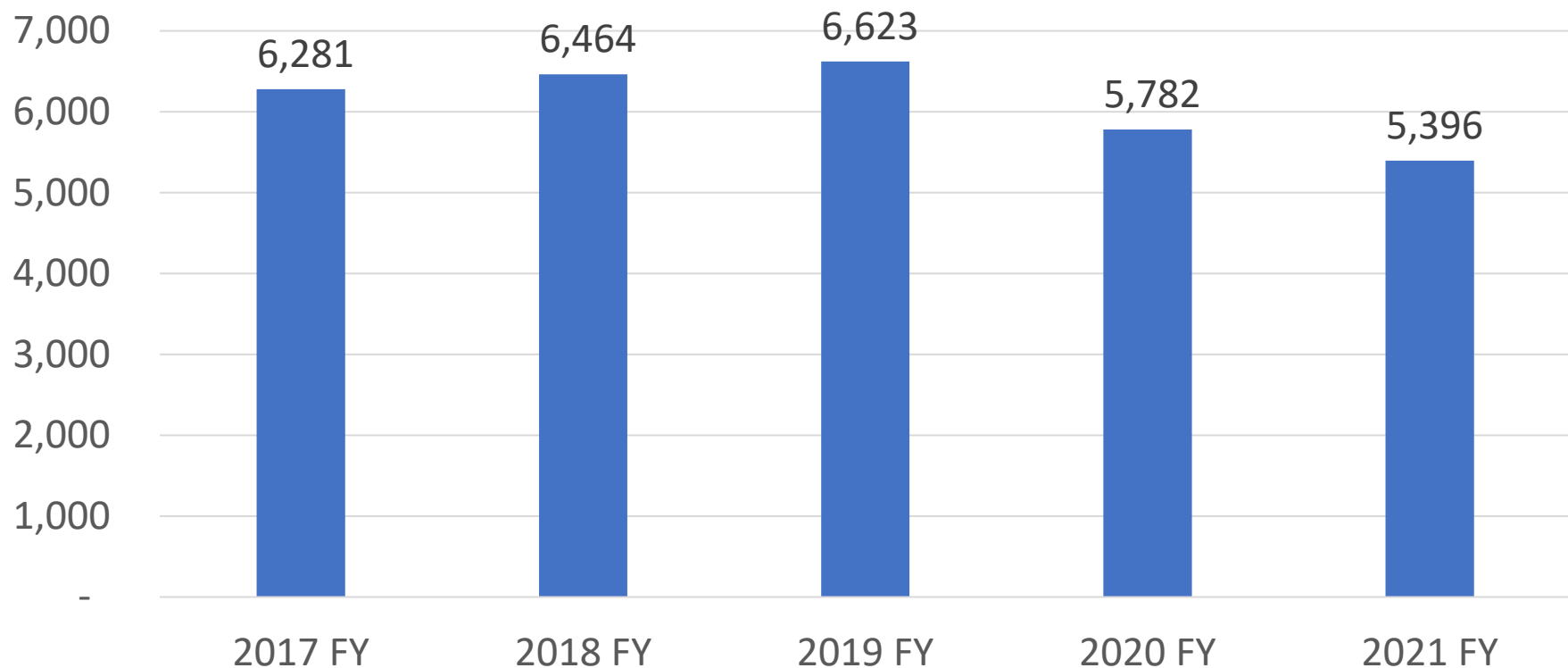
COVID Closure Dates NSW 2020 and 2021

For ADR calculations we have adjusted for days closed



Clubs & Hotels - Total NSW Annual Gaming Trend

Total NSW Clubs Hotels Gaming Net Profit
Full Years 2017 to 2021 \$M



● Growth of 2.5-2.9% prior to COVID

● 2020 COVID drove 12.7% decline

● 2021 COVID drove a further decline of 6.7% vs 2020

● 2021 18.5% decline vs 2019

2018 FY	2019 FY	2020 FY	2021 FY
+2.9%	+2.5%	-12.7%	-6.7%

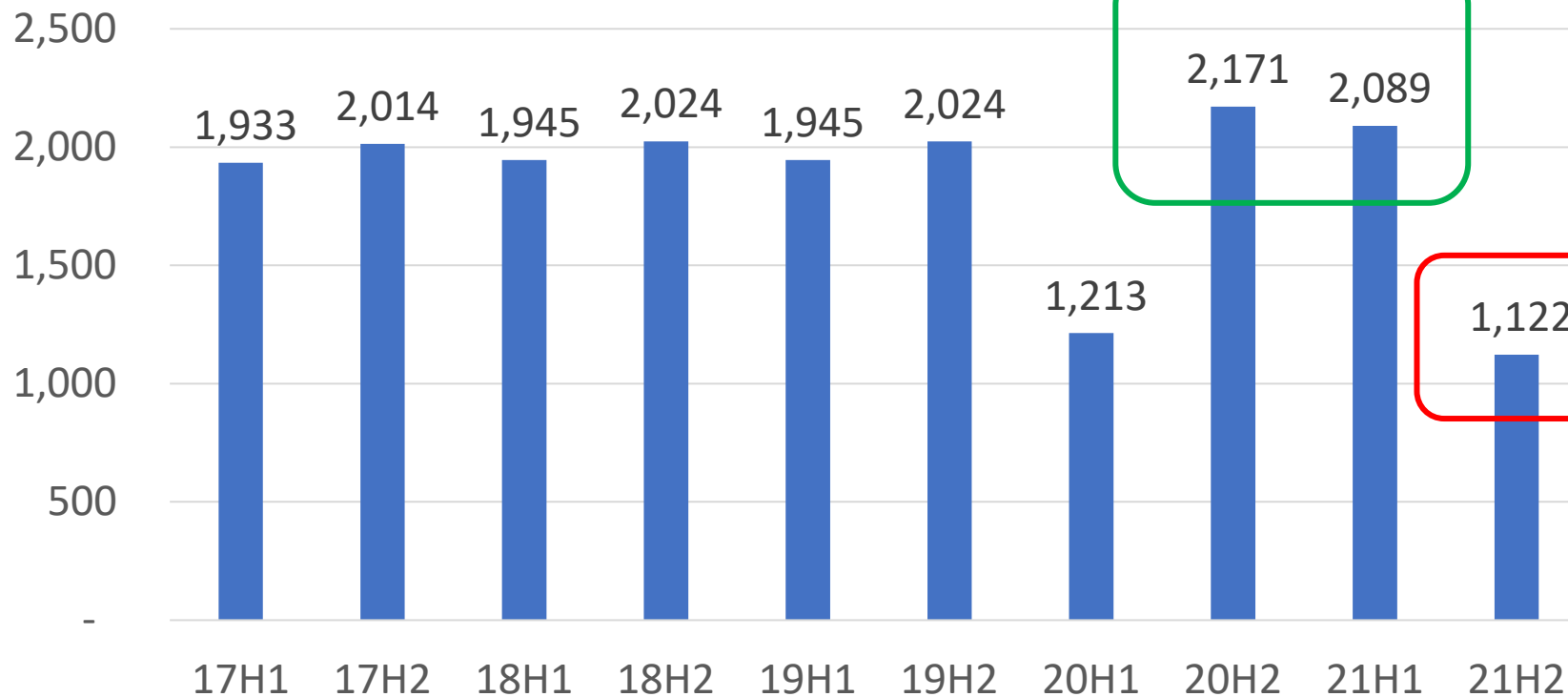
9/05/2022

Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

Clubs Total NSW 6 Monthly Gaming Net Profit

Total NSW Clubs Gaming Net Profit
Half Years 2017 to 2021 \$M



• Growth of 0% to 0.6%% Pre-COVID

• Record 6 monthly highs in 20H2 & 21H1

• 21H2 significantly impacted by COVID
-48% vs year ago

	18H1	18H2	19H1	19H2	20H1	20H2	21H1	21 H2
Growth	0.6%	0.5%	0.0%	0.0%	-37.6%	7.3%	72.3%	-48.3%

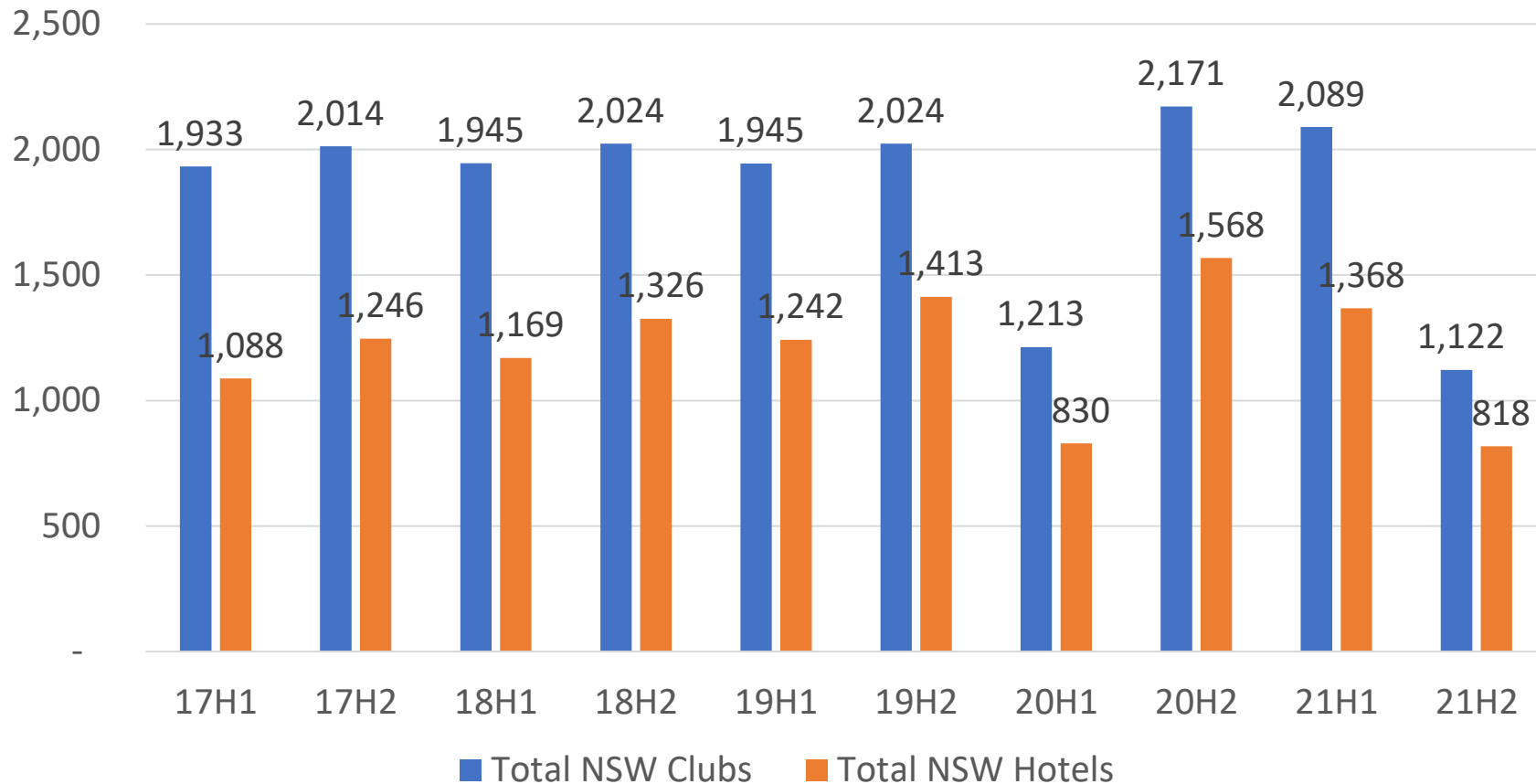
9/05/2022

Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

Total NSW Clubs & Hotels 6 Monthly Gaming Trend

Total NSW Clubs vs Hotels Gaming Net Profit
Half Years 2017 to 2021 \$M



- Prior to COVID clubs were stable (no growth) while hotels were growing at 6% to 7%
- Clubs and hotels both had strong 6 monthly periods in between the lockdowns
- 21H2 vs 19H2 clubs were down 45% while hotels were down 42%

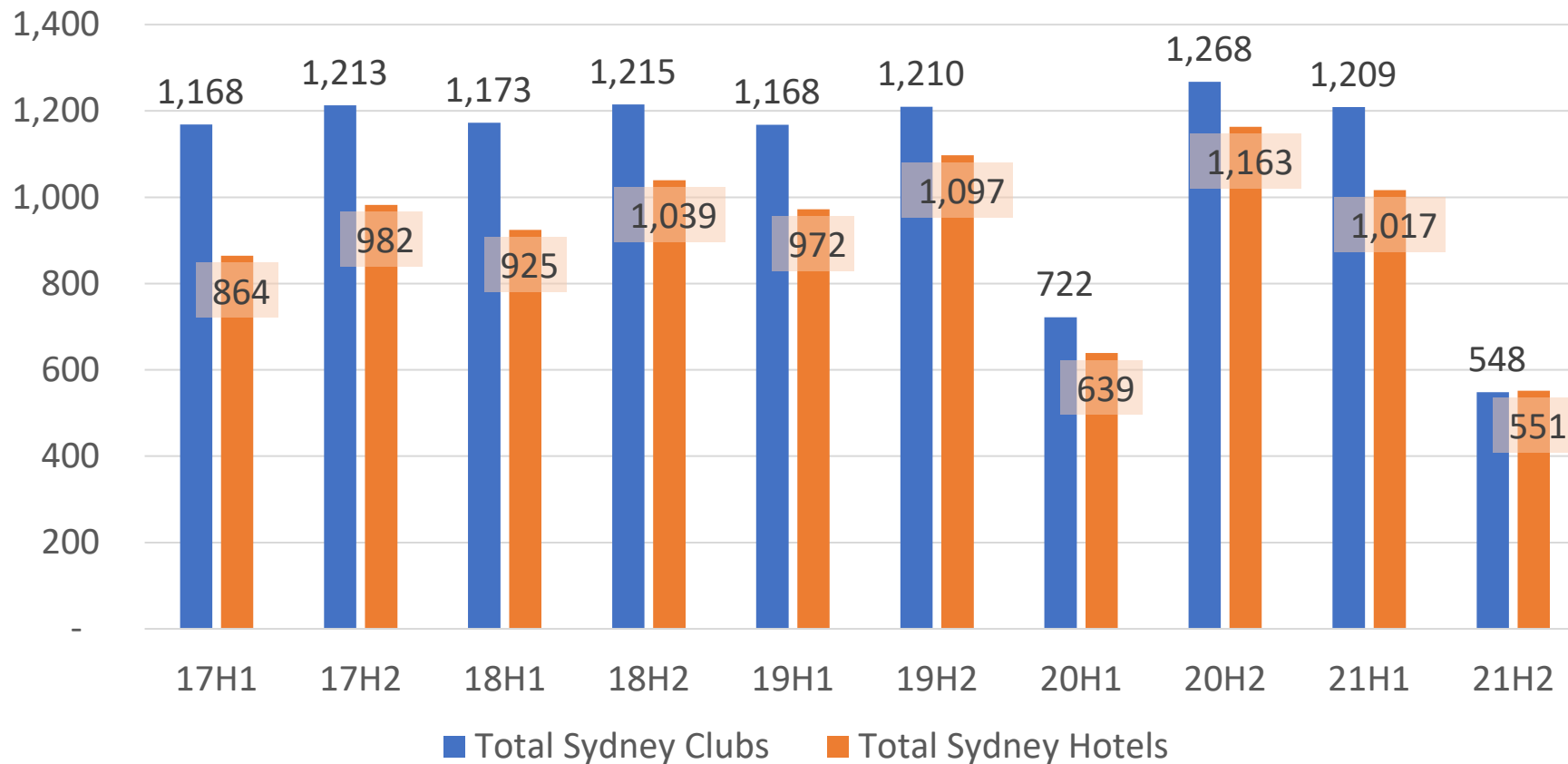
9/05/2022

Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

Sydney Clubs & Hotels 6 Monthly Gaming Trend

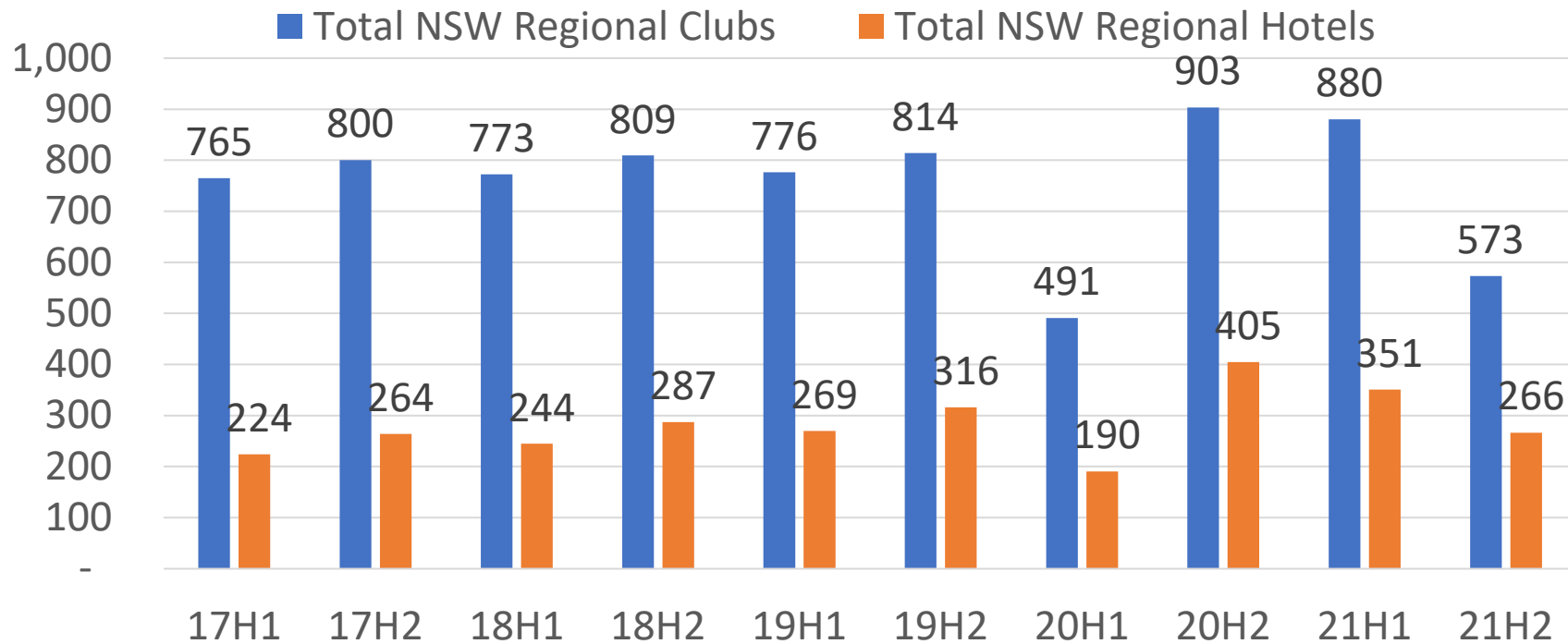
Sydney Clubs vs Hotels Gaming Net Profit
Half Years 2017 to 2021 \$M



- Prior to COVID Sydney clubs were growing 2-3% while hotels were growing at 5% to 7%
- Clubs had consecutive record 6 monthly periods in between the lockdowns
- Hotels had a record half in 20H2
- 2021 lockdown longer 107 days so more severe than 2020

Regional NSW Clubs & Hotels 6 Monthly Gaming Trend

Regional NSW Clubs vs Hotels Gaming Net Profit
Half Years 2017 to 2021 \$M



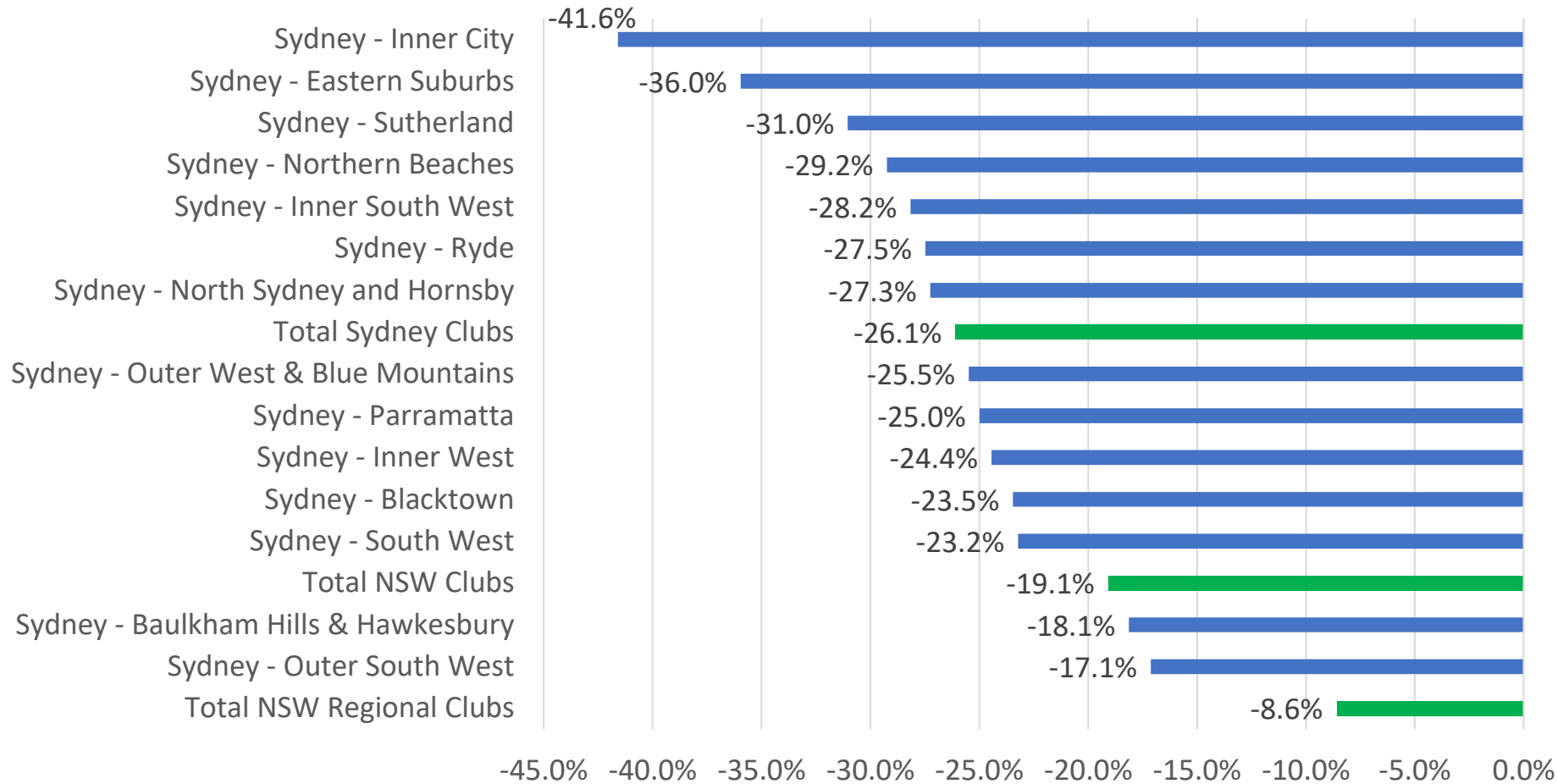
● Prior to COVID Regional clubs were growing at 3% while hotels were growing at 9% to 10%

● Clubs and hotels both had two consecutive record 6 monthly periods in between the lockdowns

● 2021 lockdown less severe than 2020 likely showing member resilience after reopening

Sydney Clubs FY 2021 vs 2019 (Pre- COVID)

Ranking Sydney Clubs 2021 FY vs 2019 FY (Pre COVID)



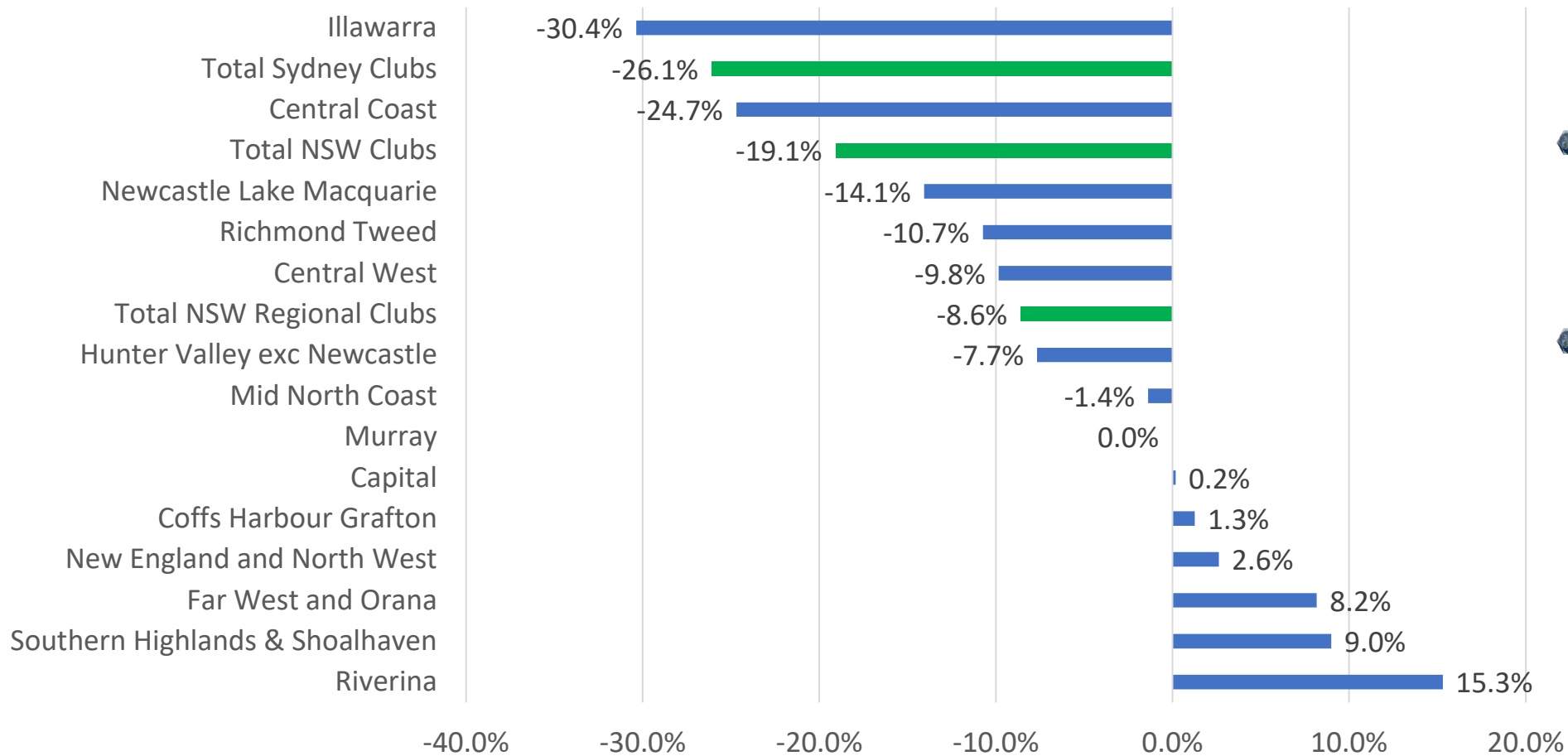
● Sydney clubs -26.1% with 107 days closure

● Worst affected inner Sydney, Eastern Suburbs Sutherland and Northern Beaches

● Best performance from Outer South West, Baulkham Hills and Hawkesbury, South West and Blacktown

NSW Regional Clubs FY 2021 vs 2019 (Pre- COVID)

Ranking NSW Regional Clubs 2021 FY vs 2019 FY (Pre COVID)



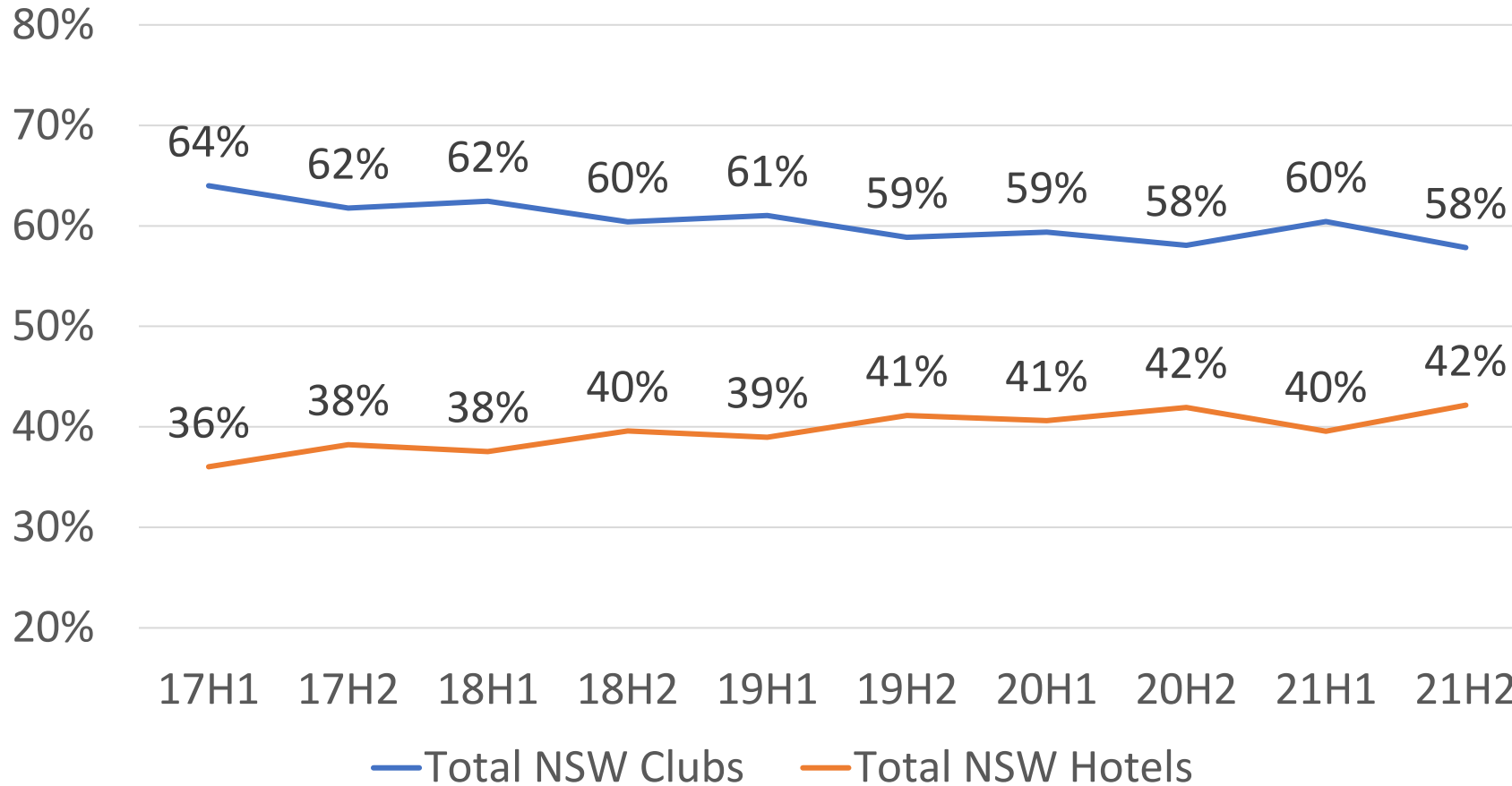
Regional NSW -8.6% despite most regions closed for 58 days

Illawarra and Central Coast 107 days closure same as Sydney

Despite closure some regions saw growth vs 2019 – Riverina, Southern Highlands & Shoalhaven , Far West & Orana and Coffs Harbour & Grafton

Total NSW Market Share Clubs vs Hotels

Market Share Total NSW Clubs Vs Hotels

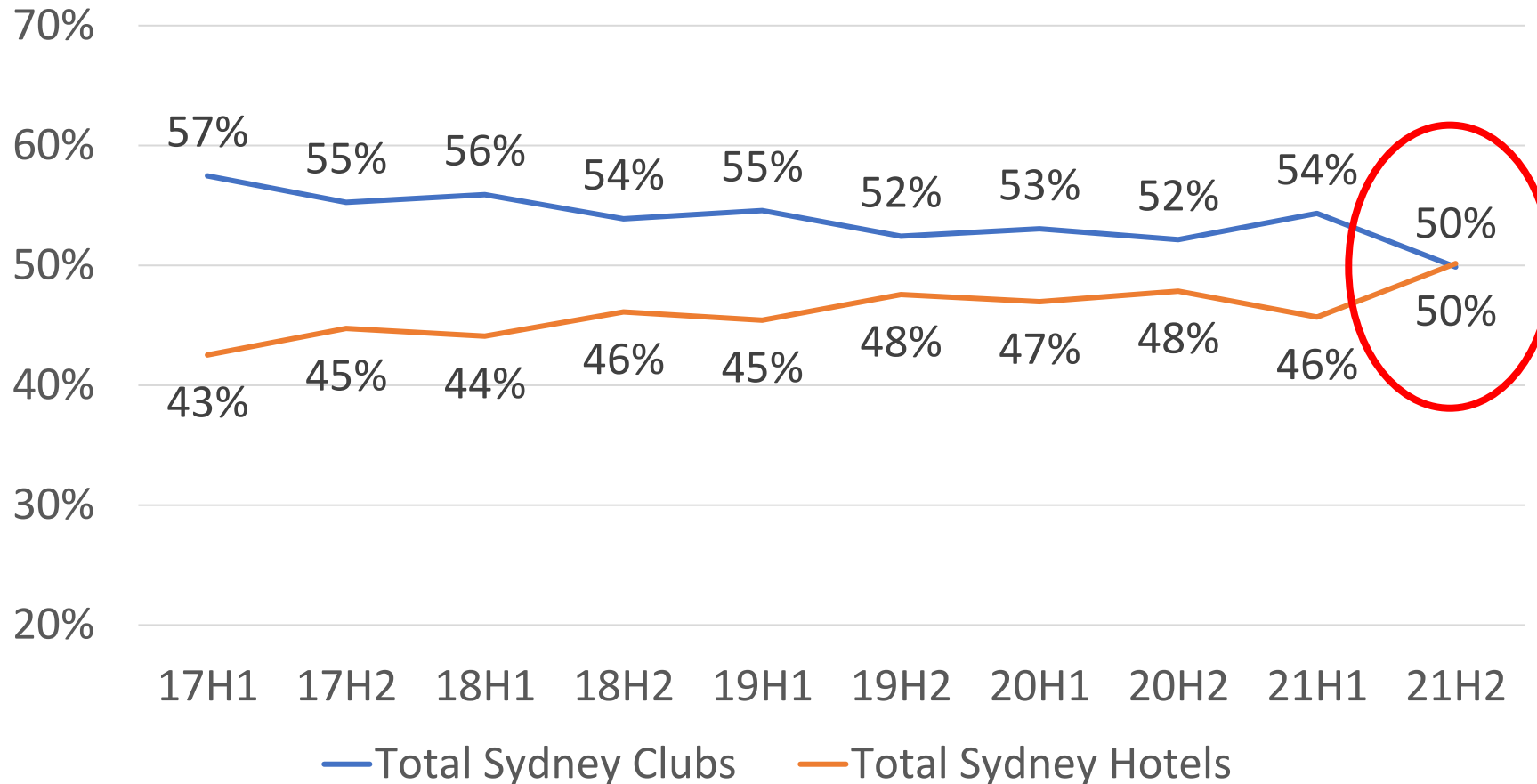


Steady trend of clubs losing share to hotels

Increase of club's market share in 2021 H1 reversed in 2022 H2

Sydney Market Share Clubs vs Hotels

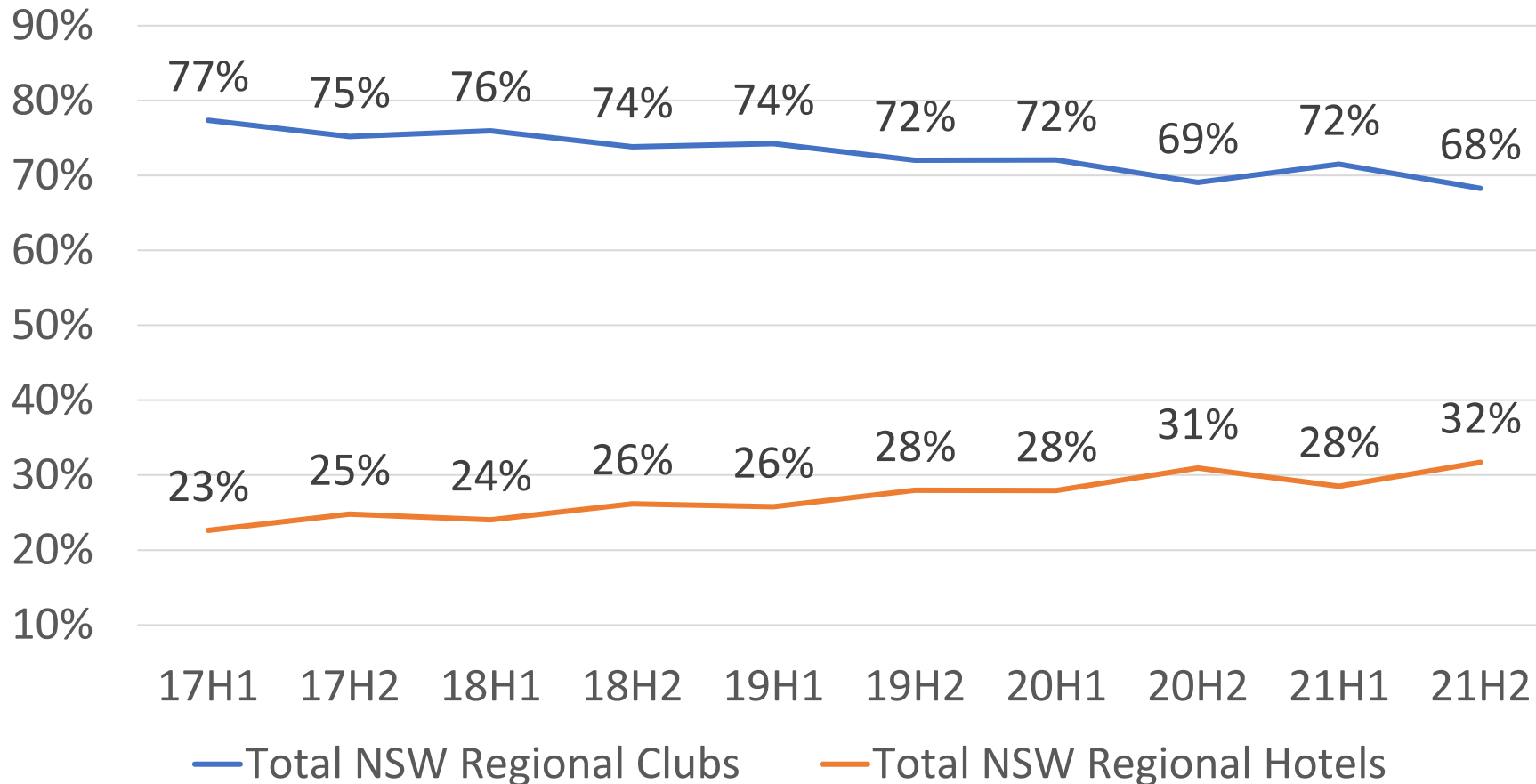
Market Share Sydney Clubs vs Hotels 2017 - 2021



- Market share convergence - spike in hotels share now at 50% vs clubs
- Increase of club's market share in 2021 H1 reversed in 2022 H2
- Sydney Clubs call to action to understand and counter this concerning trend

Regional NSW Market Share Clubs vs Hotels

Market Share Regional NSW Clubs Vs Hotels

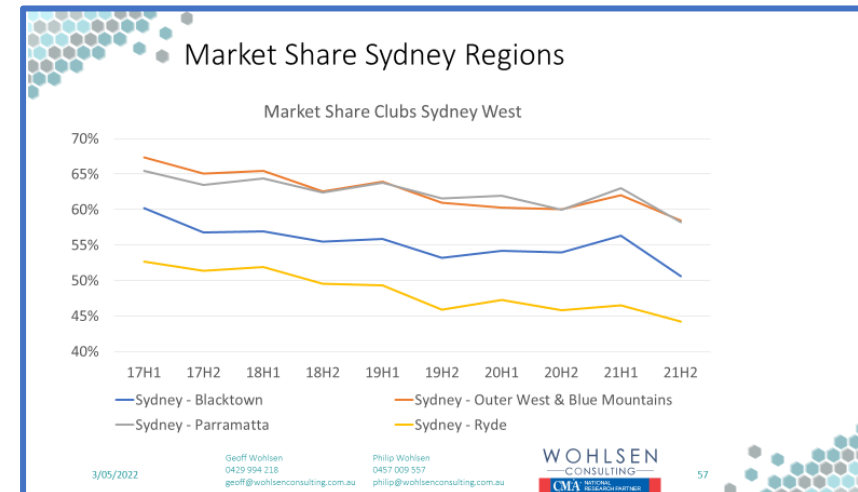
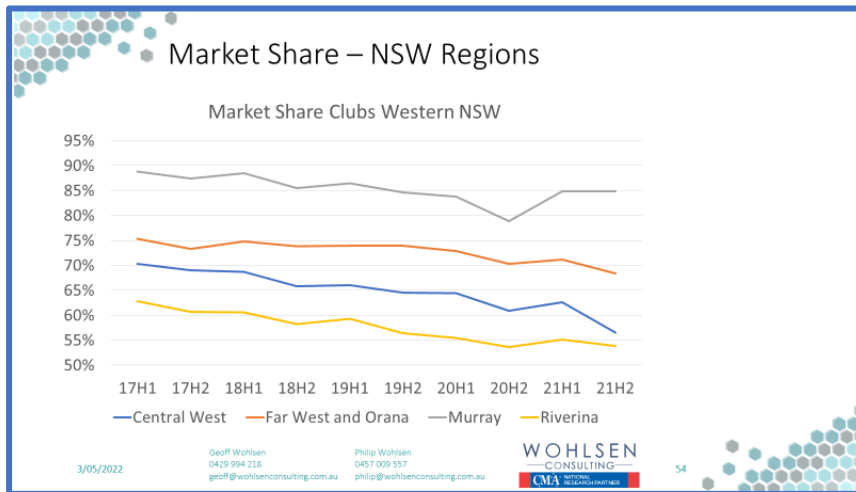
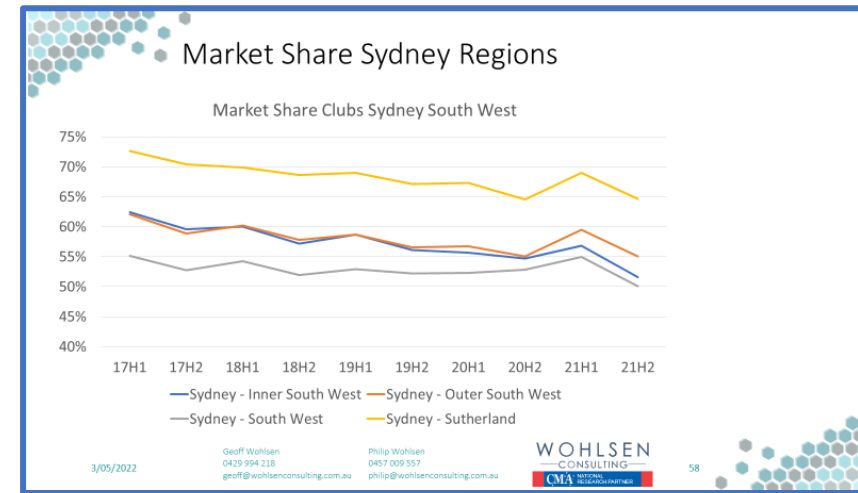
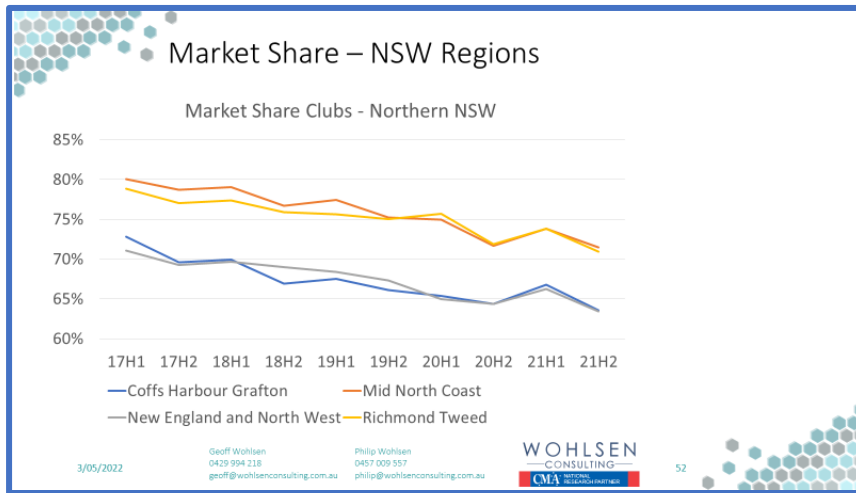


Steady trend of clubs losing share to hotels

Increase of club's market share in 2021H1 reversed in 2022 H2

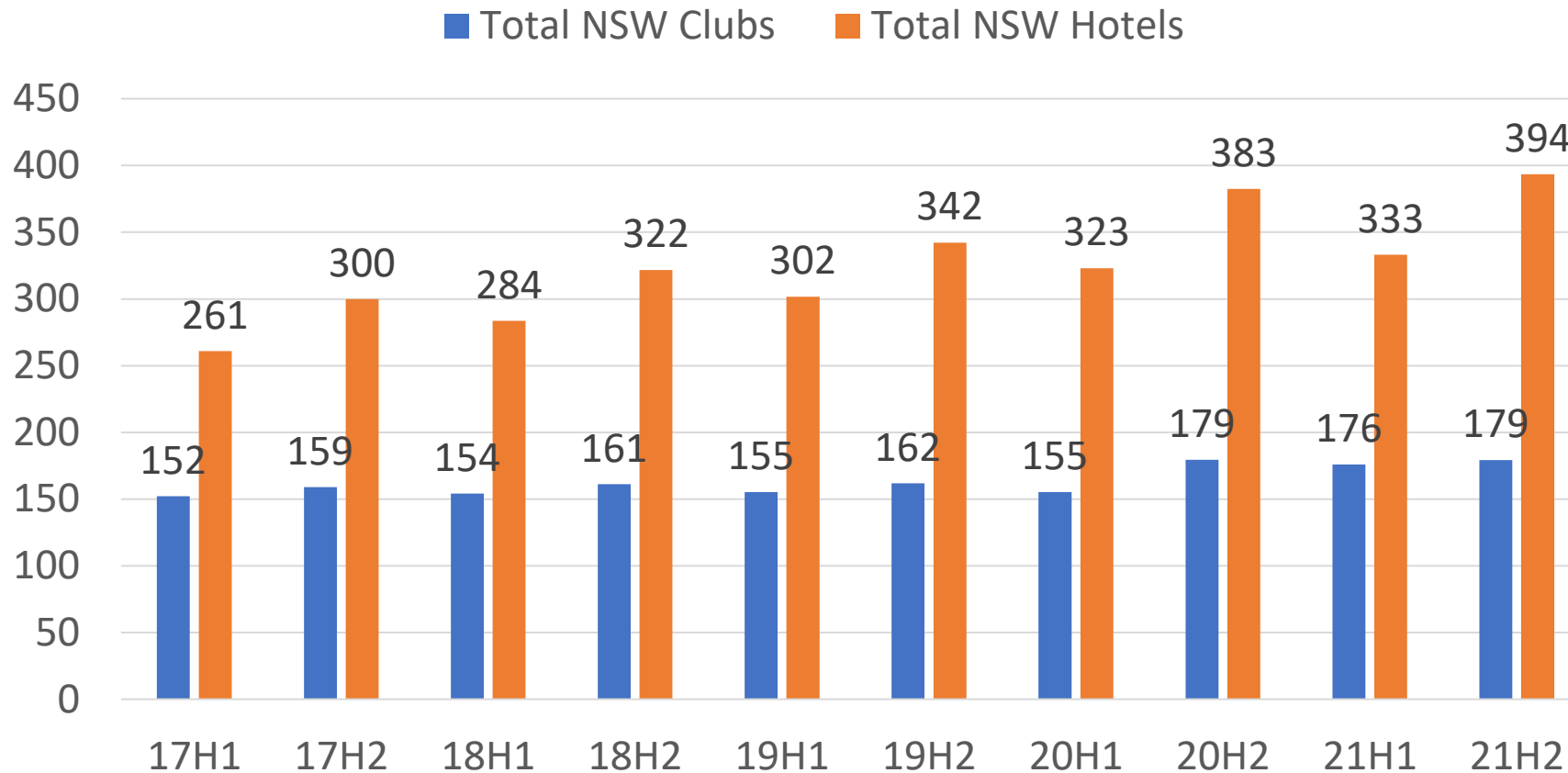
Regional clubs still dominant and should be focusing on how to compete with hotels while still dominant

Regional SA4 Charts will be included in the full report



NSW Clubs vs Hotels ADR - 6 Monthly

ADR NSW Clubs Vs Hotels
Half Yearly 2017 to 2021



- Hotel ADR 2.2 times clubs
- Hotel ADR significant growth now at \$394 +50% over 5 years
- Clubs ADR now \$179 +18% over 5 years
- COVID lockdowns not impacting ADR's due adjusting for days closed
- Pent up demand - members are betting more when clubs re-open

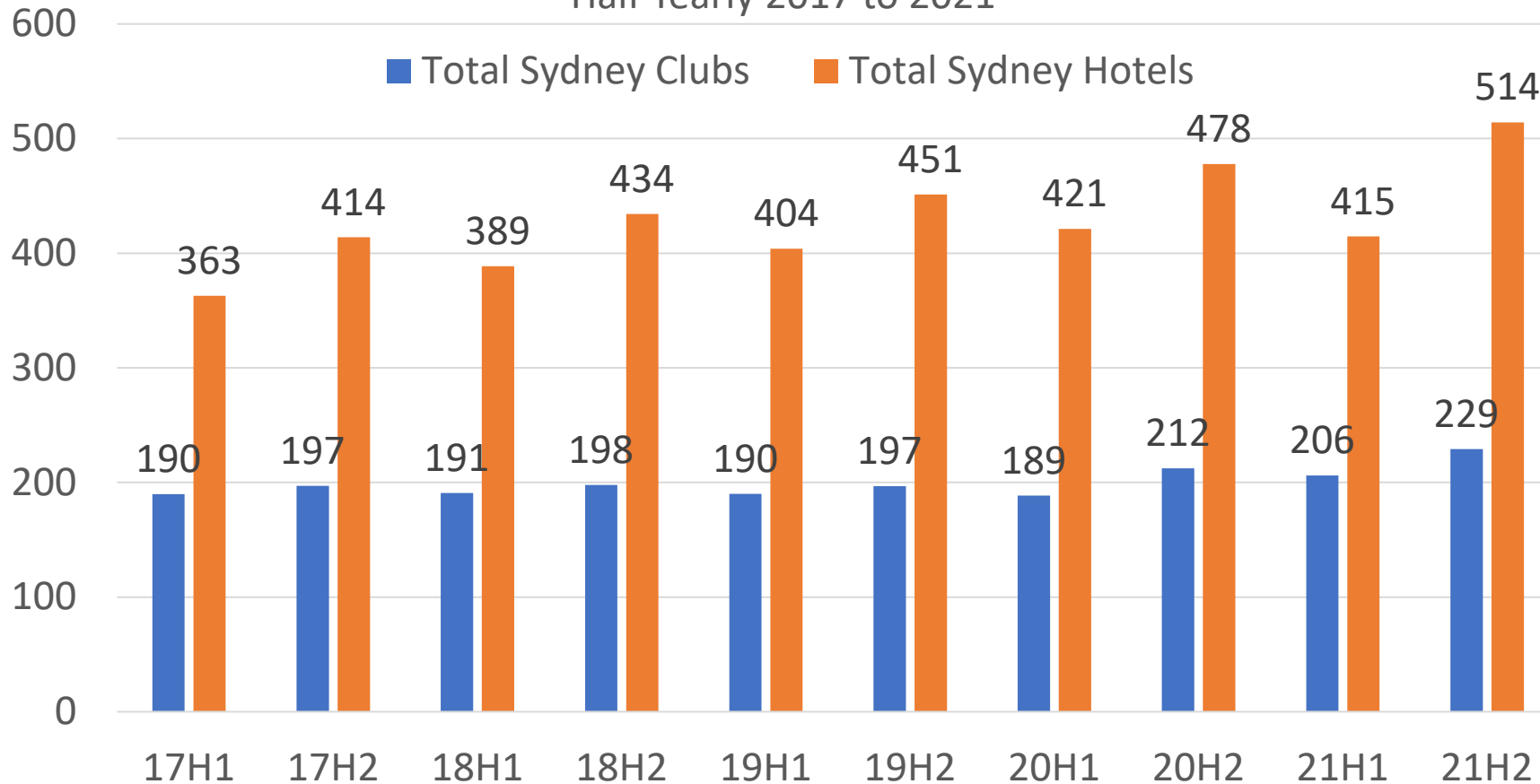
9/05/2022

Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

Sydney Clubs vs Hotels ADR - 6 Monthly

ADR Sydney Clubs Vs Hotels
Half Yearly 2017 to 2021



Hotel ADR 2.2 times clubs

Hotel ADR significant growth now at \$514 +42% over 5 years

Clubs ADR now \$229 +21% over 5 years

COVID lockdowns not impacting ADR's due adjusting for days closed

Pent up demand - members appear to betting more when clubs re-open

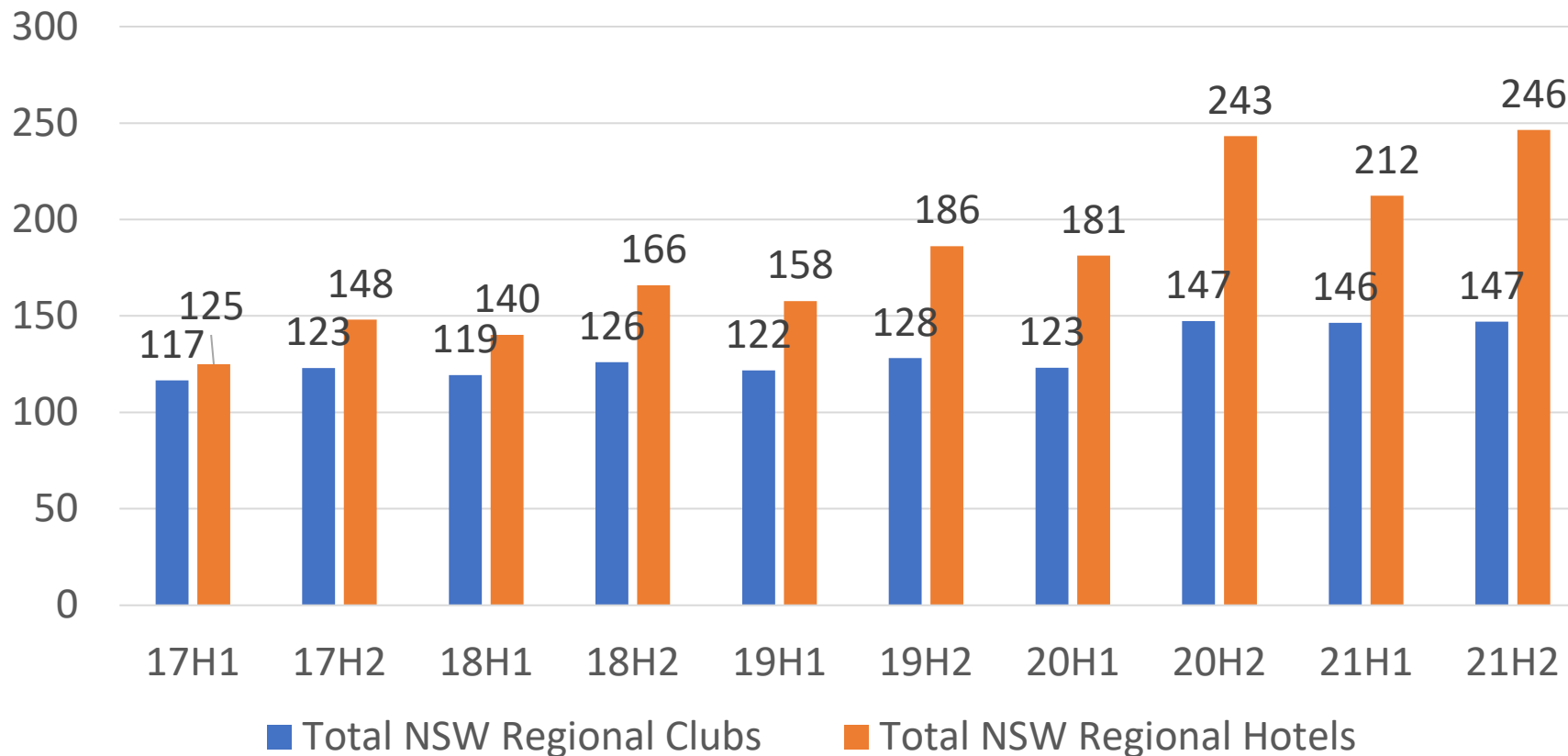
9/05/2022

Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

Regional NSW Clubs vs Hotels ADR - 6 Monthly

ADR Regional NSW Clubs Vs Hotels
Half Yearly 2017 to 2021



- Hotel ADR 1.7 times clubs
- Hotel ADR significant growth now at \$246 +97% over 5 years
- Hotels ADR's have spiked since 2020 H2 – Clubs need to understand drivers to compete
- Clubs ADR now \$147 +26% over 5 years
- COVID lockdowns not impacting ADR's due adjusting for days closed

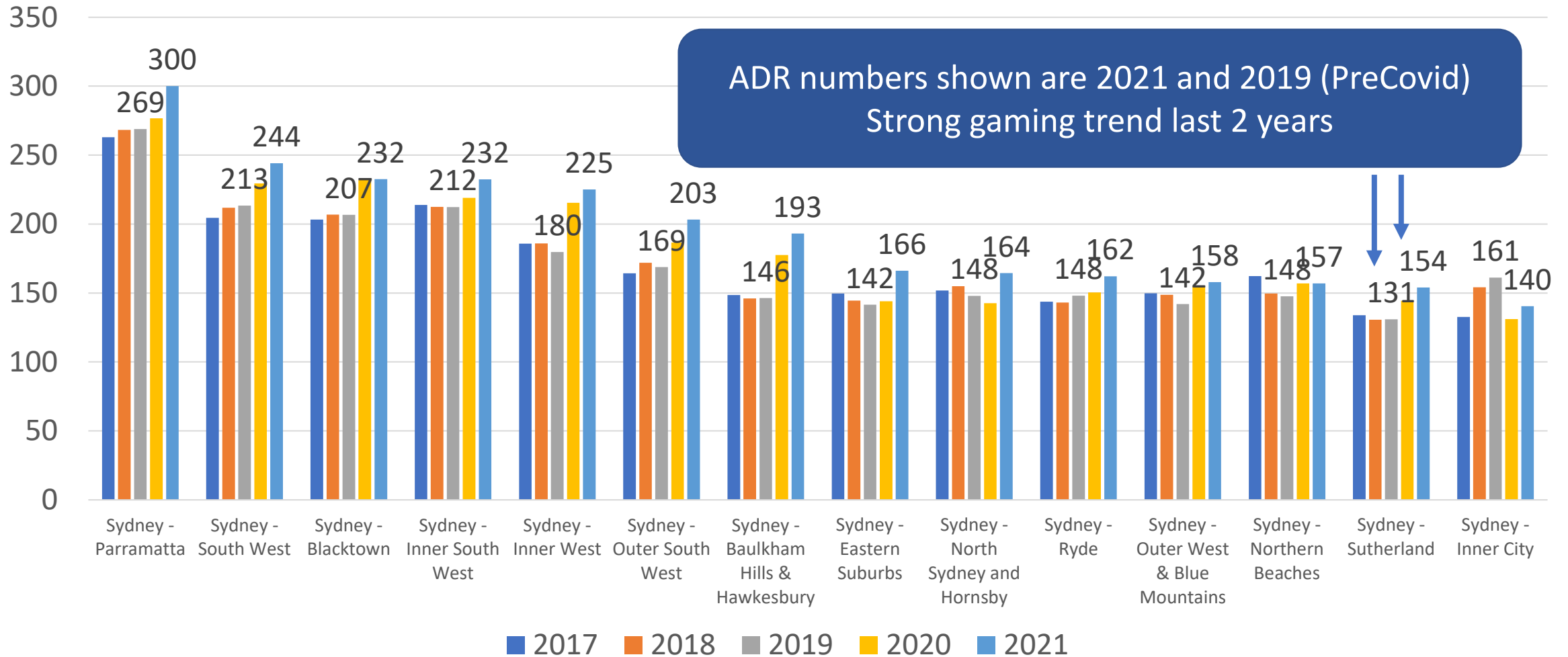
9/05/2022

Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

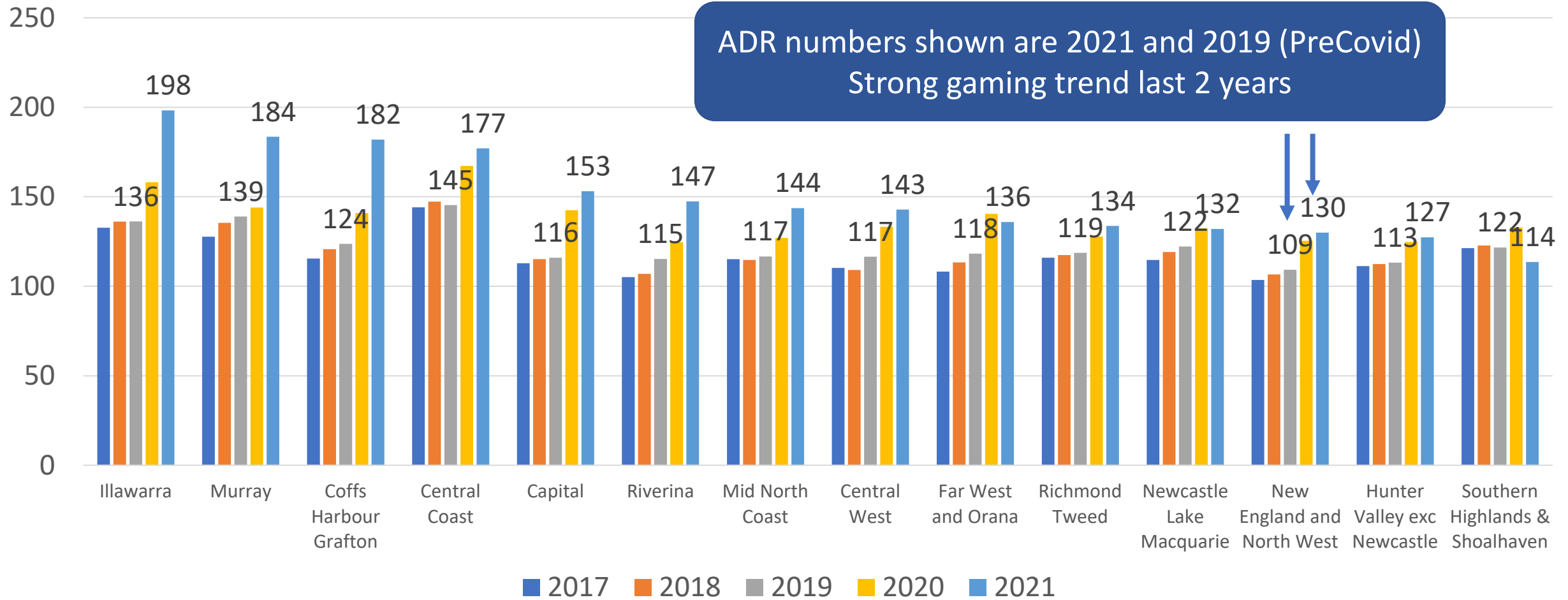
Sydney Clubs ADR 5 year Trend

Sydney Clubs ADR Trend



NSW Regional Clubs ADR 5 year Trend

Regional NSW Clubs ADR Trend



Executive Summary – Gaming NSW

- 🎰 Industry gaming low growth 2017 – 2019
- 🎰 COVID closures 68 days 2020 and 58-107 days in 2021 drove overall decline of 19% vs 2019
- 🎰 2021 Gaming revenue similar to 2020 despite longer lockdowns
- 🎰 Record trading in between the 2 lockdowns with clubs gaining share on hotels in this period
- 🎰 Long term trend of hotels gaining share over clubs in all areas. Sydney clubs and hotels market share convergence now at 50%
- 🎰 ADRs have grown during COVID showing the resilience of gaming
- 🎰 Hotels ADRS significantly higher than clubs and growing faster

Key focus for clubs industry should be on understanding why hotels are growing faster than clubs and how to compete against this



National Club Member Visitation Survey Opportunity

National Online
Industry Member
Survey

Target 100,000
responses

Opportunity to Understand
Members Behaviours
Attitudes and Intentions

COVID
Impact and related Drivers of
Club Visitation

Aggregated Results National and
by State
For Benchmarking

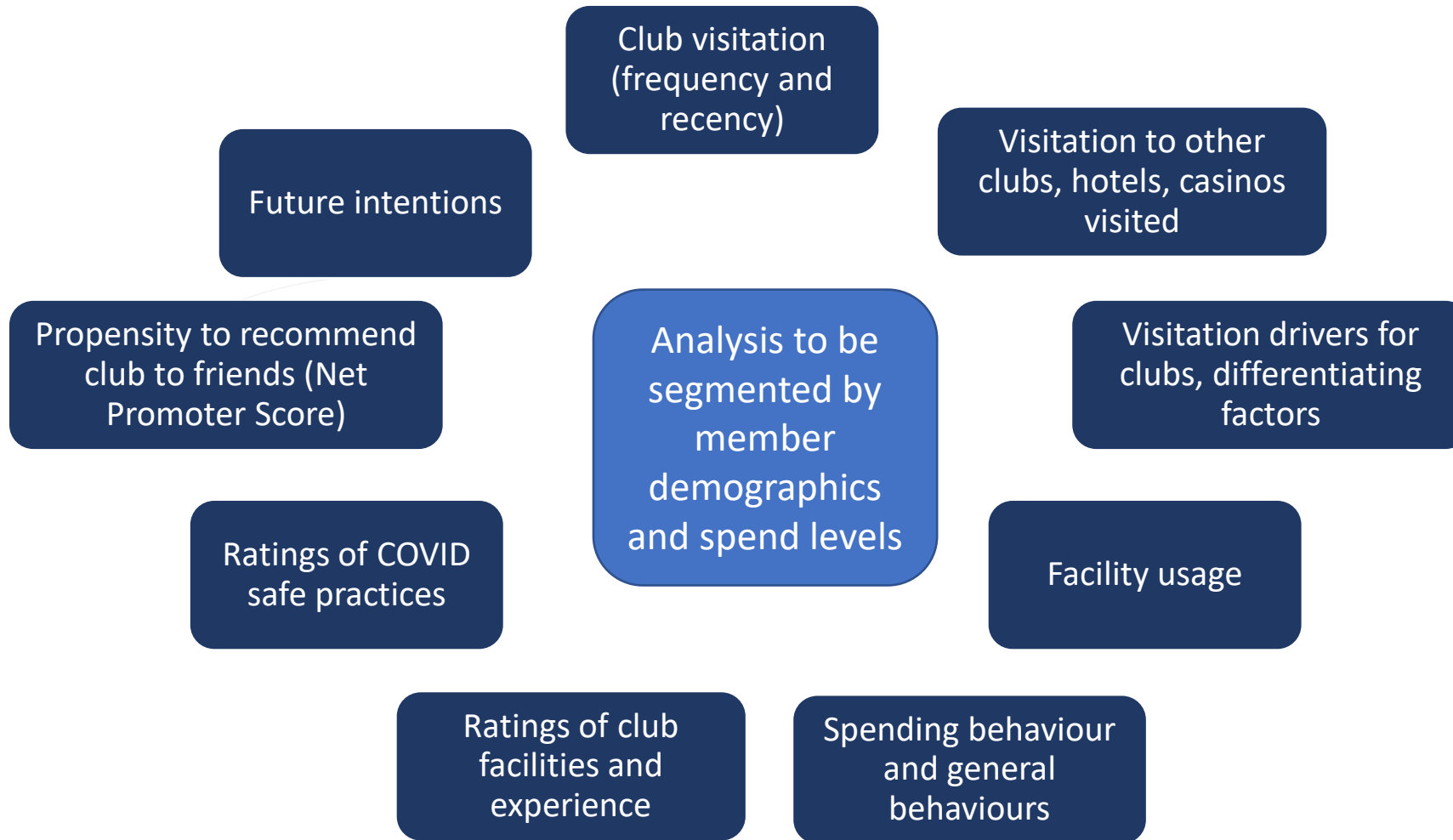
Private club specific report and
consultation

Survey
Participation
Target

State	Minimum No. Clubs	Ideal No. Clubs
NSW	20	40
Vic	10	20
Qld	10	20
ACT	5	8
Total	45	88



Club Member Visitation Survey Insights



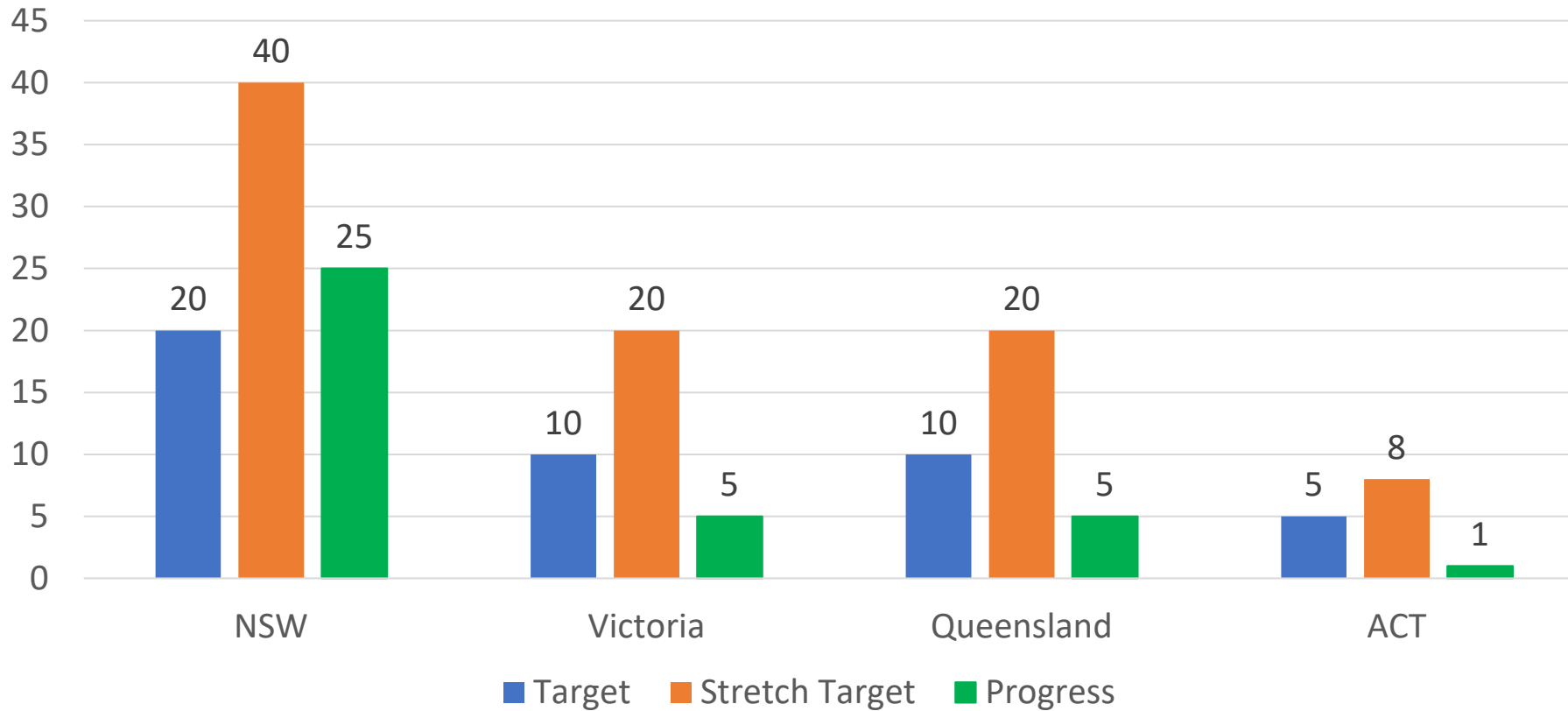
Another Invitation to join the survey will be sent out

Investment per venue
\$3,500 first venue
\$2,250 – \$3,300 for subsequent venues

We look forward to your support and participation

National Member Survey Progress

Progress on National Member Survey
Number of Clubs by State



🌐 Total 31 vs target of 45 after just 2 months

🌐 NSW participation ahead of target and potential to reach stretch target

🌐 Victoria strong support with introductions from CMA

🌐 Qld recruitment drive via Geoff Wohlsen

🌐 ACT – next focus

9/05/2022

Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

National Salary/Remuneration Survey

- National Survey to provide salary/remuneration insights to the industry.
- Important timing given current challenges of recruiting and retaining staff.
- Completed by CEO or their delegate.
- Provided free of charge by Wohlsen Consulting. Confidentiality guaranteed.



Positions Included

CEO or General Manager
Assistant General / Operations Manager
Finance Manager
Gaming Manager
Food and Beverage Manager
Marketing Manager
Human Resource Manager
Head Chef
Second/Sous Chef
Duty Manager

Information Surveyed

Salary
Annual Bonus
Other Benefits

Please support your industry by
participating

We will provide you with a copy of presentation with additional information post this webinar





Thank you

Geoff Wohlsen
0429 994 218
geoff@wohlsenconsulting.com.au

Philip Wohlsen
0457 009 557
philip@wohlsenconsulting.com.au

