

COUNTRY MANAGERS CONFERENCE 2022



ARISTOCRAT GAMING™



“I think everyone has
learned gaming
is a pretty
good business....”

Terry O'Halloran 2021

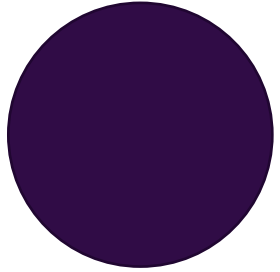
Local Performance

	Jan-22	Feb-22	Mar-22	Apr-22
NSW Clubs	-4%	-4%	+4%	+8%
NSW Hotels	+5%	+13%	+19%	+18%
CW Clubs	-11%	-7%	-12%	-1%
CW Hotels	+9%	+19%	+9%	+10%
Far NC Clubs	-9%	-8%	+14%	+15%
Far NC Hotels	+9%	-12%	+37%	+48%
Mid NC Clubs	-19%	-7%	-1%	+2%
Mid NC Hotels	+48%	+35%	+35%	+17%
NW Clubs	-16%	-11%	+4%	+4%
NW Hotels	-8%	+6%	+2%	+3%

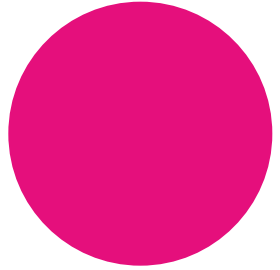


**WHAT HAVE WE
LEARNED FROM
THE LAST 2 YEARS?**

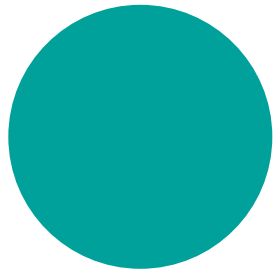
Marketing



Are promotions all they are cracked up to be?

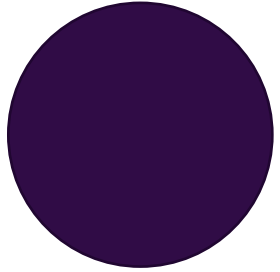


A large share of Members had a negative value

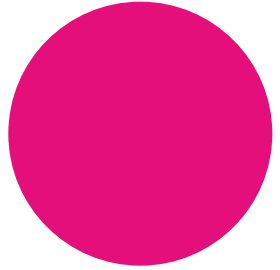


Raffles can work outside the 4 walls

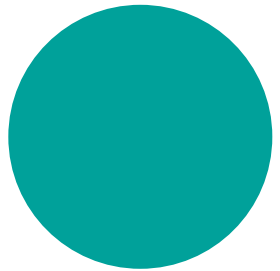
Finance



Cash preservation comes in handy

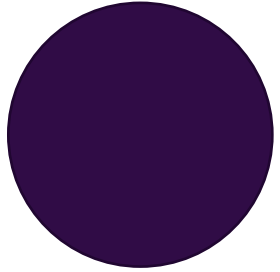


Financing models like Access may not be all that bad after all

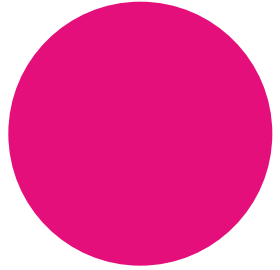


Those who invest in gaming, perform

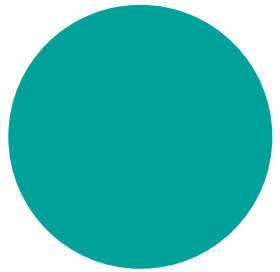
Product



Links matter



Hold continues to deteriorate



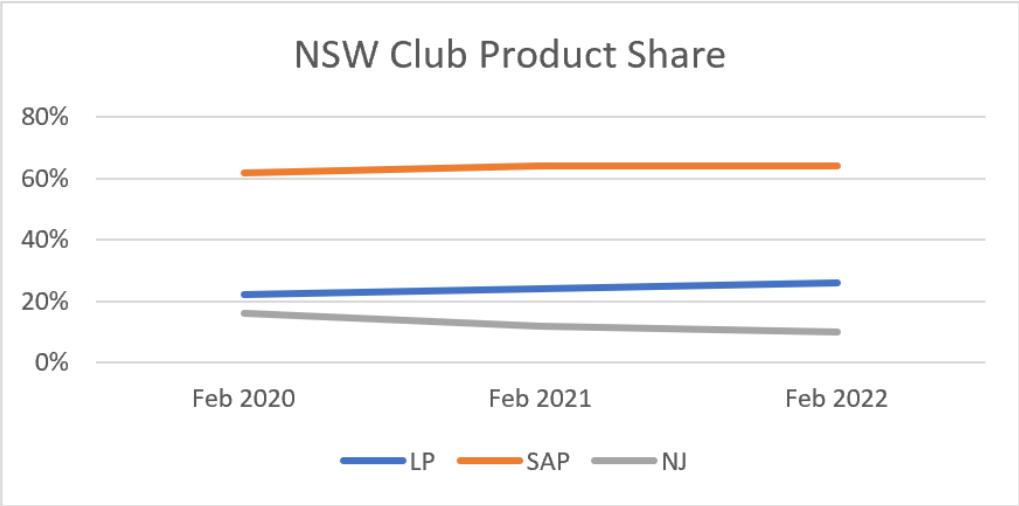
Hold & Spin still king of the jungle



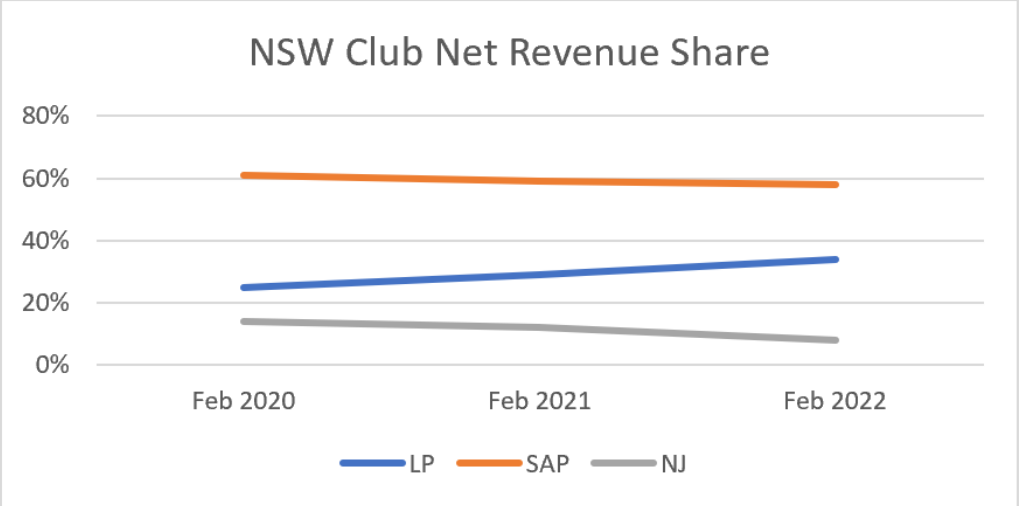
**LINKS ARE
GETTING
STRONGER**

n/nw NSW Link Trends

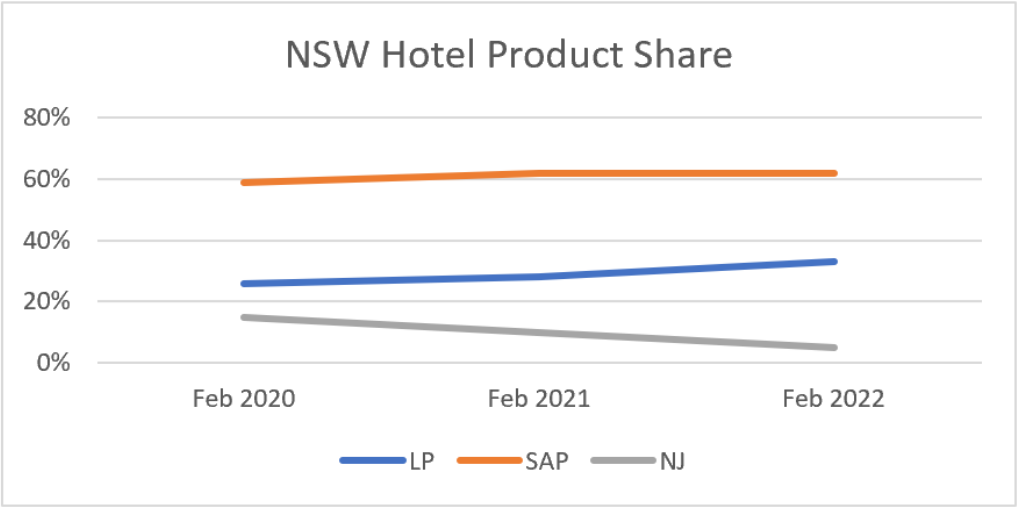
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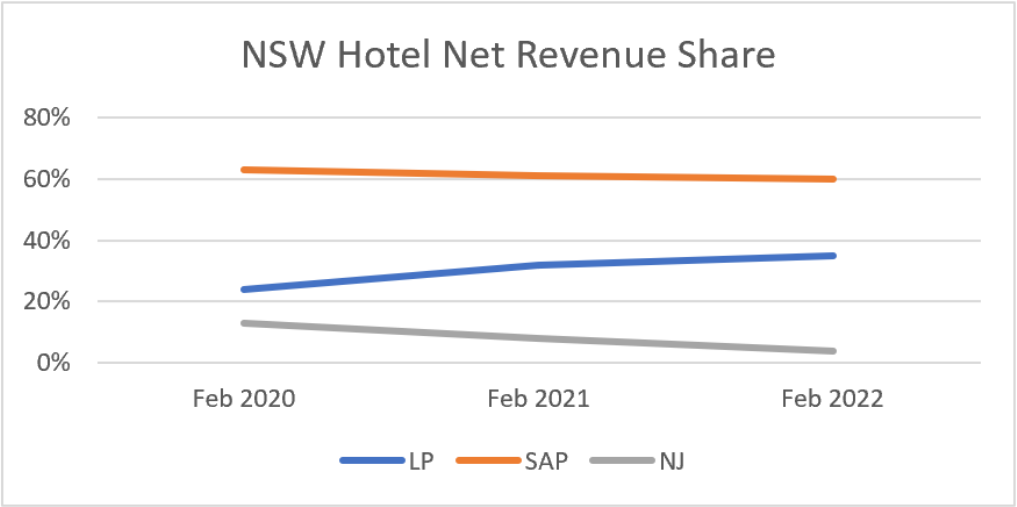
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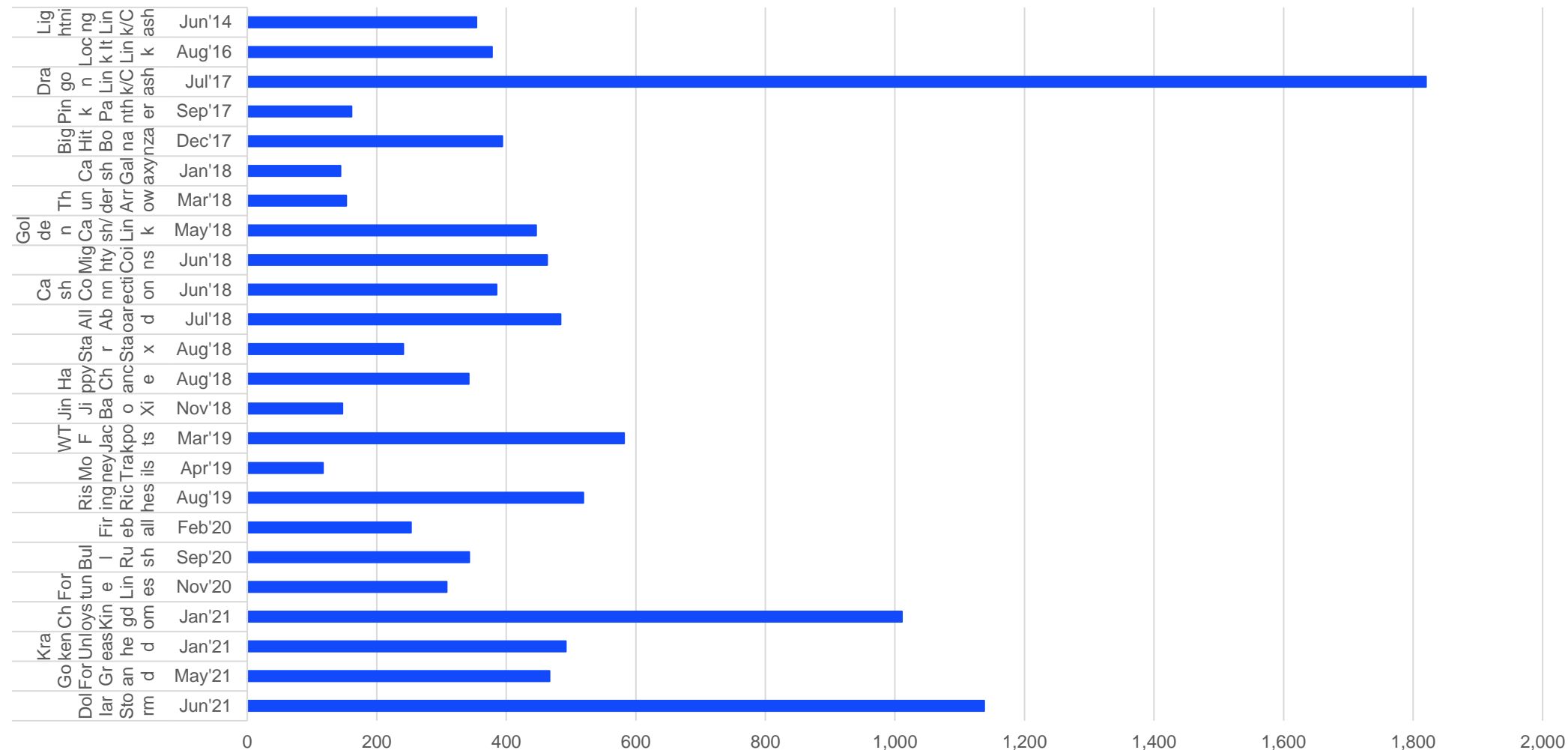




HOLD & SPIN 1ST
DAYLIGHT 2ND

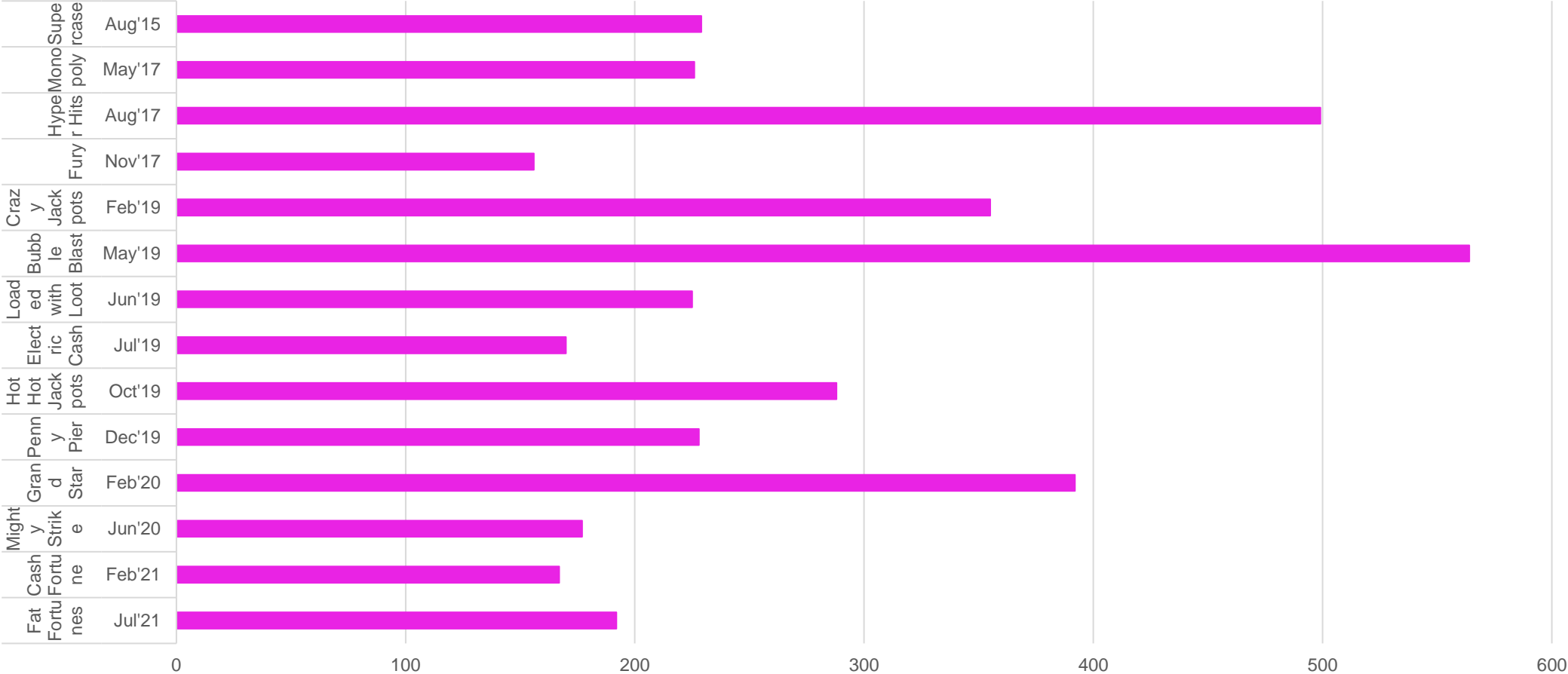
NSW Game Family trends

24



NSW Game Family trends

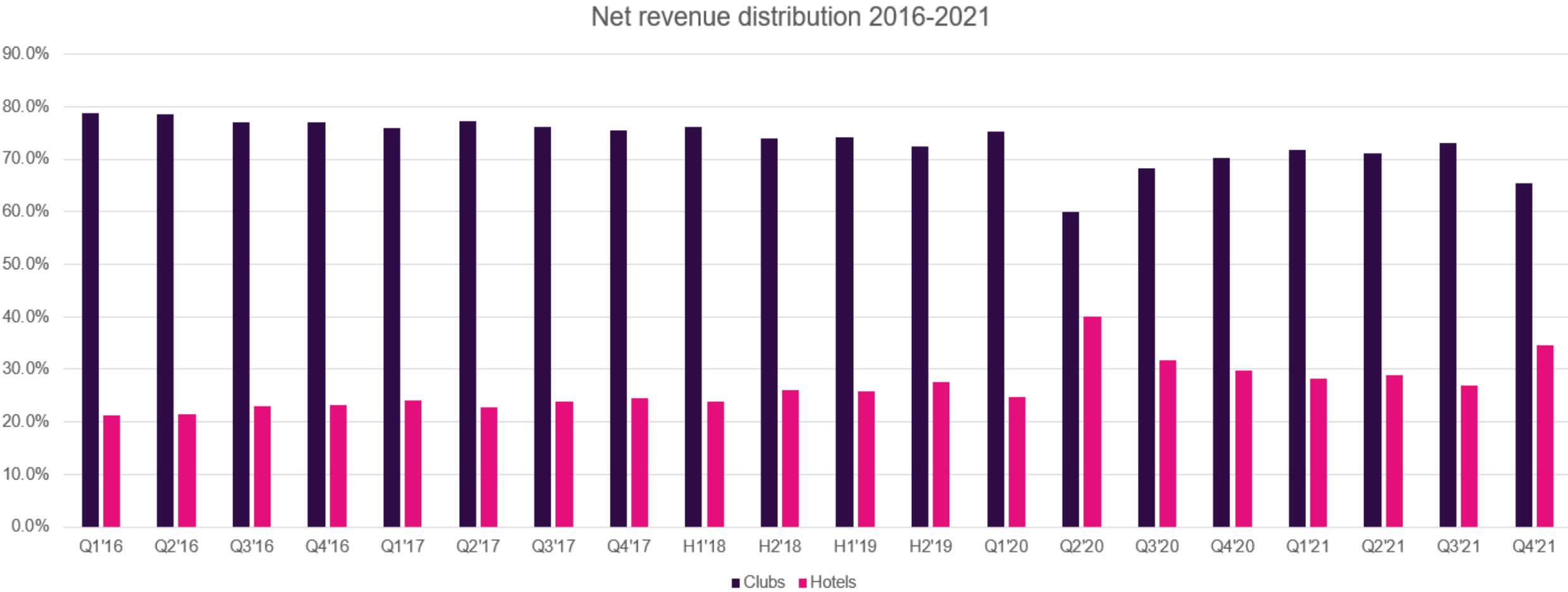
14





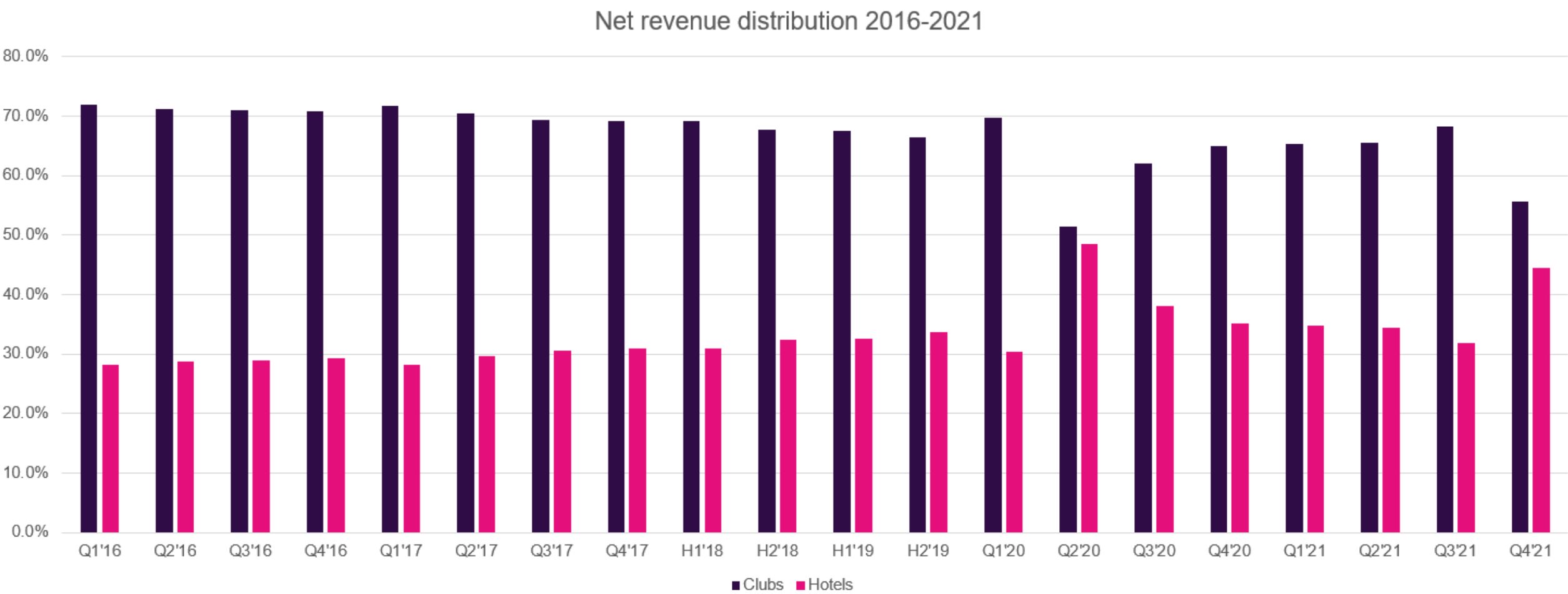
**HOTELS ARE
GETTING AGGRESSIVE
REGIONALLY**

Mid-Far North Coast Net Revenue distribution



Source: OLGR

North-Central West Net Revenue distribution



Source: OLGR



**THE ELDERLY
ARE STILL
HESITANT**

Minutes Played by Age

Age	Q4'21	Q1'22
Under 35	2.8%	3.6%
35 - 49	7.8%	10.7%
50 - 69	36.4%	43.8%
70 +	53.0%	42.0%

Minutes played distribution

* North Coast, NW, Central West

Source: Astute

Minutes Played by day/hour

North Coast, NW, Central West

Q3'20

Hours	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY	Grand Total
09 - 10 hr	0.17%	0.18%	0.22%	0.19%	0.21%	0.19%	0.12%	1.05%
10 - 11 hr	0.53%	0.62%	0.71%	0.75%	0.72%	0.75%	0.54%	3.58%
11 - 12 hr	0.82%	0.86%	0.97%	1.00%	0.95%	1.03%	0.78%	5.09%
12 - 13 hr	1.03%	1.07%	1.28%	1.29%	1.28%	1.34%	1.17%	6.77%
13 - 14 hr	1.16%	1.35%	1.56%	1.53%	1.65%	1.76%	1.53%	8.34%
14 - 15 hr	1.16%	1.24%	1.49%	1.53%	1.69%	1.87%	1.69%	8.70%
15 - 16 hr	1.00%	1.09%	1.31%	1.33%	1.54%	1.82%	1.66%	8.27%
16 - 17 hr	0.88%	0.96%	1.23%	1.26%	1.49%	1.57%	1.51%	8.02%
17 - 18 hr	0.71%	0.86%	1.12%	1.18%	1.56%	1.41%	1.24%	7.69%
18 - 19 hr	0.61%	0.75%	1.09%	1.13%	1.55%	1.31%	0.97%	7.79%
19 - 20 hr	0.58%	0.72%	1.05%	1.04%	1.53%	1.24%	0.85%	7.89%
20 - 21 hr	0.47%	0.60%	0.88%	0.86%	1.39%	1.14%	0.62%	7.52%
21 - 22 hr	0.33%	0.42%	0.62%	0.65%	1.08%	0.92%	0.37%	6.19%
22 - 23 hr	0.19%	0.24%	0.37%	0.43%	0.75%	0.68%	0.22%	4.63%
23 - 24 hr	0.11%	0.14%	0.22%	0.23%	0.44%	0.45%	0.15%	3.25%
00 - 01 hr	0.07%	0.08%	0.11%	0.14%	0.23%	0.26%	0.09%	2.25%
01 - 02 hr	0.05%	0.05%	0.08%	0.09%	0.13%	0.14%	0.08%	1.49%
02 - 03 hr	0.03%	0.03%	0.04%	0.04%	0.05%	0.07%	0.05%	0.84%
Day	10.36%	12.24%	13.26%	15.71%	16.85%	17.32%	14.26%	100.00%

2

1

Q1'22

Hours	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	SUNDAY	Grand Total
09 - 10 hr	0.11%	0.13%	0.14%	0.13%	0.15%	0.13%	0.09%	0.95%
10 - 11 hr	0.45%	0.46%	0.50%	0.54%	0.55%	0.56%	0.42%	3.24%
11 - 12 hr	0.68%	0.73%	0.81%	0.85%	0.76%	0.86%	0.68%	4.66%
12 - 13 hr	0.84%	0.93%	1.07%	1.09%	1.11%	1.14%	0.96%	6.29%
13 - 14 hr	1.06%	1.14%	1.31%	1.38%	1.35%	1.55%	1.41%	7.94%
14 - 15 hr	1.05%	1.18%	1.46%	1.39%	1.38%	1.69%	1.62%	8.31%
15 - 16 hr	1.00%	1.08%	1.26%	1.26%	1.30%	1.74%	1.64%	8.11%
16 - 17 hr	0.95%	1.04%	1.25%	1.28%	1.32%	1.65%	1.63%	7.94%
17 - 18 hr	0.84%	0.97%	1.17%	1.19%	1.43%	1.50%	1.37%	7.77%
18 - 19 hr	0.79%	0.84%	1.09%	1.19%	1.54%	1.37%	1.09%	8.00%
19 - 20 hr	0.72%	0.79%	1.06%	1.21%	1.71%	1.47%	0.99%	8.27%
20 - 21 hr	0.60%	0.80%	1.01%	1.06%	1.53%	1.36%	0.77%	7.97%
21 - 22 hr	0.53%	0.59%	0.74%	0.79%	1.20%	1.09%	0.54%	6.58%
22 - 23 hr	0.35%	0.41%	0.51%	0.51%	0.80%	0.79%	0.39%	4.92%
23 - 24 hr	0.21%	0.27%	0.29%	0.33%	0.56%	0.58%	0.20%	3.49%
00 - 01 hr	0.11%	0.17%	0.15%	0.18%	0.29%	0.35%	0.17%	2.41%
01 - 02 hr	0.08%	0.09%	0.09%	0.10%	0.15%	0.17%	0.10%	1.58%
02 - 03 hr	0.04%	0.06%	0.05%	0.05%	0.07%	0.08%	0.04%	0.91%
Day	11.04%	12.32%	13.21%	14.73%	18.28%	16.17%	14.25%	100.00%

1

2

Source: Astute

Source:
Treasury

Year (to Sep)	NSW (\$m)			Victoria (\$m)			Queensland (\$m)		
	TO	Net	RTP	TO	Net	RTP	TO	Net	RTP
1996-97	\$26,001	\$2,484	90.45%	\$15,894	\$1,456	90.84%	\$3,505	\$519	85.19%
1997-98	\$30,540	\$2,989	90.21%	\$18,098	\$1,711	90.54%	\$4,058	\$602	85.16%
1998-99	\$34,522	\$3,487	89.90%	\$20,544	\$1,954	90.49%	\$5,214	\$757	85.47%
1999-00	\$38,822	\$3,882	90.00%	\$22,388	\$2,171	90.30%	\$6,348	\$871	86.27%
2000-01	\$38,922	\$4,119	89.42%	\$23,890	\$2,366	90.10%	\$7,534	\$1,014	86.54%
2001-02	\$42,843	\$4,307	89.95%	\$25,428	\$2,563	89.92%	\$8,545	\$1,129	86.78%
2002-03	\$47,731	\$4,459	90.66%	\$23,265	\$2,334	89.97%	\$10,038	\$1,278	87.27%
2003-04	\$50,315	\$4,673	90.71%	\$23,249	\$2,291	90.15%	\$12,176	\$1,499	87.69%
2004-05	\$53,954	\$4,915	90.89%	\$23,820	\$2,393	89.95%	\$14,394	\$1,677	88.35%
2005-06	\$56,535	\$5,024	91.11%	\$24,440	\$2,472	89.88%	\$15,962	\$1,776	88.88%
2006-07	\$59,972	\$5,206	91.32%	\$25,231	\$2,543	89.92%	\$15,361	\$1,677	89.09%
2007-08	\$55,004	\$4,645	91.56%	\$26,204	\$2,612	90.03%	\$17,142	\$1,802	89.49%
2008-09	\$57,510	\$4,772	91.70%	\$27,664	\$2,707	90.21%	\$18,190	\$1,861	89.77%
2009-10	\$58,485	\$4,759	91.86%	\$26,798	\$2,597	90.31%	\$17,721	\$1,776	89.98%
2010-11	\$62,255	\$4,997	91.97%	\$27,556	\$2,651	90.38%	\$18,856	\$1,868	90.09%
2011-12	\$65,247	\$5,179	92.06%	\$27,587	\$2,681	90.28%	\$19,896	\$1,948	90.21%
2012-13	\$66,919	\$5,250	92.15%	\$25,839	\$2,490	90.36%	\$20,716	\$2,005	90.32%
2013-14	\$69,371	\$5,403	92.21%	\$26,633	\$2,504	90.60%	\$21,502	\$2,064	90.40%
2014-15	\$74,297	\$5,744	92.27%	\$27,547	\$2,572	90.66%	\$22,909	\$2,183	90.47%
2015-16	\$79,057	\$6,103	92.28%	\$28,287	\$2,617	90.75%	\$24,186	\$2,267	90.63%
2016-17	\$80,337	\$6,188	92.30%	\$28,467	\$2,610	90.83%	\$24,770	\$2,286	90.77%
2017-18	\$83,174	\$6,387	92.32%	\$29,580	\$2,695	90.89%	\$26,082	\$2,379	90.88%
2018-19	\$86,036	\$6,531	92.41%	\$29,916	\$2,699	90.98%	\$26,820	\$2,427	90.95%
Hold Decline CAGR	-20.55% 4.71%			-1.51% 2.97%			-38.88% 7.61%		



MODIFIED FINANCIAL BEHAVIOUR

The FY'21 Annual Report looking glass (no closure*)

NSW Clubs (84)

Mid/Far North Coast
NW, CW (13)

Revenue	+19.9%	+29.6%
Gaming Revenue	+28.3%	+42.4%
Cash	+41.2%	+62.6%
Debt	-12.3%	+29.9%**
AEMP	-13.5%	-7.4%
Staff	-1.7%	+3.5%

The FY'21 Annual Report looking glass (closure*)

NSW Clubs (57)

Mid/Far North Coast
NW, CW (11)

Revenue	-6.2%	+3.9%
Gaming Revenue	-6.7%	+6.6%
Cash	+10.6%	+12.2%
Debt	-6.0%	-18.5%
AEMP	-18.4%	+7.6%
Staff	-6.6%	+1.1%

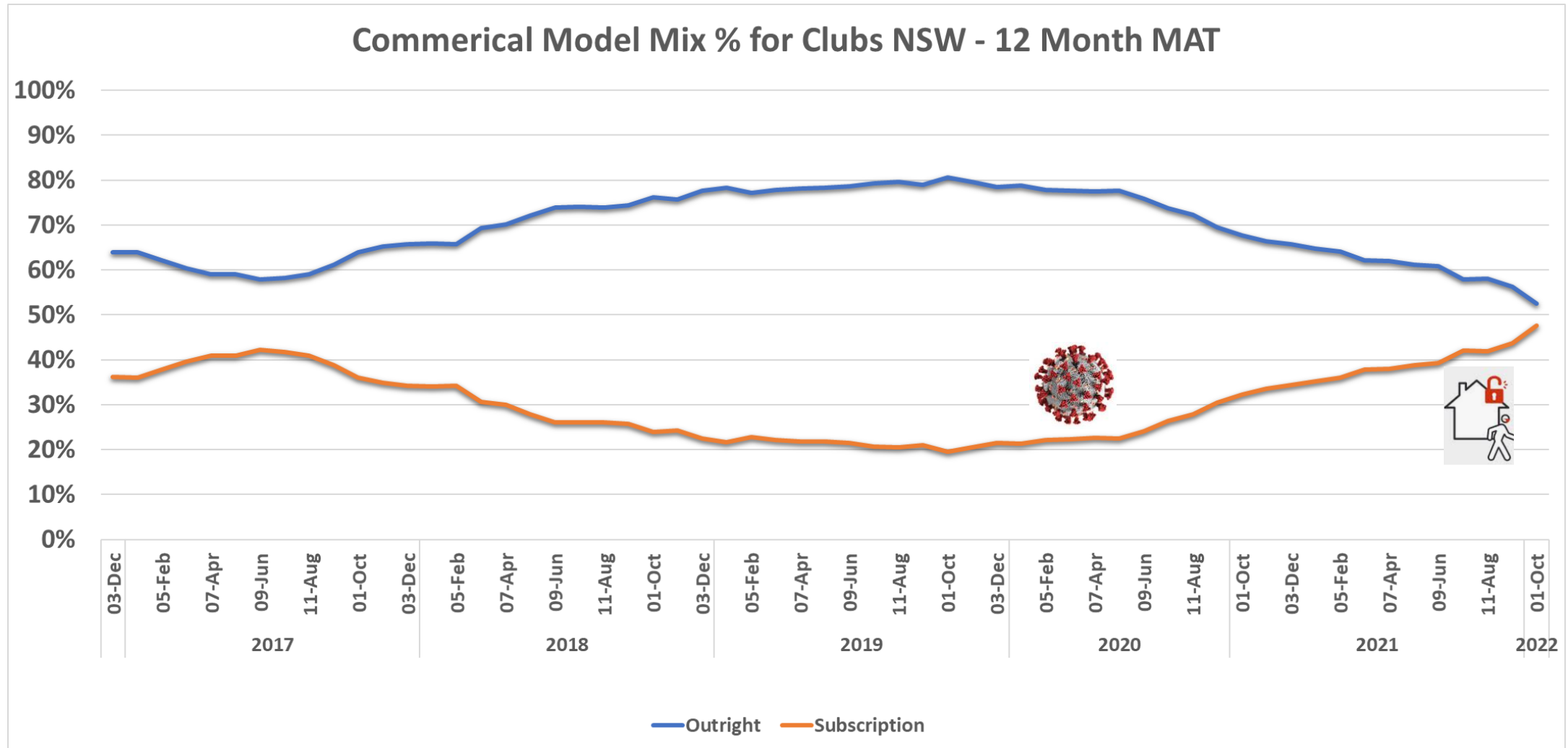
Gaming Share (All NSW – 141 Clubs)

68.2% (FY'21)



65.8% (FY'20)

The move to cash preservation



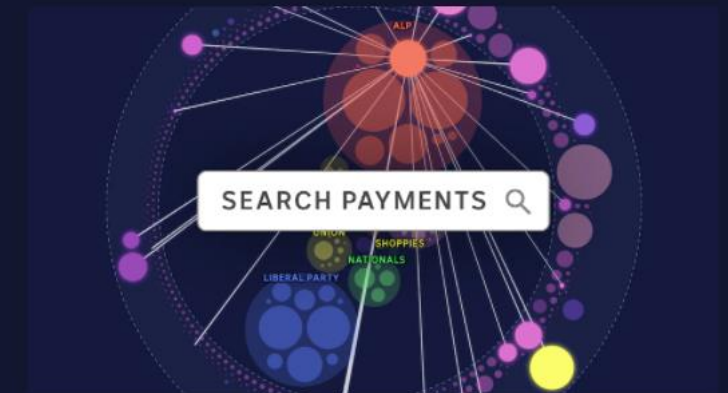


EXTERNAL FORCES

Headwinds

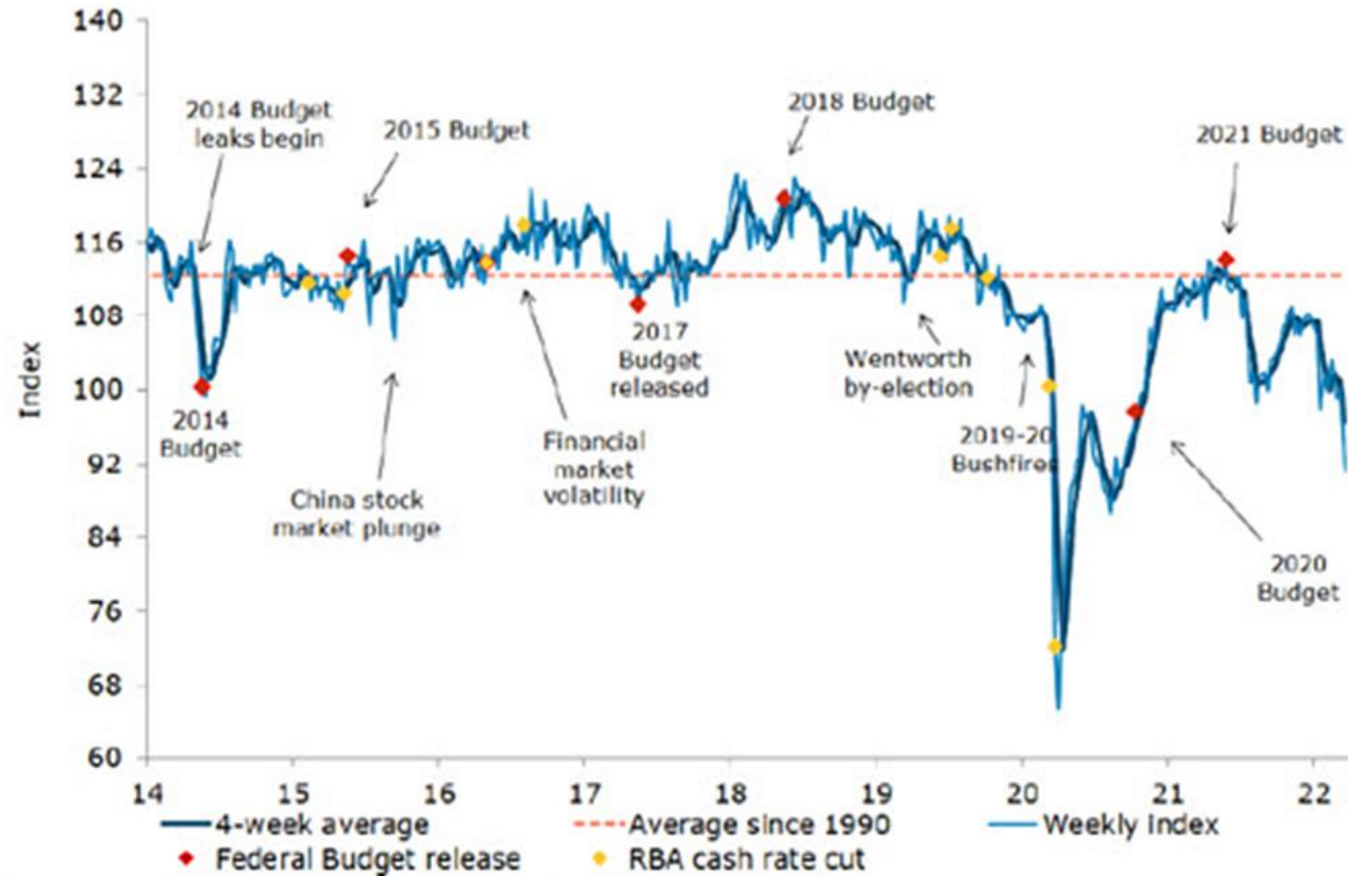


How the gambling industry cashed in on political donations



Over \$80 million in gambling-related payments have flowed into the coffers of political parties during the past 22 years. **ABC NEWS**

Headwinds



Source: ANZ-Roy Morgan, ANZ Research

Headwinds

KozyBreeze
Shop 40, 575 North East Rd GILLES PLAINS | 8369 1853
BOOKING PREFERRED. Open 7 days: Mon - Sat 7.30am to 9pm, Sun 8.30am to 8.30pm
VALID UNTIL 06-09-2018
NOT VALID WITH ANY OTHER OFFER OR ON PUBLIC HOLIDAYS. 1 SHOP A DOCKET® PER TABLE. LEAST VALUE MEAL FREE

**INJURED IN AN ACCIDENT?
BETTER CALL Nick!**

Use this SHOP A DOCKET® offer and get your
**FIRST CONSULT FREE
NO WIN - NO FEE***

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8336 8888 xenlaw.com.au **Nick Xenophon & Co.**
LAWYERS
*CONDITIONS APPLY. VALID UNTIL 11-10-2018

Use this SHOP A DOCKET® offer for
**3 Rooms Carpet
Dry Cleaned plus
4TH ROOM**

ELECTRODRY
CARPET
DRY CLEANING

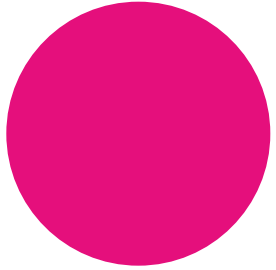


Emerging Technologies Update

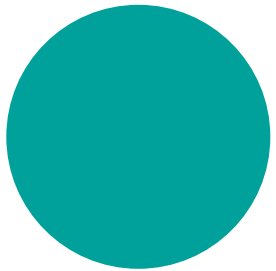
Digital Wallet Update



Trial will be undertaken on 42 EGMs at Wests New Lambton (521 EGMs)

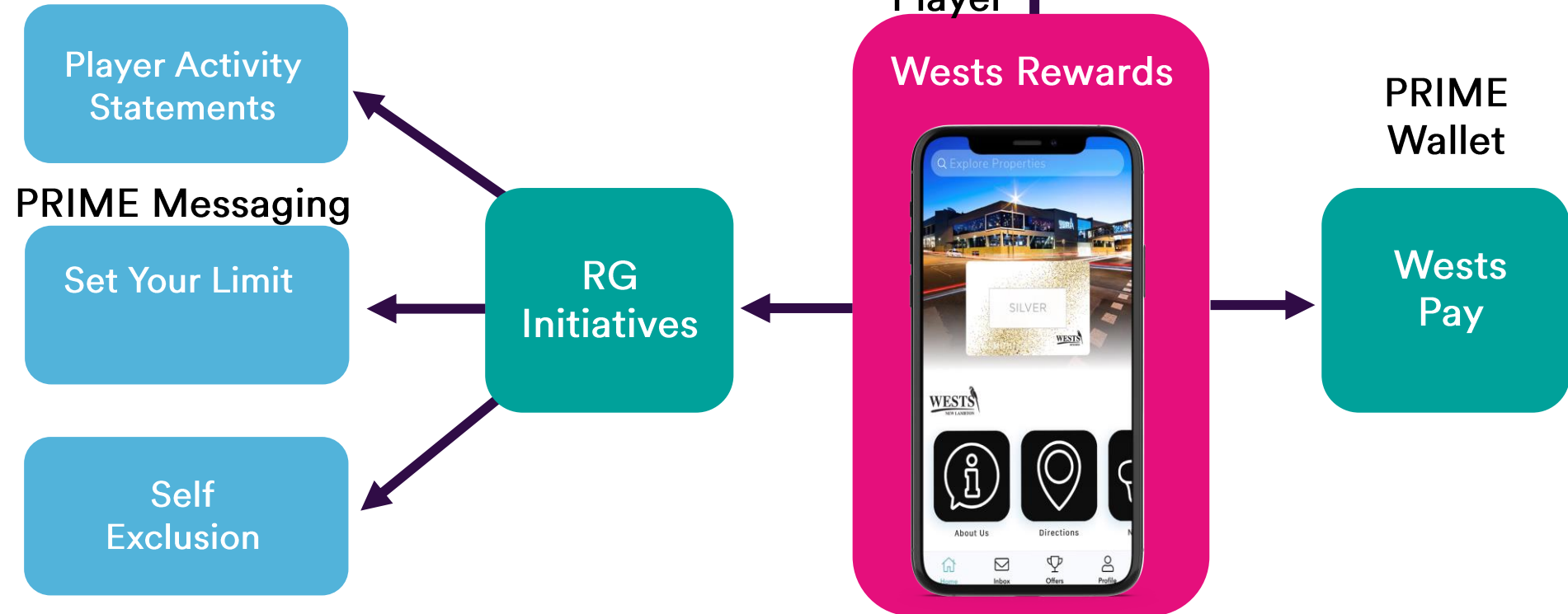


Digital beacon installed on machines that will allow transfer of funds, both on and off.



There will be a select number of members from the 'Gold' Tier. No start date has been nominated or length of test period.

Digital Wallet Ecosystem



Real Money Gaming (online)



NEWSFEED MAG ARTICLES VIDEO OPINION TAGS REGIONAL EVENTS CONSULTING CONTRIBUTORS

Aristocrat to launch new online Real Money Gaming segment

Australian slot machine giant Aristocrat Leisure Ltd has revealed the launch of a new business segment focused on Real Money Gaming (RMG), to be headed by former CEO of the company's land-based gaming unit, Mitchell Bowen.

The US experience - suppliers



The US experience - operators

POINTSBET



BETMGM



FANDUEL

Wynn
BET



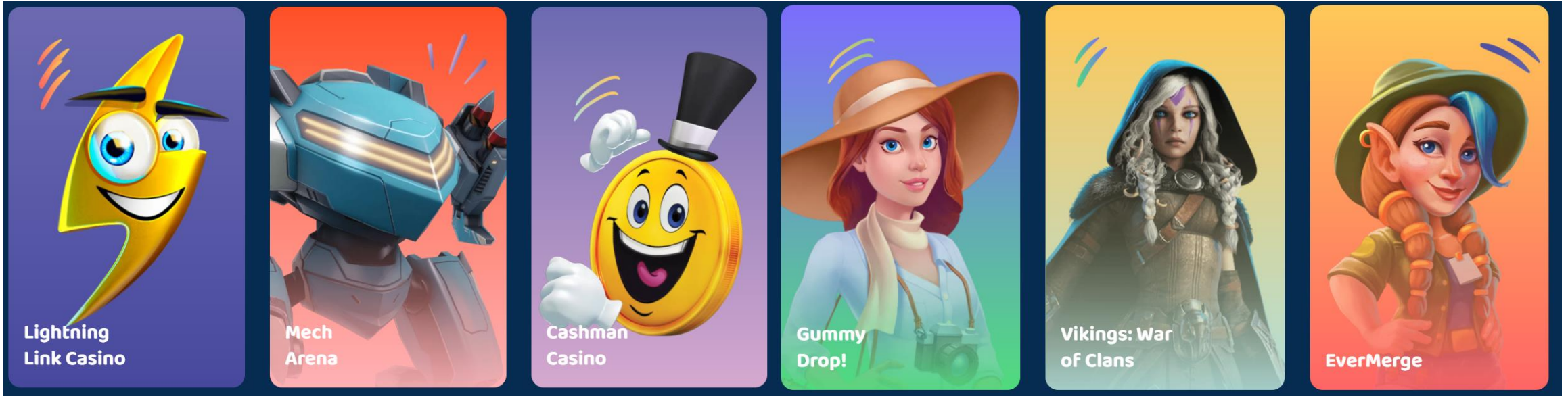
twinspires
BET ANYWHERE

CAESARS
ENTERTAINMENT®

Source: Eilers

ARISTOCRAT
GAMING

Social Gaming (play for fun)





**Q: HOW ARE
HOTELS DOING
GAMING?**



A: WELL

Ceilings



Ambulance Station Hotel

Ambience



Riverwood Hotel

Spacing



Burwood Hotel

Entrances



Greenfield Tavern

Atmosphere

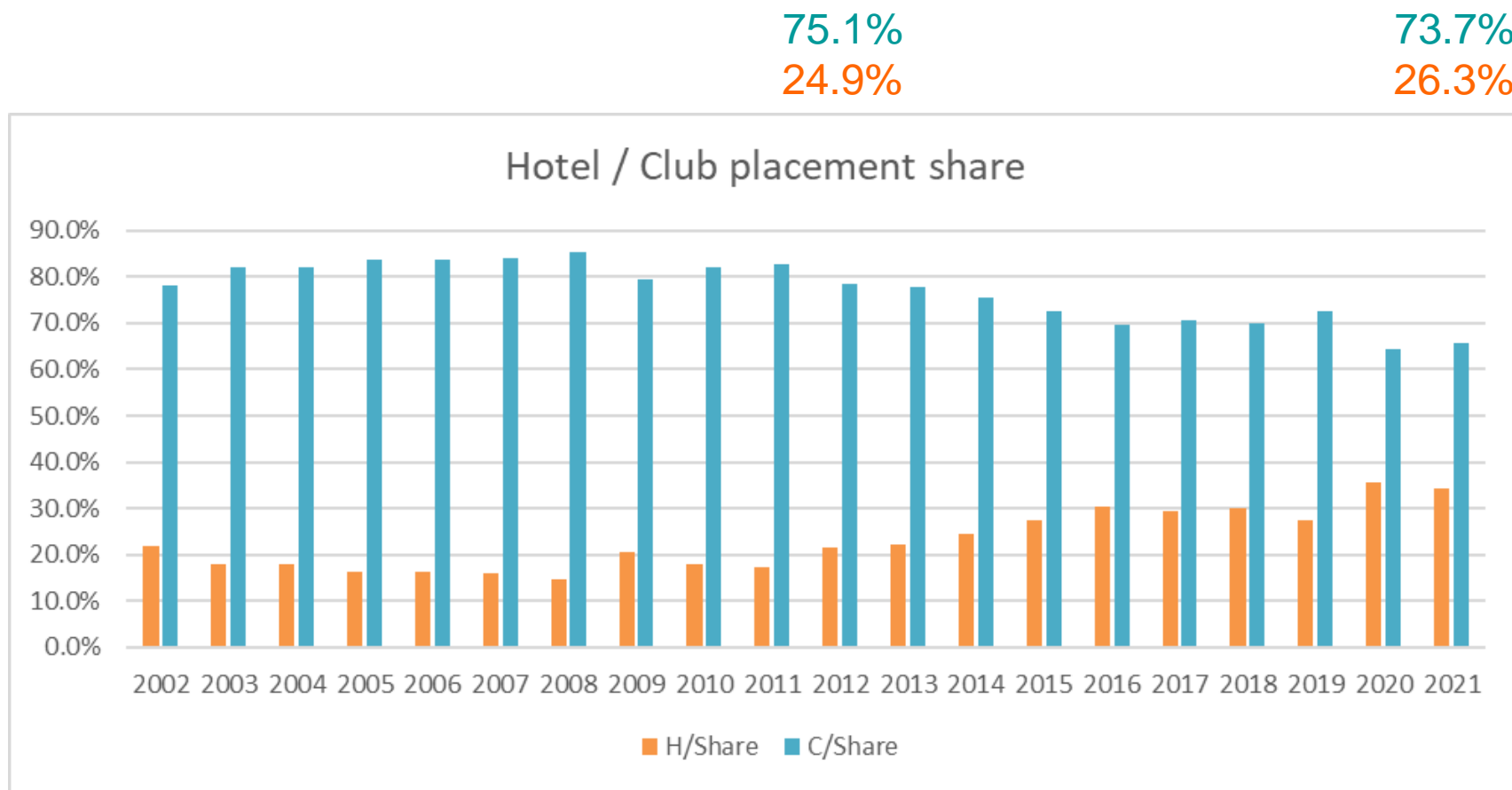


Privacy



Rosehill Hotel

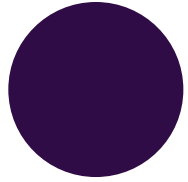
Product



They know their market



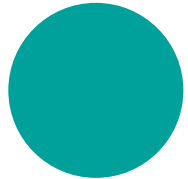
The levers for Hotel success



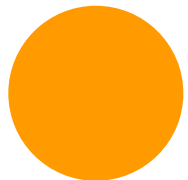
They don't back off the pedal



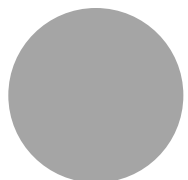
Understand environment and ambience is a huge part of it



Links, signage and challenging norms



They conduct business like time is finite and there is always 'better'

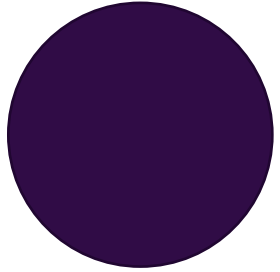


Very understanding of all competition around them

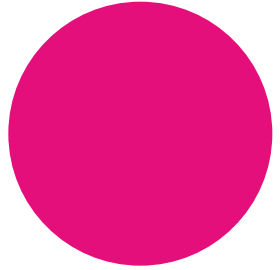


**HITTING THE
FINISH LINE
STRONG**

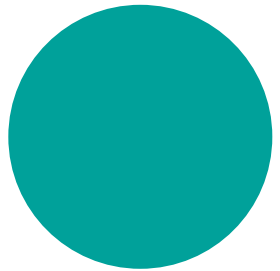
What is in Regional Clubs future?



New SA2 guidelines (delayed since Oct-21 due to COVID) will determine if license movement for Hotels continues



Hotel Group expansion will continue – aggressive on Jackpots, room design and opening hours



Possible change to membership. Does RG and Digital Wallet help Clubs at the expense of Hotels?

It's not too late to change tack

Invest in Gaming - \$4,400 per machine, per year

Challenge the sacred cows – table of knowledge

Venue design and layout needs to adapt