

Financial viability of Clubs in Australia in 2015



Clubs Australia

The 2015 Clubs Census indicates that the Australian club industry continues to face financial challenges



41%

Clubs showing signs of distress or serious distress in 2015

This is measured by earnings before interest, tax, depreciation and amortisation (EBITDA) as a percentage of revenue consistent with the criteria set out by the Independent Pricing and Regulatory Tribunal in 2008 and is based on 455 responses to the Clubs Census.

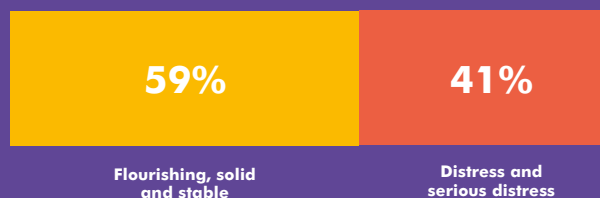


50%

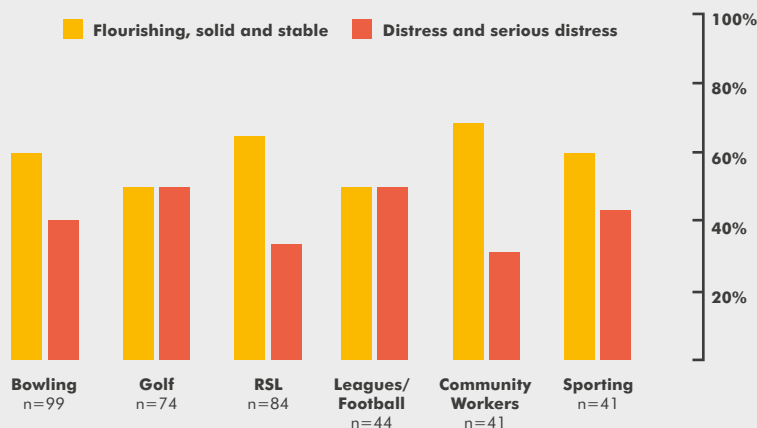
Clubs at risk of financial distress in 2015

In 2008, the Independent Pricing and Regulatory Tribunal outlined a measure of clubs at risk of financial distress as measured by their EBITDARD as a percentage of total revenue and is based on 455 responses to the Clubs Census.

Financial viability of Clubs in Australia in 2015



Financial viability of Clubs by club type in Australia

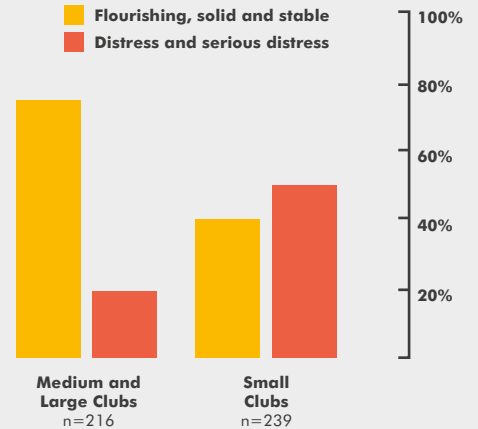


Larger Clubs are able to leverage their operational scale to grow and invest in their businesses, increasing their financial sustainability.

Financial viability of Clubs by club size in Australia



Financial viability varies by club size. Only 24 per cent of medium and large clubs, those that earned more than \$1 million in annual gaming revenue showed signs of distress or serious distress in 2015.

In contrast, 57 per cent of smaller Clubs, those earning less than \$1 million in revenue showed signs of distress or serious distress.



Case study – Hurstville RSL Club

Hurstville RSL Club exhibited signs of financial distress in the 2011 Clubs Census. In 2013, Hurstville RSL completed an Expression of Interest for amalgamation and amalgamated with South Hurstville RSL Club in May 2015 to form The Pinnacle Club Group, which operates both premises. The amalgamation of the two Clubs allows both Clubs to operate at a more significant scale and extends their reach to a greater number of members and guests.

	HURSTVILLE RSL	SOUTH HURSTVILLE RSL	THE PINNACLE
	7,500 Members	5,500 Members	13,900 Members
	\$1.5M Total Revenue	\$4.4M Total Revenue	\$7.6M Total Revenue
	-\$250K Net profit	+\$308K Net Profit	\$1.2M Net Profit
	2011		2015