

# Re:imagine Gold Creek Country Club People's Panel

Meeting 2 June 2018

# Introduction to Troon

Troon® started as one facility in 1990 and has since grown to become the largest third party manager of golf and club operations in the world.

Founded by current CEO Dana Garmany, Troon has built its success one client at a time- by listening to and understanding our client's challenges and customising our resources to overcome them. All this is done from a foundation of providing the best talent and resources in the industry, by out working our competition, and by cultivating the creativity of our associates.

In more than 33 countries and 35 American states our goal is to create extraordinary guest and member experiences through personalised service, consistency, and uncompromising attention to detail.

We want to exceed your expectations every time you're our guest.

# Introduction to Troon

Troon's CEO

In a recent interview with one of the most experienced golf experts in the world, the Chairman, CEO and Founder of Troon Golf, Dana Garmany have his insights into the future of golf globally.

His views replicate the thoughts of many with respect to the future of the game, namely, that it needs to change.

Mr Garmany points out the obvious issue of the high expenses associated with running large golf courses for minimal competitions and for minimal participation.

Interview is here: <https://www.facebook.com/troon/videos/2123658444316202/>

# International Trends

## Golf's 2020 Vision: The HSBC Report

- The report includes a “Golf in 2020: the 12-hole guide” which states among other things:
  - Golf clubs and golf courses will become more family friendly. There will be family rooms instead of bars, holes set up for younger players, and certified women-friendly
  - Six and nine-hole formats, and other short-forms, will complement the 18-hole tradition;
  - Golf simulation games—using motion sensors and gestural interfaces—become mainstream.
  - Golf becomes a centre of expertise in water management, conservation and biodiversity.
  - The authorities change the rules about equipment to reduce the distances achieved by professionals and bring course lengths back under control

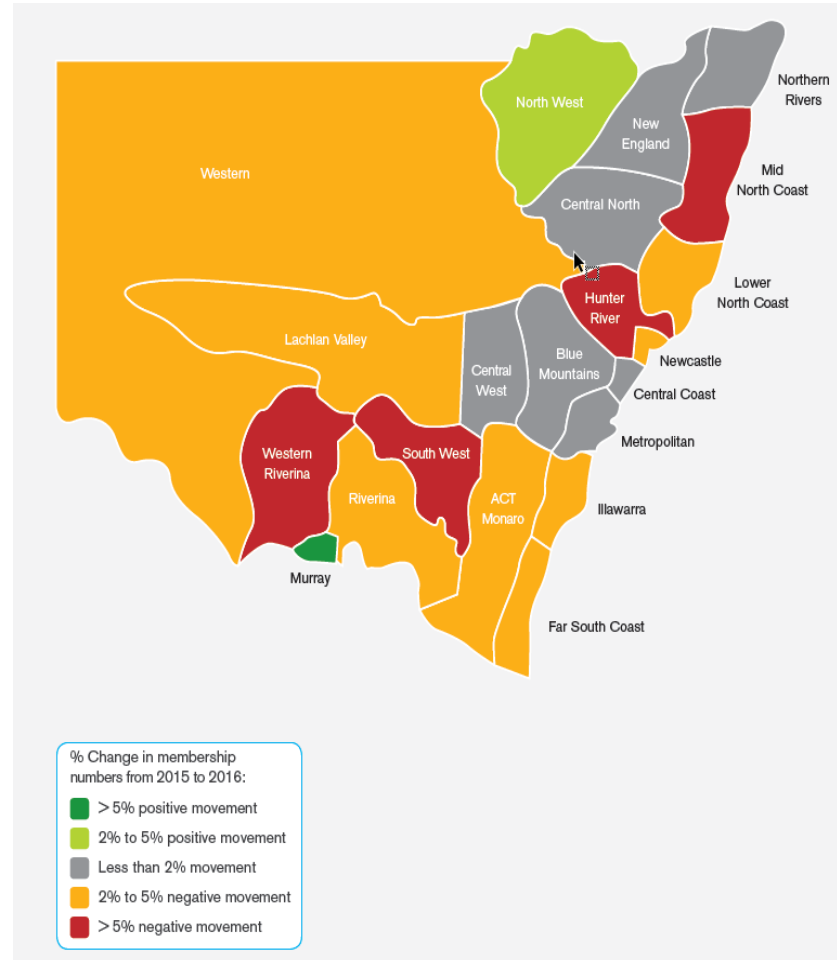
# International Trends

- Golf Sixes ( European Tour – Specialty event 6 Holes).
- World Super 6 (Australian Tour –Specialty event Shoot Out Final Day).
- Recent increased support for shorter courses/# holes by leading actors in the game.
- Changes to the Rules by governing bodies.

# Golf Australia 2016 Report

- Total golfers estimated in 2014 by Golf Australia was between 1.1 to 1.2 million golfers.
- National membership numbers across Australia were reported as 393,975 in 2016. This equates to a net loss of 3,132 members from the previous year. -0.8%.
- History shows that club membership numbers peaked in Australia in 1998 at approximately 500,000 golfers. Since this time, a steady decline has materialised with an overall decline of 27%, averaging 1.2% per annum.
- Female members declined by 3% in 2016, which continues a steady decline over the past five years. Given the faster decline in female members relative to males, females now account for just under 20% of national members (down from just under 21% in 2012)
- The average club size in Australia is 237 members, with metropolitan clubs on average having more than three times the number of members as regional clubs.
- Two-thirds of clubs in Australia have less than 250 members, with 80% having less than 500 members.
- While clubs of over 1,000 members account for 6% of all clubs across Australia, they account for 30% of individual members.
- There are currently 1,347 golf course-based clubs in Australia. There has been a steady decline in clubs over the past 5-year period, from a high of 1,378 in 2012.

# Golf Australia 2016 Report



# Australian Golf Industry Council 2015

## SEGMENTATION

A segmentation analysis was also implemented with groups split into current and potential playing segments. Golf Traditionalists and the Variety Seekers lead the way as the top financial contributors to the industry.

**CURRENT PLAYER SEGMENTS:** Golf Traditionalists, Variety Seekers, Incidentals and Alternates.

**POTENTIAL PLAYER SEGMENTS:** Get Me Started, Health and Fitness Crew.

## CURRENT MARKET • (2.1M)



.95M

### GOLF TRADITIONALISTS

**Industry value:** represent **45%** of the total playing group and provide **40%** of the industry spend.

- Dedicated to the pure form of the game.
- Most of their golfing time is spent on playing 18-hole rounds.
- Most likely segment to have had lessons and came into the game via friends.



.42M

### VARIETY SEEKERS

**Industry value:** represent **20%** of the total playing group and contribute a comparatively high **39%** of the industry spend.

- Frequent golfers.
- Appreciate the traditional elements of playing rounds.
- Like to experience other formats of the game such as driving ranges.

# Australian Golf Industry Council 2015



.5M

## INCIDENTALS

**Industry value:** represent **24%** of the total playing market and contribute **16%** of the spend.

- Infrequent golfers who have stumbled into the game of golf.
- Younger segment with a large proportion under **30**.
- Less likely to have had any golfing influence from their parents or friends.
- For many, their first foray into golf was via a driving range or at an event.
- They will play, but are yet to be convinced of the benefits and are at increasing risk of disengaging completely.



.23M

## ALTERNATES

**Industry value:** represent **11%** of the playing group and **5%** of the industry spend.

- Have little interest in the traditional form of the game.
- Prefer other forms, particularly mini golf.
- Play purely for social reasons.
- Most likely to have done so via corporate events.
- Female-skewed segment under **50** years of age.
- Time playing sport in general is low, prefer gym and group fitness as a means to stay healthy and socialize.

# Responses to questions

Question: What is current data around number of golfers playing 9 holes versus 18?

- 52% of social players play 9 holes. This is higher than most venues.

Green Fees - 9 Holes - Weekday	30%
Green Fees - 9 Holes - Weekend	22%
Green Fees - 18 Holes - Weekday	31%
Green Fees - 18 Holes - Weekend	17%
Green Fees 9 Holes	52%
Green Fee 18 holes	48%
Green Fee Week Days	61%
Green Fee Weekend	39%

# Responses to questions

Question: Can we see the financial results achieved under Troon and Troon's financial projects for the future?

	YTD	
Restaurant		40.5%
Membership		24.2%
Social Green Fee		9.4%
Comp Fees		5.4%
Carts		5.4%
Retail		4.3%
Sponsorships		4.0%
Driving Range		3.8%
Drinks		1.9%
Foods		1.2%

	YTD YOY	
Revenues		7%
COS		-0.8%
Gross Profit		10.1%
Wages		-2.7%
Operating Expenses		-0.9%
Net Profit		-26.4

Troon – Nov-May YOY	
	9.1%
	-6.5%
	14.6%
	-0.6%
	0.7%
	-70.8%*

YTD \$400K loss

\*June is forecasted to be significantly worst than previous year due to end of year adjustments

# Responses to questions

Question: What are the terms of the contract with Troon?

- Have been appointed as managers for 1 year.
- Paid a management retainer and a bonus for achieving performance goals.
- It is expected if performance goals are met that a longer term contract will be considered.

# Responses to questions

Question: What is current cost of managing the wildlife that lives of the course?

- There are no costs associated with managing the wildlife.

# Responses to questions

Question: Why have previous proposals by the Golf Club members to improve the viability of the course not progressed?

- Gold Creek Country Club respects the views of its golf club members, but needs to look at the overarching viability of the course.
- For example, golfers often suggest the restaurant should be more 'golfer-friendly'. However international trends show that the average spend by a member is lower than one from an external patron (social player/regular restaurant customer). That is why many clubs have a minimum restaurant spend amount added to their annual membership dues.
- The proposed changes to the food and beverage operations should and will appeal to both.

# Responses to questions

Question: What are the Golf Club licence arrangements?

- The Golf Club operates competitions on the course.
- The prize fund is 70% of comp fee.
- The Golf Club receives a “Subsidy” annually currently in the form of complimentary Memberships.
- The Golf Club is authorised the use of the name “Gold Creek Golf Club” owned by ownership.
- The Golf Club has access to the course and its facilities at such times as may be agreed with ownership.

# Responses to questions

Question: Are there plans for a dedicated golf course clubhouse?

- There are no plans for a dedicated clubhouse at this stage.
- To establish a dedicated clubhouse would be against the trends of current golf courses. It would be unusual for a club of 300 members to have its own clubhouse.

Question: What does the phrase 'Country Club' reference?

- The name 'Country Club' pre-dates the current owners.

Thank you

Other questions and discussion