

The oft-quoted estimate is that gaming accounts for 65% of revenue in Clubs. When looking at top 20 Clubs, that rises above 80% highlighting the importance of gaming. With a surplus after costs of ~60%, there is no business like it. As in most business, maintaining a consistent investment gives the business the best chance of success. When budgeting, Clubs need to consider gaming investment as untouchable – it is the cost of staying in business, so a capital expenditure value should be agreed on for consistency purposes.

At presentations over the last 2 years I have quoted a ‘benchmark’ annual investment per EGM value. I am often asked what that estimate comprises of, so below I have laid this out with the key components of any gaming floor.

Component	Replacement Rate (years)	Assumed Price	Annual Contribution	
Gaming Machines (new)	8	\$28,000	\$3,500	\$4,393
Paid game conversions	n/a		\$250	
Gaming stools	4	\$350	\$88	
Gaming bases	5	\$400	\$80	
Gaming peripherals	6		\$190	CRTs and Kiosks
Display screens	3		\$160	Assume 1 screen per 20 machines
Room furniture	4	500	\$125	Privacy screens and lounges

**White area** – denotes linear per EGM inputs calculated by multiplying by total EGMs  
**Grey area** – include inputs of the gaming floor that do not have a direct linear relation to EGMs on the floor, so estimates have been made  
**Red area** – total annual value per EGM

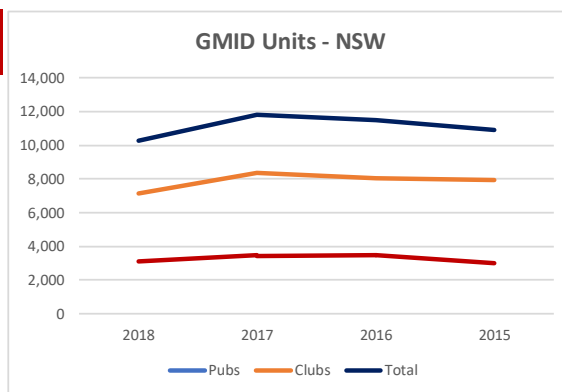
There are two key values I omit for similar reasons, but must be considered in longer term investment plans;

- No system** – gaming systems are generally considered to be lump sum hardware investments every 6-8 years with periodical software upgrades and investments along the way.
- Room renovation** – like gaming systems, this is considered a one-off large-scale investment every 6-8 years that is separate from ongoing operational investment.

While revenue diversification continues in varying forms across Clubland, the message here is that gaming is sacrosanct and should be central to budgeting and planning for Clubs where Gaming contributes the most to the bottom line.

New machine placement rates are important to understanding gaming reinvestment across the industry. With Aristocrat’s dominance unrivalled, the challenge is prudent investment in performing manufacturers. Placement numbers below show movements across the last 4 years with a peak in 2017 that coincides with ‘Dragon-mania’. Subsequent declines in 2018 would indicate investment levels back to normal, but a continued decline through 2019 would indicate a pullback of investment commensurate with market conditions.

GMID - NSW			
Year end 31/12	Pubs	Clubs	Total
2018	3,088	7,154	10,242
2017	3,457	8,333	11,790
2016	3,477	8,037	11,514
2015	2,986	7,929	10,915



ARI Share	Pubs	Clubs	All
2017	92.3%	51.1%	63.2%
2018	93.0%	53.2%	65.2%

2017 to 2018 movers	
IGT	+10.6% → 12.1% market share
'Other'	+38.2% → 2.3% market share

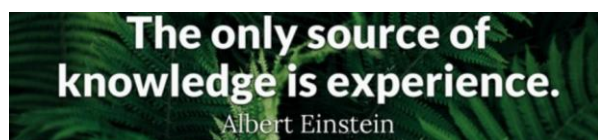
2017 to 2018 unit movements	
Pub installed units	declined by 10.7%
Club installed units	declined by 14.1%
<b>Total installed units</b>	<b>declined by 13.1%</b>

Year end 31/12	Pubs	Clubs
2018	30.2%	69.8%
2017	29.3%	70.7%
2016	30.2%	69.8%
2015	27.4%	72.6%

The importance of investing in gaming cannot be understated, and Club should be conscious that any slowdown can have a snowball affect over time if it becomes a habit. While market conditions in 2019 are expected to be challenging, the ‘engine room’ of most Clubs should be expected to have enough fuel to power through even the toughest times.

## THE CASE FOR MENTORING – By Terry O’Halloran

Albert Einstein once said, ‘The only source of knowledge is experience’. As someone who spent a further 7 years studying after school was finished, I kind of disagree, but its Einstein, the high-water mark for what we consider intelligence, so I will acquiesce to him on this topic. The NSW Club market is awash with experience in all regions, from big club operations down to small venues, and while we have an array of training facilities and courses, tapping into the experience of others can sometimes be the untapped resource the industry looks to facilitate more of in the future.



I have worked with the CMA a lot over the years and applaud their initiative to partner up people in the Club industry to create that additional level of learning that isn’t available in a text book.

CMDA have partnered with the ‘Art of Mentoring’ to give a structured, World Class support to Mentors and Mentees in their 2019 program. For a minimal fee, Mentees can team up with a Mentor and tap into some of that experience. Mentoring the future talent in our industry is a great way to give back to our industry, increase your circle of influence and contribute a larger legacy.

For anyone looking to develop professionally, fast track their career, form stronger and larger networks or just develop a bond with someone you can trust to mull over your thoughts concerns and aspirations, then being a mentee facilitates that need. For those looking to impart experience and ‘give back’, a role as a mentor may be for you.

From March 18 through to April 12, applications will be sought from people looking to be Mentored as well as those prepared to share their knowledge as a Mentor - the program will run from May through until November 2019. If you are interested in being involved in the CMA Mentoring Program, contact Lori Luhrmann [lori@cmaa.asn.au](mailto:lori@cmaa.asn.au)

## JANUARY 2019 GAME PERFORMANCE – games released in last 12 months, sample of 5+ units, ex Aristocrat

NSW				Queensland			
Game Name	Manufacturer	TO vs Avg.	Sample	Game Name	Manufacturer	TO vs Avg.	Sample
GORILLA WINS	Atlas	1.47	7	DYNAMITE DOLLARS ALL ABOARD	Konami	1.60	31
PIGGY PAYS ALL ABOARD	Konami	1.32	21	DANCING DRAGONS ALL ABOARD	Konami	1.39	24
DOUBLE SHOT ZODIAC	Ainsworth	1.28	8	SEA MAGIC	IGT	1.36	12
DYNAMITE DOLLARS ALL ABOARD	Konami	1.24	92	HAPPY CHANCE PIG	SciGames	1.27	28
FORTUNE GONG DRAGON DYNASTY	IGT	1.13	42	PINK PANTHER RICHES OF RA	SciGames	1.23	7
STAR STAX EASTERN LIGHTS	IGT	1.13	9	STAR STAX VEGAS NIGHTS	IGT	1.21	45
FORTUNE GONG PHOENIX RISING	IGT	1.07	35	STAR STAX EASTERN LIGHTS	IGT	1.19	7
THAT’S BANANAS - CASH CONNECTION	SciGames	1.05	15	HAPPY CHANCE CAT	SciGames	1.15	38
DANCING DRAGONS ALL ABOARD	Konami	1.03	62	FORTUNE GONG PHOENIX RISING	IGT	1.07	25
BLACK SAMURAI	Atlas	0.99	5	FORTUNE GONG DRAGON DYNASTY	IGT	0.98	44

Upcoming Gaming courses and sessions for Boards (Directors Cut) and Venue Management and Staff (Gaming Gold) continue throughout the State. Contact Terry O’Halloran on 0426 468 738 or [terry.ohalloran@russellcorporate.com.au](mailto:terry.ohalloran@russellcorporate.com.au) for more details.



**MARCH 19, 2019**  
**CENTRAL LEAGUES**  
**CHARLESTOWN**

**APRIL 16, 2019**  
**CHERRY STREET SPORTS**  
**BALLINA**



(P) +61 2 9957 6700  
 (e) [info@russellcorporate.com.au](mailto:info@russellcorporate.com.au)  
 (w) [www.russellcorporate.com.au](http://www.russellcorporate.com.au)

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