



21 May 2019

## Annual General Meeting – 21 May 2019 Chairman's Address

Welcome to the 2019 Aquis Entertainment Annual General Meeting.

2018 was another significant year for us, with our management team successfully implementing initiatives in relation to both revenue generation and expense control, as well as the agreement and shareholder approval for Blue Whale to acquire the majority of shares held by Aquis Canberra Holdings.

### **CASINO CANBERRA**

#### ***Refining our operation***

In June 2016, we saw the completion of our \$13.6m Casino Canberra refurbishment project.

This was a significant milestone, ensuring the group's key asset is an upscale facility, with brand new VIP gaming rooms and equipment throughout the venue, as well as an enhanced product offering through the addition of LT Games – the ACT's first and only stadium gaming experience.

Throughout 2018, our management team continued to work on the most effective utilisation of our asset. We continued to refine our offering, in order to gain the greatest return on our expenditure. Diligent consideration and review of every expense produced increased margins and contributed to our overall result for the year, as well as establishing ongoing efficiencies for future years. As a boutique operation, our management team are able to quickly respond to changes in the market, and continually monitor and assess the effectiveness of their decisions, which has resulted in the maintenance of revenue levels and substantially reduced expenditures.

Our front-line management team have continued their strong focus to continually improve customer service standards, so that each and every visitor to our property has an excellent experience.

Our marketing department has continued to focus on individual patron experiences, with tailored offerings, and prompt adjustments as a result of competitor offers, maximising the impact of our marketing dollar. Our VIP market continues to be a strong revenue sector and as discussed last year, we have seen a recovery in this area through 2018 and to date in 2019.

Despite the ongoing challenges of turning around a business that has suffered from years of under-investment, we are very pleased to have delivered significant improvement in the bottom line during the 2018 reporting year, with a \$5.3m improvement in EBITDA, and a profit of \$625,885 compared to the 2017 EBITDA loss of \$4.7m.

We remain undaunted by the challenges facing our business and continue to strive for excellence in every area of our business.

Some additional projects focused on improving efficiencies and the profitability of the Casino business areas:

- addition of food and beverage revenue streams including take-aways, events and multiple menu options to cater for a wider range of customer;
- implementation of a new Human Resources management system, designed to increase productivity by automating manual tasks, including payroll and rostering processes, and improving the way we communicate with our staff; and
- changes to departmental rosters to produce a more agile workforce and gain greater output from our payroll spend.

The continued progress we have made through 2018 is very pleasing and we are proud of how far we have come and are very excited for the future.

### ***Redevelopment Proposal***

Turning now to the redevelopment proposal, which forms part of our longer-term strategy for growth in Canberra. I continue to believe our proposal for the development of an integrated entertainment precinct in Canberra's CBD offers the ACT a once in a lifetime tourism infrastructure opportunity.

Aquis submitted its Detailed Business Case some time ago now, and the progress of the proposal was slow, certainly a lot slower than we would have liked or had expected. During the year, the ACT Government ceased dealing with us through the unsolicited bids framework. We are now working with the Government through the more flexible and workable Development Approval (**DA**) process.

Conditional approval (given in November 2017) provides for us to operate 200 electronic gaming machines (**EGMs**) as part of the redevelopment. At this point in time, we remain in discussions regarding the details of the legislated requirements for the EGMs to enable planning and preparation of a DA for the future development.

We remain committed to the redevelopment and are eager to be able to commence and deliver to Canberra the kind of world class entertainment precinct an emerging international city deserves.

### ***Business Outlook***

We have commenced 2019 in strong form, with ongoing marketing initiatives targeted to the various sectors of our business, to ensure growth in visitation and continued interest in our offerings.

We were very pleased to announce late in 2018 that agreement had been reached with Blue Whale to become a major shareholder, and for our shareholders to subsequently approve the transaction early in 2019.

The business synergies and future opportunities available to the Company through Blue Whale are very exciting, with Michael Gu's associated business ownership of the Crowne Plaza hotel, as well as VIP market opportunities offering us great potential for better services to our patrons as well as increased revenues from new market streams.

The chance to partner with a hotel, which is conveniently attached to our building, would enable great improvements to our VIP customer packages and in addition, the ability to improve wayfinding to the Casino and increase awareness and therefore visitation to the Casino.

We look forward to updating you on the status of the regulatory approval process for the completion of the Blue Whale transaction.

## **CONCLUSION**

I would like to conclude my address by thanking each and every employee – particularly Jessica and now Allison and the executive management team - and congratulate them on another successful year of progress towards realising our vision.

We are confident that through the initiatives implemented to date, we have enhanced the solid foundation upon which we can create sustainable and long-term success.

With your continued support, the Board has confidence that together we will ensure there is a bright future for Aquis Entertainment.

**ENDS**

### **For further information, please contact:**

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