



Arnold Palmer issues rallying call at KPMG Golf Business Forum

‘The King’ says golf businesses will be stronger after the recession – and calls for golf to become an Olympic sport

(Budapest, Hungary – May 8, 2009) KPMG’s sixth annual Golf Business Forum, May 4-6, received an inspirational rallying call from sporting icon and golf business legend Arnold Palmer.

The seven-time Major Champion, who received KPMG’s Lifetime Achievement Award at The Celtic Manor Resort, Wales, venue of the 2010 Ryder Cup, addressed the audience of international golf business leaders, investors and developers on the economic situation.

“I was born during the Great Depression and I’ve lived through economic recessions,” said Mr Palmer. “We will come out of this one having learned from the experience – and we’ll be stronger.”

More than 275 industry professionals from around the world attended the three-day conference, established as the leading international event for the golf resort and community industry, this year focusing on the theme of ‘Navigating the Choppy Waters of the Economic Downturn.’

During an enlightening opening session, an electronic poll of delegates on the impact of the economic downturn was undertaken – 34.3% of businesses said the effects were severe, 46.5% moderate, 9.1% said there was no impact at all, with 10.1% saying they were benefiting from the situation.

Andrea Sartori, head of KPMG’s Golf Advisory Practice in EMA (Europe, Middle East and Africa), said: “Our poll on the impact of the economic conditions on golf businesses, albeit unscientific, echoes what is happening in other sectors of the economy. Clearly, there are challenges, but it is encouraging that more than half of golf businesses are experiencing only moderate or no impact, while more than 10% are actually benefiting, including the domestic golf tourism sector in the UK. The reason for this is the weak currency combined with a cut in discretionary spending, making it more expensive to travel abroad compared to a golf break in the UK.

“From a golf resort and community development perspective, one of the biggest challenges remains the difficulty of raising finance. When financial institutions start to inject liquidity into the markets again, we will see the industry pick up – but the lack of liquidity and confidence are the two key factors in current conditions.

“Saying that, I have also spoken to investors this week who do have access to cash, enabling them to acquire developments at significantly reduced prices compared to 12 months ago. And for consumers, now could be a very good time to invest in property in places such as Spain and Portugal.”

Andrea Sartori added: “We remain optimistic about the prospects for the golf business in the medium term and we believe that there are enormous opportunities for development in emerging markets such as China, India, Eastern Europe and South America, once we see a clear upswing in the economic cycle.”

Arnold Palmer, whose golf course design company was a pioneer in China, creating the first mainland golf course in the country (Chung Shan Hot Springs, opened in 1984), also offered encouragement for the emerging markets – and voiced his opinions on why golf becoming an Olympic sport would benefit the industry worldwide.

“I am very much in favour of golf becoming an Olympic sport,” said Mr Palmer. “I don’t think we can comprehend what it would mean to the game. From any angle, what it will bring to business, and the wider public interest it will create, it is almost mind-boggling what the impact would be.”

As a seven-time Ryder Cup veteran and former captain, Mr Palmer also commented on the Ryder Cup coming to Wales in 2010. He said: "The Celtic Manor Resort will be a wonderful venue for the Ryder Cup. Conditions will make it very interesting for the players and the spectators. The American team better start thinking about the conditions they are likely to face in Wales as they will have to work very hard to win."

Summing up the 2009 Golf Business Forum, Andrea Sartori said: "Arnold Palmer is a legend in golf and the golf business and we were thrilled to present the Lifetime Achievement Award to him.

"Given the tough economic conditions, the attendance for this year's Golf Business Forum has been outstanding. To have 275 industry professionals attend underlines the quality of this event and the networking and business opportunities."

Other comments from speakers in the headline session, *Riding out the Storm*, included:

Joe Beditz, President and Chief Executive Officer of The National Golf Foundation

"The current economic climate represents a phenomenal buying opportunity for investors. Negative cash flows are causing some developers to reconsider their positions within projects and therefore investment opportunities are available for up to 25% less than the original developer investment."

Commenting on the economic downturn... "In the United States we've undertaken a major study of private golf courses and we found that over 400 had changed status to become public courses to drive revenues from golfers. It makes sense when you consider that this is a more attractive option than having to close down the whole operation due to a reduction in private members."

Ray Wilson, Managing Director of Southern Golf

"The current climate represents the best opportunity for developers who are willing to be strong and take a chance. The challenging global economy has driven construction prices as low as they have ever been, so build costs are that much lower. It will take a brave company to commit to a building project now, but financially it does make sense from a cost perspective."

Jonathan Orr, Financial Director of The European Tour

"We're in a stable position with regards to sponsorship revenues and, in fact, golf has held up in the current economic difficulties. If you take The Ryder Cup as an example, we have already sold four of the six partner sponsorship packages, which is on a par with previous Ryder Cups at this stage. The supply of sub-sponsors is more challenging and hospitality packages will undoubtedly be the toughest of all."

Gregg Breningmeyer, Group Director, Sales and Marketing, for John Deere Worldwide

"Certainly, from an overall investment perspective, course renovations, machinery purchases and new course developments are being put on hold, but there are areas of the world that are weathering the storm better than others. If you look at Mexico, other areas of South America, China and Asia as a whole, things seem to be far more robust. The US is one of the worst hit regions of the world but I would personally say China has some huge opportunities for growth going forwards."

For more information, visit: www.golfbusinessfourm.com

ENDS

KPMG Contact

Dora Bolgar Hayes
KPMG Golf Advisory Services
dora.hayes-bolgar@kpmg.hu
tel: +36 1 887 7389

Media Contact

Gary Firkins
Landmark Media International Ltd
gary@landmark-media.com
tel: +44 1780 752790