



Further information:

Simon Katalin
Tel: 887-6676
Fax: 887-7201
e-mail: katalin.simon@kpmg.hu

Budapest, 29 May, 2009

KPMG Golf Business Forum concludes that golf businesses will be stronger after the recession

Global golf industry honours golf legend Arnold Palmer, who calls for golf to become an Olympic sport

KPMG's sixth annual Golf Business Forum, 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."



Arnold Palmer and Andrea Sartori at GBF 2009

"I am honored to be accepting this award from the Golf Business Forum and am very proud to be associated with an organization that does so much to further the sport of golf." Arnold Palmer.

More than 275 industry professionals from around the world attended the three-day conference in Wales in early May, 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 the 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.

Effects of the economic downturn on the industry also include a large number of existing courses being put up for sale (especially in the US), private clubs forced to open their doors to the public, developers struggling to find buyers for real estate, overall capital investment being down by 30-40 per cent, and the sector losing jobs.

"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 regularly speak to investors 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", Dr Sartori added.

Presentations have also revealed that some trends are seen becoming more and more dominant in leading new projects, such as of environmental awareness in new developments, a focus on authenticity, offering complex attractions to the whole family and combine golf with other active tourism segments, e.g. riding, hiking.

Dr 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."

The CEE region is still seen as one of the most promising regions for golf projects, although development proved to be quite slower than expected:

"Five years ago we predicted that there will be approximately 25 operating golf courses and 12,000 registered golfers in Hungary by 2013. The country is far from that, mainly due to the lack of strategy to include golf in national tourism development plans to facilitate help local demand grow, and to the fact that few affordable courses were built, and thus the desired growth in supply did not help demand increase either. In Hungary and in most of the CEE region, golf is still regarded as the sport of the elite, and played mostly by business people and members of the local expat communities" Sartori added.

However, as a recent KPMG survey on golf course development costs revealed, countries of the CEE region are among the least expensive to be developed.

"Although development in the region will be slower than expected, relatively low costs can attract developers, who could create a winning combination of golf, health and wellness, gastronomy and other tourism attractions."

Commenting on the push to make Golf an Olympic sport by 2016, Arnold Palmer 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.” Participants also agreed that golf as an Olympic sport would make the game a preferred sport among juniors, and help incorporate the game as part of sports education, attracting new generations to the golf course. Access to financing to be provided by National Olympic Committees for the development of golf would likely benefit golf growth.

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.”

Notes to editors:

- For more information on GBF, please visit <http://www.golfbusinessforum.com>.



- **Contacts:**

KPMG Contact

Mark Sandilands
KPMG Golf Advisory Practice
Tel: +36 1 887 6542
e-mail: mark.sandilands@kpmg.hu

Media Contact

Gary Firkins
Landmark Media International
Tel: +44 1780 752790
e-mail: gary@landmark-media.com

KPMG is a global network of professional firms providing Audit, Tax and Advisory services. We operate in 144 countries and have 137,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss cooperative. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

KPMG in Hungary employs more than 600 people - KPMG Hungary Ltd. offers audit services, while KPMG Advisory Ltd. offers advisory services to Hungarian and multinational companies, government bodies and foreign investors.

© 2009 KPMG Advisory Ltd., a Hungarian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. All rights reserved.