

**WELCOME TO  
OUR WORLD OF  
HOSPITALITY**

Annual General Meeting  
31<sup>st</sup> May 2016

*More than  
Meets the Eye*



**WELCOME**

- Quorum
- Board of Directors
  - Wong Hong Ren (Chairman)
  - B K Chiu (Managing Director)
  - Aloysius Lee (Non-Executive Director)
  - Kevin Hangchi (Non-Executive Director)
  - Richard Bobb (Independent Director)
  - Graham McKenzie (Independent Director)

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**WELCOME**

- Apologies
- Proxies
- Minutes of the 30<sup>th</sup> Annual Meeting
- Notice of Meeting

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**Annual Report and Financial Statements**

**For 2015, MCK reported:**

- A profit of \$21.7 million
- Increased revenue of \$136.5 million
- Increased earnings per share of 13.7 cps
- An increase in RevPAR of 14.7% over 2014.
  
- Higher average room rates and gross profits across our hotels
- 3.6% increase in hotel revenue compared to 2014.

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**Annual Report and Financial Statements**

- Another strong result from CDL Investments
  
- Recent hotel refurbishment projects have also contributed to improve results.
  
- Dividend increased to 2.8 cents per share.
- Increase of 17% over 2014

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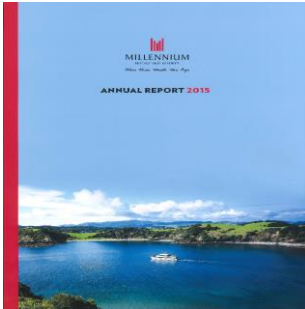


**MCK Hotels**

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## 2015 Annual Report



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## MCK 2015 Results

- Occupancy 77% (74% in 2014)
- 4% Revenue increase
- 12.5% REVPAR increase
- Recovery of occupancy and rates

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## March 2016 YTD Trading

(operating hotels)

- Occupancy 91%
- 14% Revenue increase
- 15% REVPAR increase

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## Visitor Arrivals<sup>1</sup>

	Year ended March 2012 - 2016					Change 2015-16	
	2012	2013	2014	2015	2016	Number	Percent
Total visitor arrivals (1)	2,817,930	2,611,377	2,752,257	2,947,901	3,255,493	307,592	10.4
Australia	1,168,318	1,170,736	1,221,152	1,273,152	1,364,736	91,584	7.2
China	160,288	210,240	239,712	295,552	377,840	82,288	27.8
USA	184,056	188,032	207,664	226,960	253,792	26,832	11.8
UK	222,152	189,472	191,872	199,760	213,792	14,032	7.0
Japan	65,052	75,472	73,344	83,392	91,344	7952	9.5
Germany	63,492	64,800	74,224	81,152	90,496	9344	11.5
Korea	52,552	50,912	52,944	59,184	71,408	12,224	20.7
South East Asia	115,460	103,984	117,936	127,904	141,408	13,504	10.6

<sup>1</sup> Source: Statistics New Zealand

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- New Zealand Herald May 25<sup>th</sup> 2015
- "There is no historical precedent for the record high occupancy rates expected in Auckland", the report says. Room rates in the city are predicted to rise from an average of \$167 a day this year to \$191 a day in 2017. By 2025 rates are forecast to average \$220 a day.
- High occupancy rates are leading to significant price rises already with average rates up 9% across the five focus regions from \$140 in 2014 to \$152 last year"

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- Do we benchmark ourselves with our past or
- Do we benchmark ourselves with "today's best in class" globally or even just across the Tasman?
- Infrastructure, RMA, HR, work visas.

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## Stonebrook, Rolleston

- "Margins in hotels have been notoriously tight in New Zealand and low occupancy during off-peak times of the year, the sector's vulnerability to travel slumps and high development costs have deterred investment here over the past decade."
- The report finds the ability to deliver new hotels is heavily dependent on managing a number of constraints, including financial feasibility, site availability, resource and building costs, finance and timing delays."
- New Zealand Herald May 25 2016.



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**Prestons Park, Christchurch**



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- MCK has made its submission to the Queenstown Lakes District Council (QLDC) on its consultation document that it does not support the revised rating model for the proposed convention centre (PCC).
- QLDC proposes to redraw and extend the CBD boundary to include MCK's three hotels with increases to our rates to fund a convention centre that will not benefit our hotels and which will also compete with us and benefiting the revenue of other hotels around the proposed CBD convention centre.

2015 AGM

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MCK's submission points out the following:

- 1. The PCC of 750 pax is effectively a 50 to 750 pax facility that competes with existing facilities in Queenstown.
- 2. The number of 500 and over pax conferences is limited. Queenstown will have to compete for these with the other conventions centres in NZ. It will compete with existing Queenstown facilities for the under 500 pax conventions.
- 3. There are already over 1000 hotel rooms around the PCC in the current CBD, enough to meet the demand from conferencing delegates. The PCC also includes a new 150 room hotel.
- 4. The extended CBD and increased rates discriminate against MCK. It is inequitable that MCK will be rated to fund a facility that will benefit only those hotels around the PCC but in addition will devalue the convention facility we have invested in. **It is a case of council competing with its own ratepayers using ratepayers money to the benefit of a select group of hotels in the CBD.**

2015 AGM

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## Queenstown district council's future plans

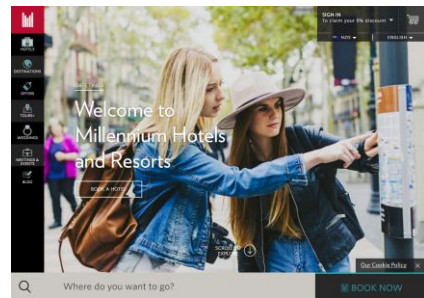


Otago Daily Times  
April 4<sup>th</sup>, 2016

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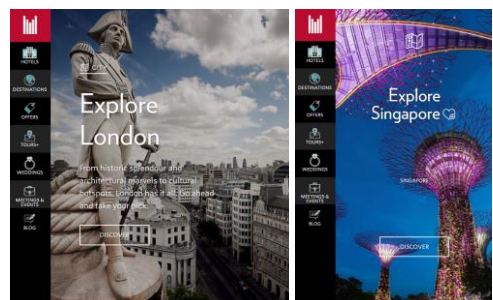
## Millennium Global Website



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### AwaytoGo Vouchers website



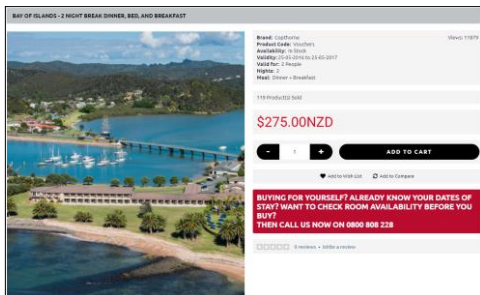
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### MyMillennium loyalty program



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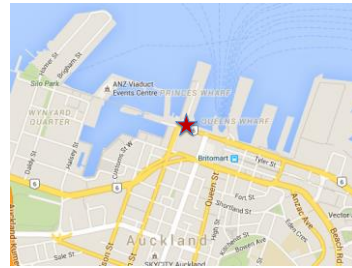




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### Location Map



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### The Building



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### Refurbishment – Seismic Upgrade



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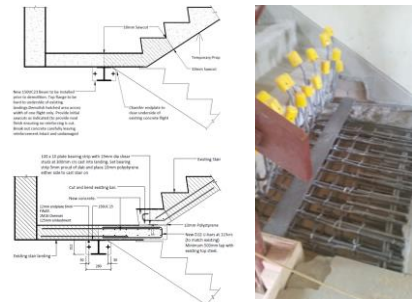
### Refurbishment – Seismic Upgrade Frame



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### Refurbishment – Seismic Upgrade Stairs



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**Construction Challenges – CBD Major Construction Zone**



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**Construction Challenges – CBD Neighbour Proximity**



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**Construction Challenges – Hard Demolition Logistics**



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**Refurbishment – Facade**



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**Auckland**



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**MSOCIAL**  
AUCKLAND

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**Online Training - (e-learning)**

- Guests expectations – are they increasing
- Training – service and technical
- Alignment of training to National Qualifications (NZQA)
- Challenges with training
  - 45% industrywide turnover
  - 110% turnover in Queenstown
  - Regional hotels remoteness
  - Delays in timing of delivery of training



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**Online Training - (e-learning)**

- 73% of our people said they preferred online training
- 94% of the New Zealand workforce are computer literate
- 61% of our MCK team are under the age of 35 and they expect online learning
- MCK have introduced a blended learning approach with a strategy on e-learning
- Online platform developed - INTERACTIVE



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### Online Training - (e-learning)

- Our online learning platform currently has **10 modules active**: **A sample being:**
  - Full company induction (history and ownership etc)
  - Health & Safety
  - Backcare
  - Sales upsell/cross-sell
- Benefits we have experienced
  - Consistency of training & Regional reach (all hotels receive the same training)
  - Timely delivery (e.g first week you get what you need)
  - At the right pace (can be replayed, paused etc)
  - Interactive (ensures your understanding before moving on)
  - English is not your first language you can self pace to ensure understanding



### Online Training - (e-learning)

- Overall benefits:**
1. **Speed to competency** – employees take **25% less time to get up to speed in the job**
  2. **Turnover decreases when staff onboarded and trained well** (we don't expect this to occur in Queenstown due to visa turnover)
  3. **Improved tracking** – Online learning automatically records who has completed what training
- 75% of MCK employees completed online training
  - 96% of employees employed for less than one year have completed online training.



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### Glass Crusher at Copthorne Bay of Islands



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### Worm Farm at Millennium & Copthorne Hotels Queenstown



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### Summary

- Recovery of occupancy and rates in 2015
- Growth in 2016, continue to yield under different competitive environments
- MSocial Hotel, Auckland, opening in 2017.
- People, Product, Planet, Profit in a fast changing world.

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## Re-Election of Directors

- To re-elect Mr. Wong Hong Ren

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## Election of Directors

- To re-elect Mr. Richard Bobb

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## Election of Directors

- To re-elect Mr. Kevin Hangchi

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## Auditors Appointment & Remuneration

- KPMG are re-appointed as the company's auditors (section 207T, Companies Act 1993)
- I move that the Directors be empowered to fix remuneration of the auditors for the year ending 31<sup>st</sup> December 2016.

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## General Business

Are there any items of  
General Business?

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## Close of Meeting

Thank you for your attendance.

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