



Global Symposium on Racing and Gaming 2014

Declining Field Size: Global Issue

Jennifer Owen,
Aspire Wealth Management

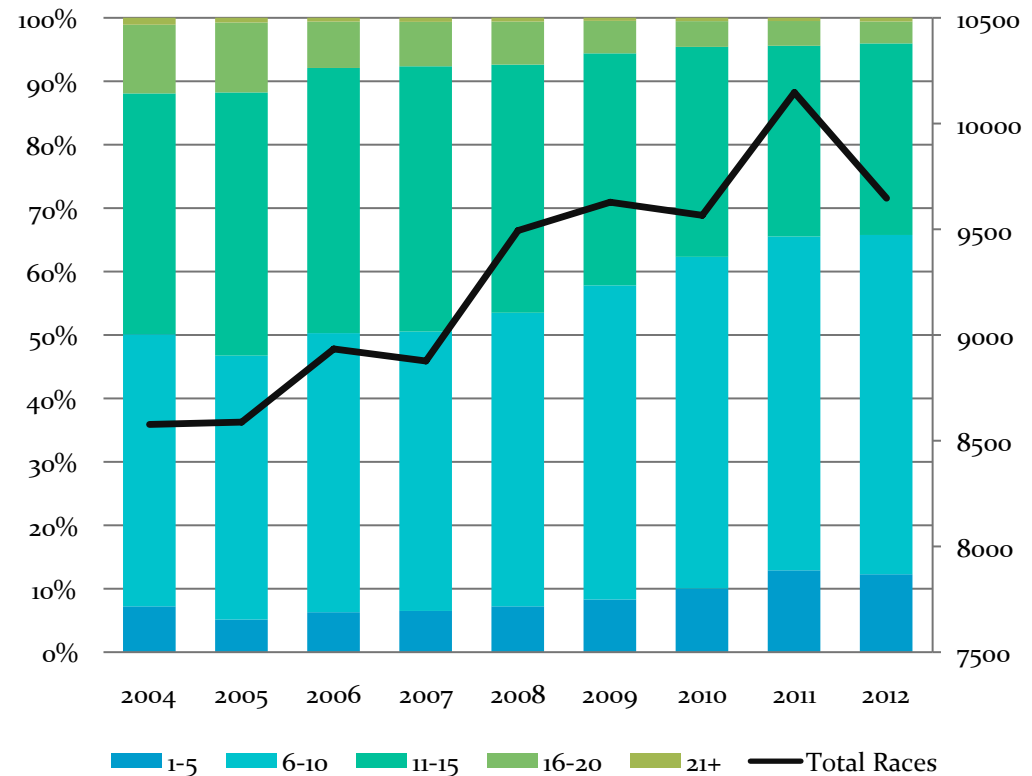
UK Field Sizes in Crisis

UK Announces major changes to 2015 Season in response to field size declines

“small-field races have become arguably the biggest challenge facing British Racing in recent years. Not only are they unattractive to punters and customers but they also reflect badly on British Racing when compared with other major jurisdictions, at a time when Racing is becoming an increasingly international sport”.

Paul Bittar, CEO, BHA, October 2014

UK: Flat + Jumps Races Field Size Composition



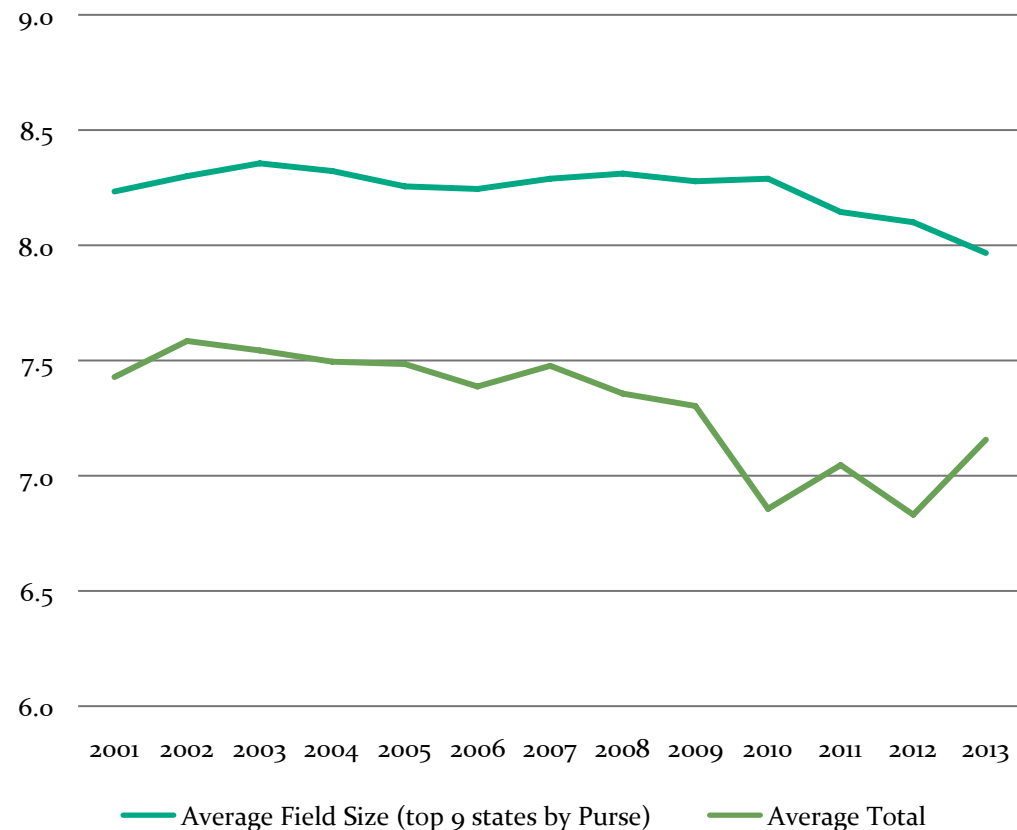
The US Feels the Pain as well

US Perspective

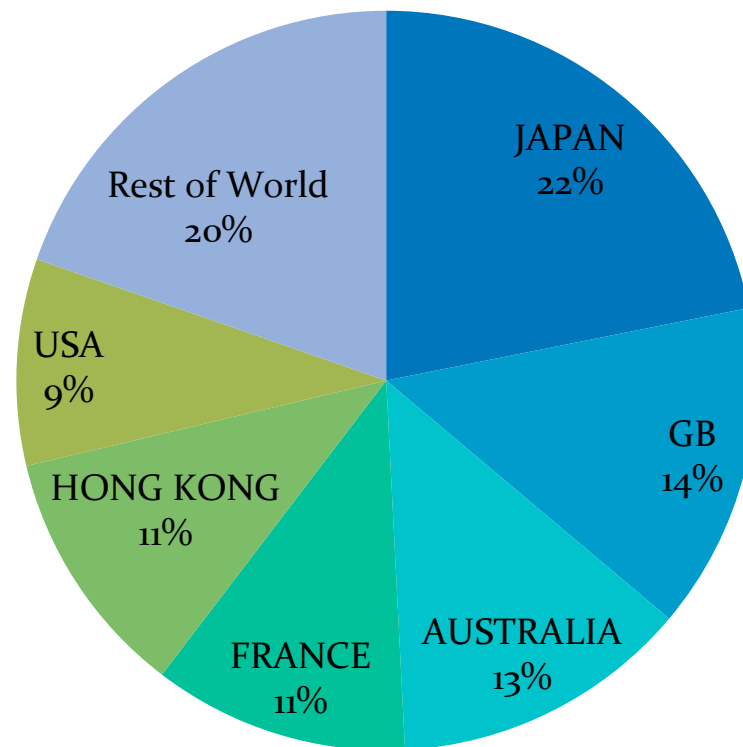
“All of us realize as declining foal crops affect field size, decreasing field size in turn negatively impacts handle. Racing secretaries strive to achieve maximum field size in every race they card. They want to offer “playable” races. Small fields are unattractive to horse players. Every day racing secretaries walk that fine line of field size versus the need to run certain races that may always produce small fields, but are required to sustain the racing program”.

Martin Panza, VP Racing
Operations, NYRA, August 2014

US: Average Field Sizes (2001 to 2013)



Betting Turnover by Nation - 2013



Source: International Federation of Horse Racing Associations

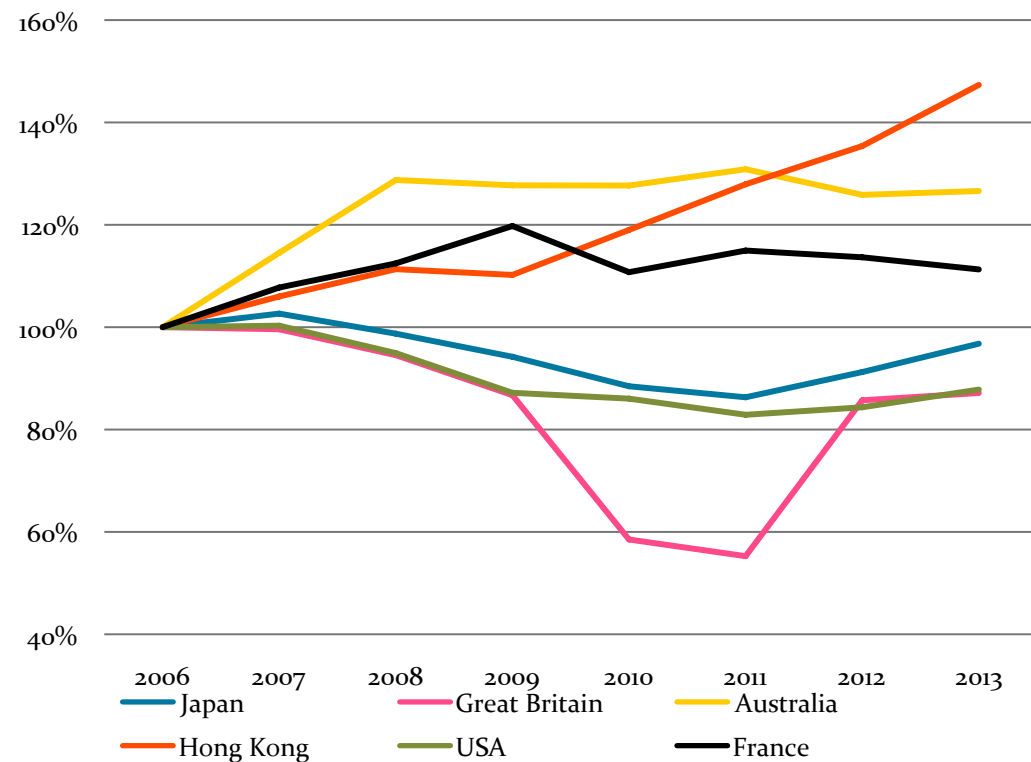
Turnover Trends Mixed

Some Racing Nations have experienced very strong turnover growth, in particular Hong Kong, which is up 150% in HD\$ over 2006 levels.

France and Australia have risen c.20% each in the same period.

Great Britain has staged a recovery in recent past, but Japan and US Racing Turnover is in continual decline.

**Turnover per Race:
Changes since 2006**



Source: International Federation of Horse Racing Associations

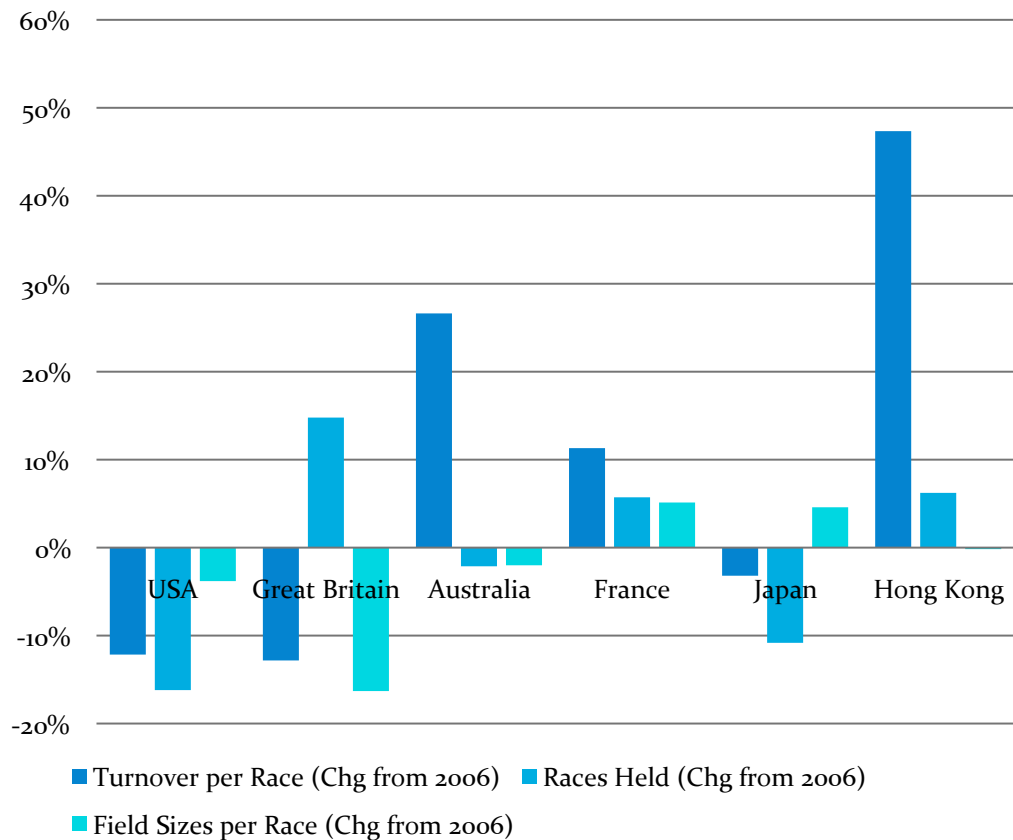
Field Size Trends

Small and falling fields do appear to be correlated with declining Betting Turnover.

Hong Kong has the highest average field size of the major nations, and has seen spectacular Turnover growth over the period from 2006.

The USA and Great Britain have the smallest average field sizes, and the numbers are in steady decline. The turnover in GB has stalled and in USA, fallen dramatically.

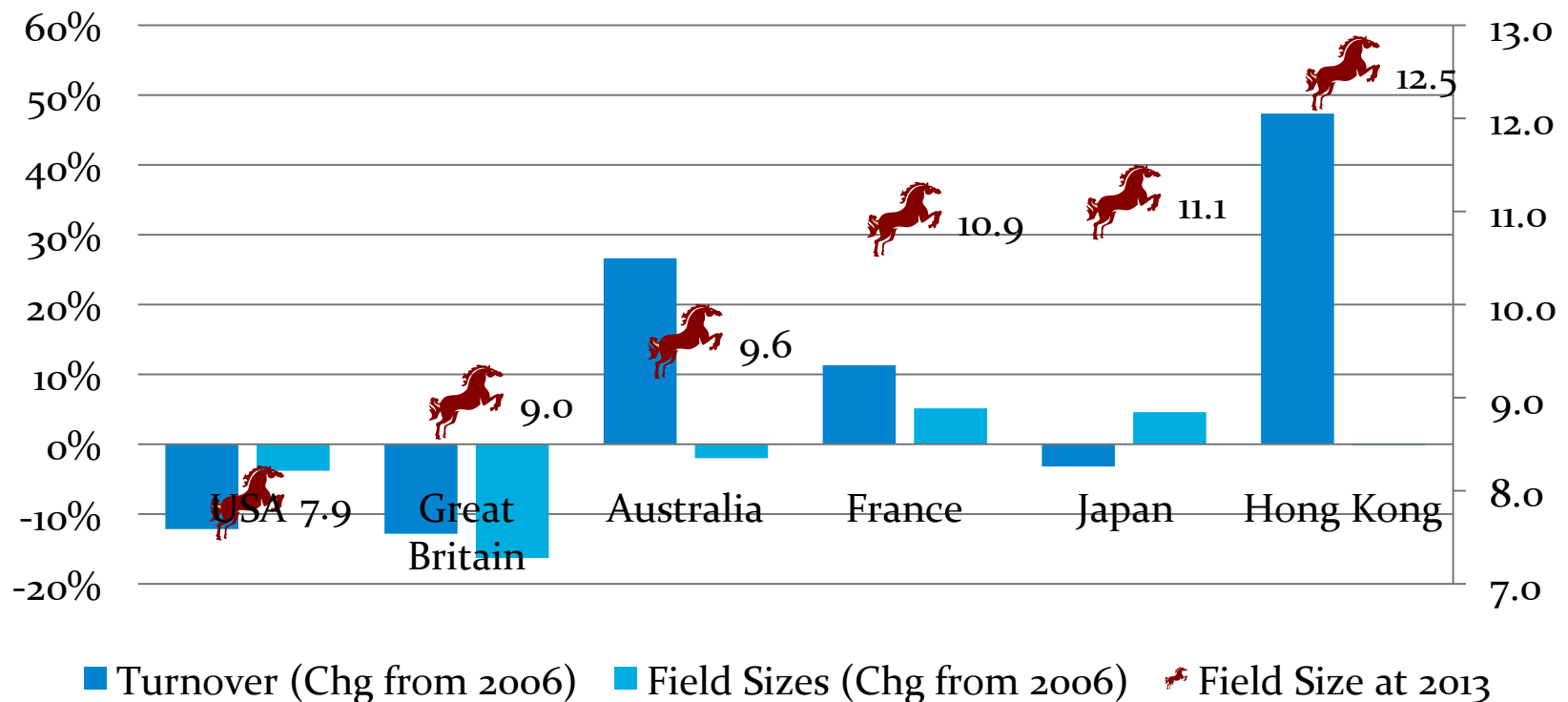
Turnover vs Races vs Field Sizes



Source: International Federation of Horse Racing Associations

Field Sizes and Turnover

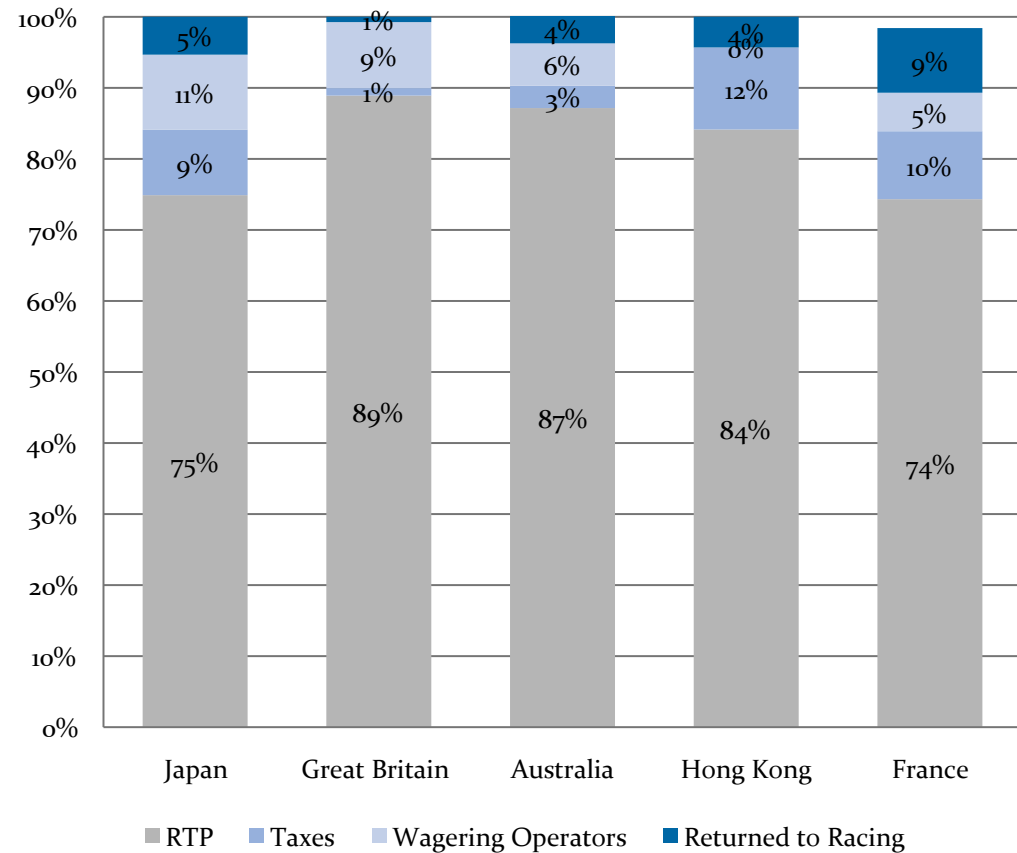
Field Sizes (2013) and Turnover and Field Size Changes (2006-2013)



The Bottom Line: The Punter Funds the Industry

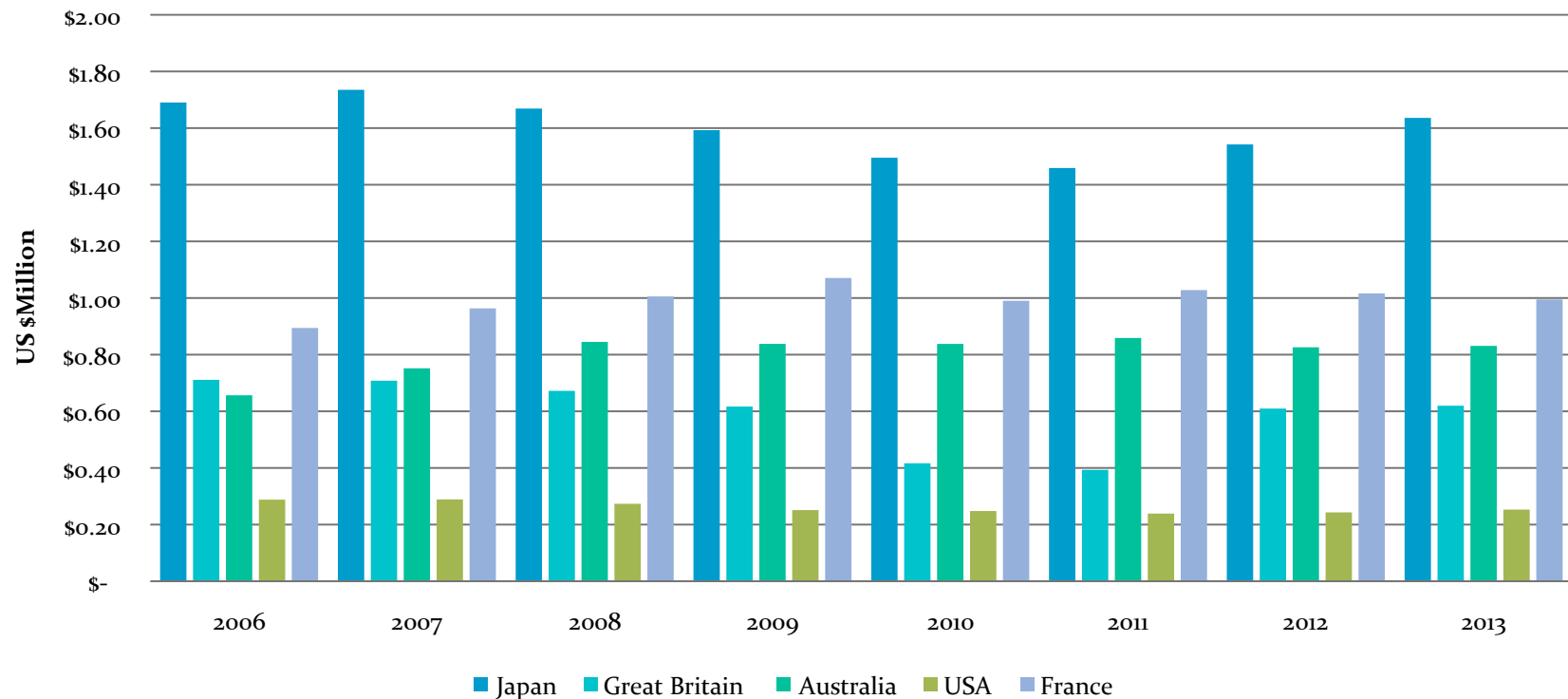
- The Industry is predicated on Profit – for owners, racetracks, bookmaker and governments
- The Punter funds all participants in the industry
- Declining punter interest impacts every stakeholder

Share of Betting Turnover

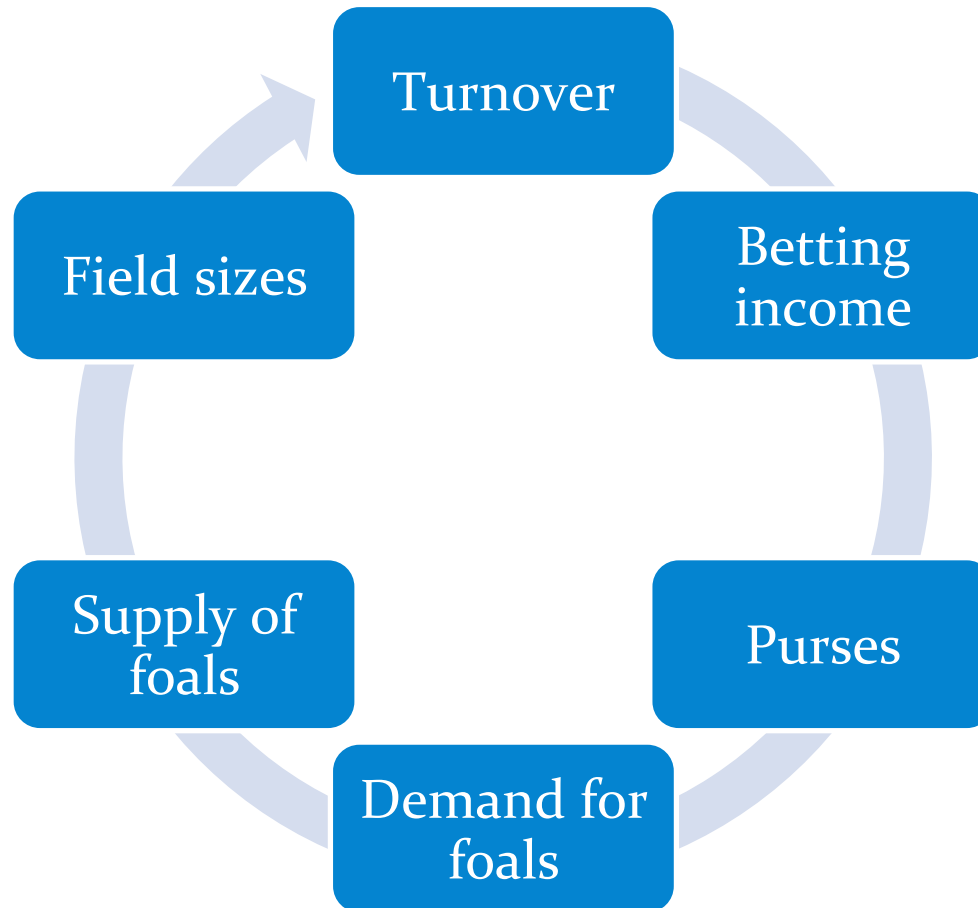


Liquidity begets Turnover

Average Turnover per Race Excluding HK (@ 31 Dec 2013 US \$)



Virtuous Circle: Turnover to Fields

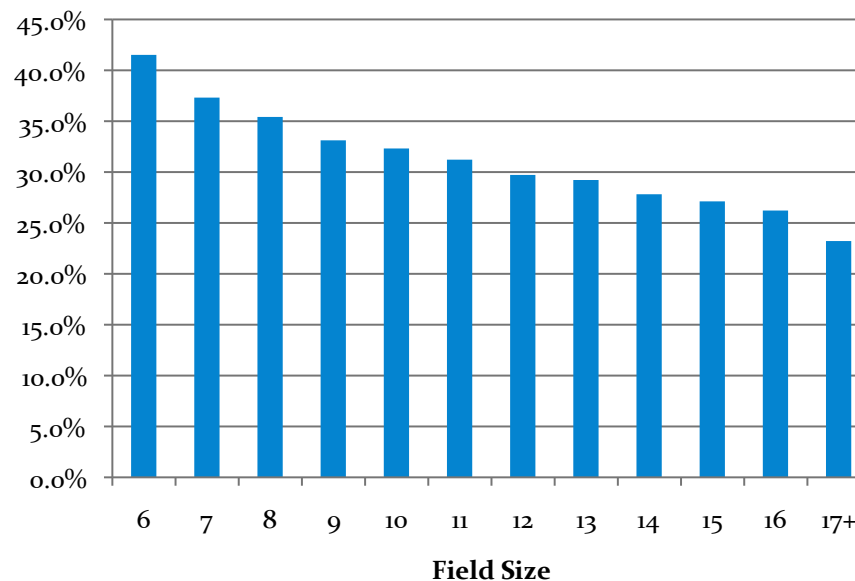


Impact on Outcome of Smaller Fields — Australian Data

Small Fields lead to the much greater likelihood of the favourite winning, or at least placing.

This reduces the appeal of the race to the racegoer, as the payout is more limited on the favourite relative to the long shot.

Percentage of Favourite wins By Field Size (N=196,755)

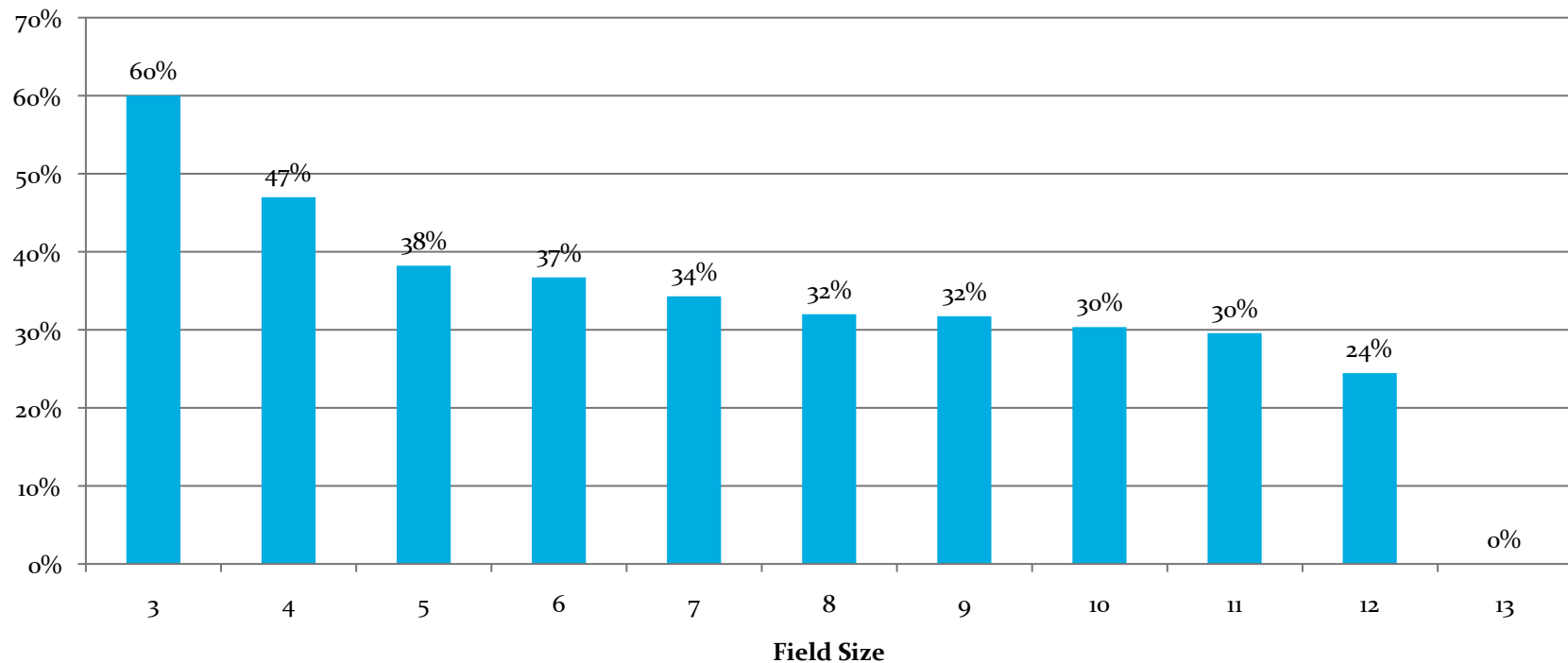


Source: R Biggs, Racerate.com

Impact on Outcome of Smaller Fields - Arlington Park (USA) Data

Arlington Park 2007 to 2014

Percentage of races where the favourite won (n>7000)

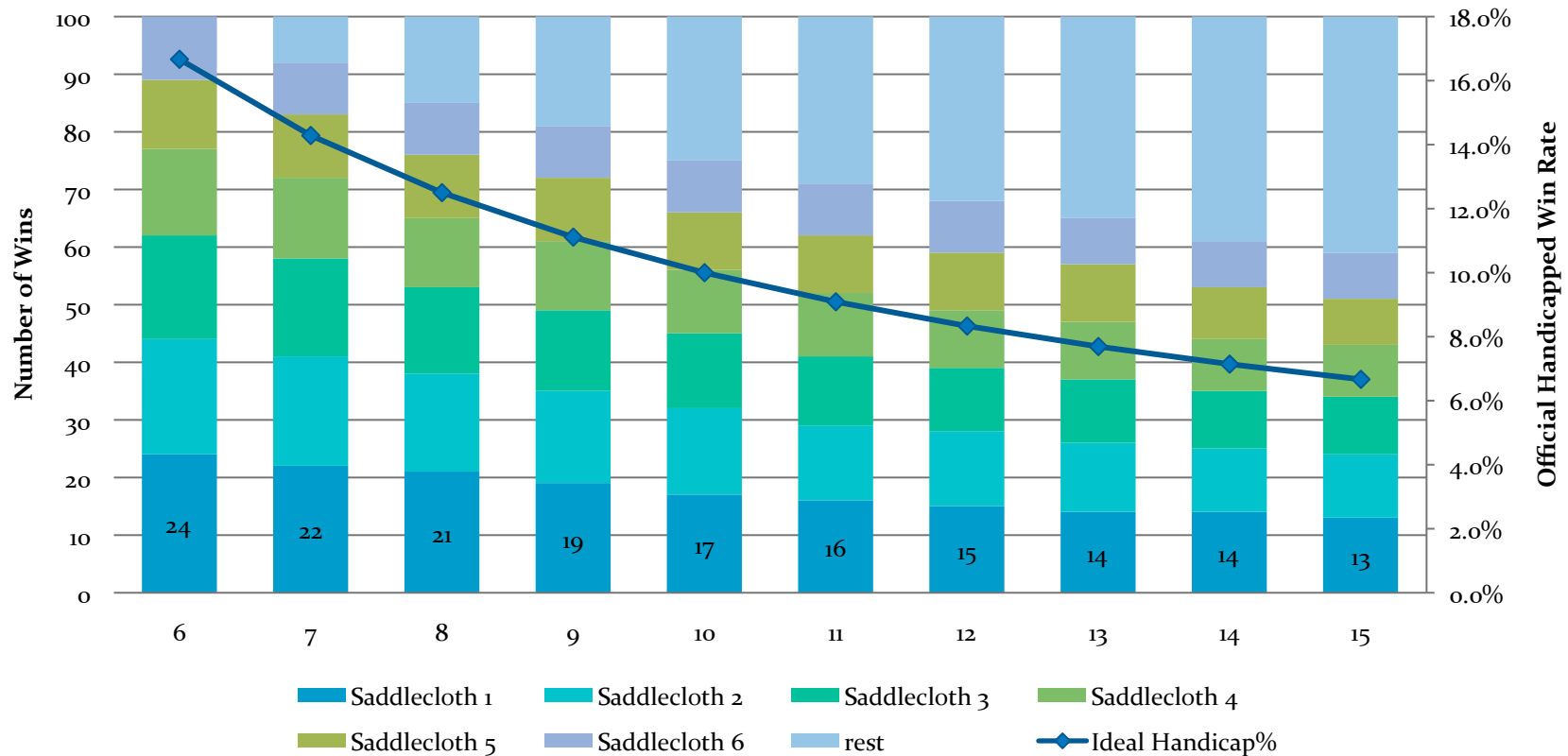


Source: Arlington Park website

Jennifer Owen, Aspire Wealth Management

Handicap Order v. “Real World”

Official Handicapping Order vs. Actual Win Rate

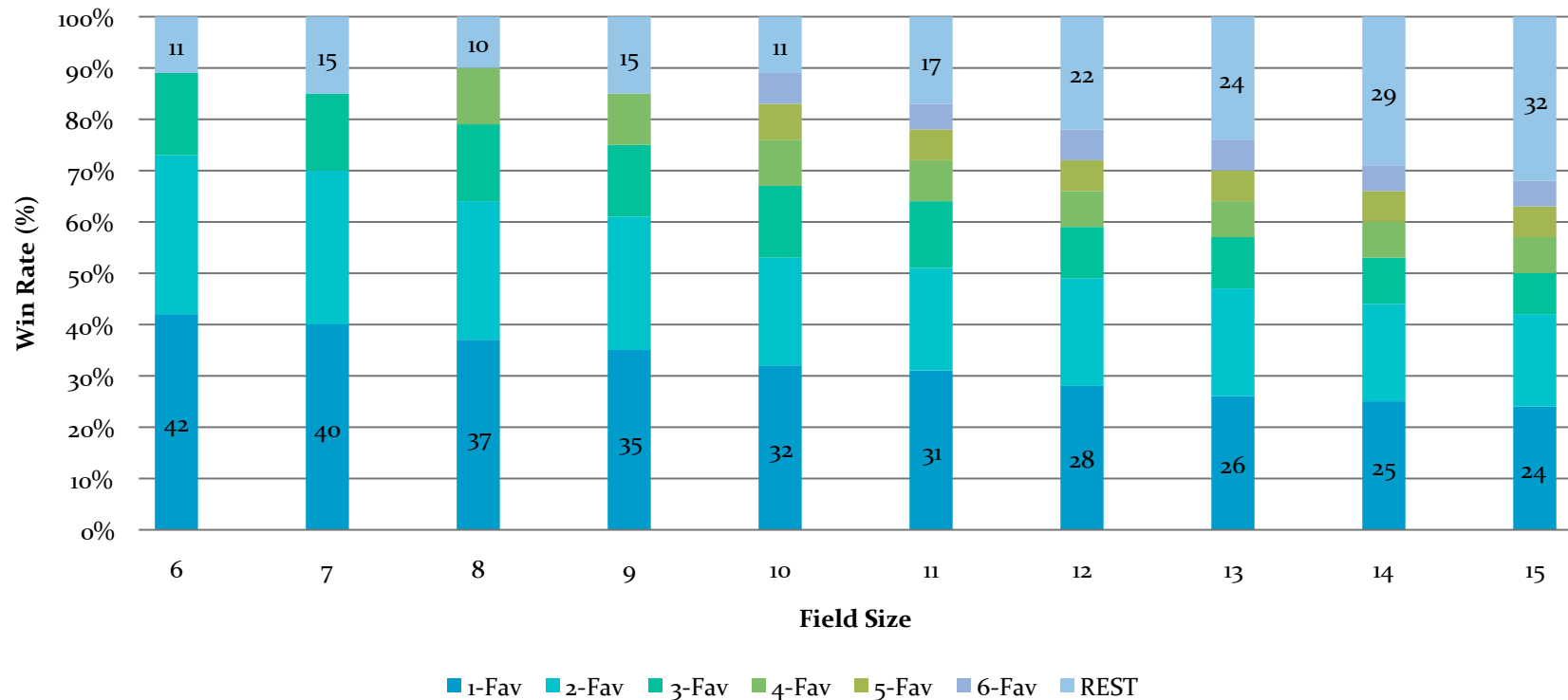


Source: A Theory of Thoroughbred Racing: The Origin, structure and function of racetrack markets, Joseph Keating, 2004

Jennifer Owen, Aspire Wealth Management

“Market Price” Win Rates

**Field Size and Market Order
Approx Long Term Win Rates**



Source: A Theory of Thoroughbred Racing: The Origin, structure and function of racetrack markets, Joseph Keating, 2004
Jennifer Owen, Aspire Wealth Management

Small Fields: Wagers Returned

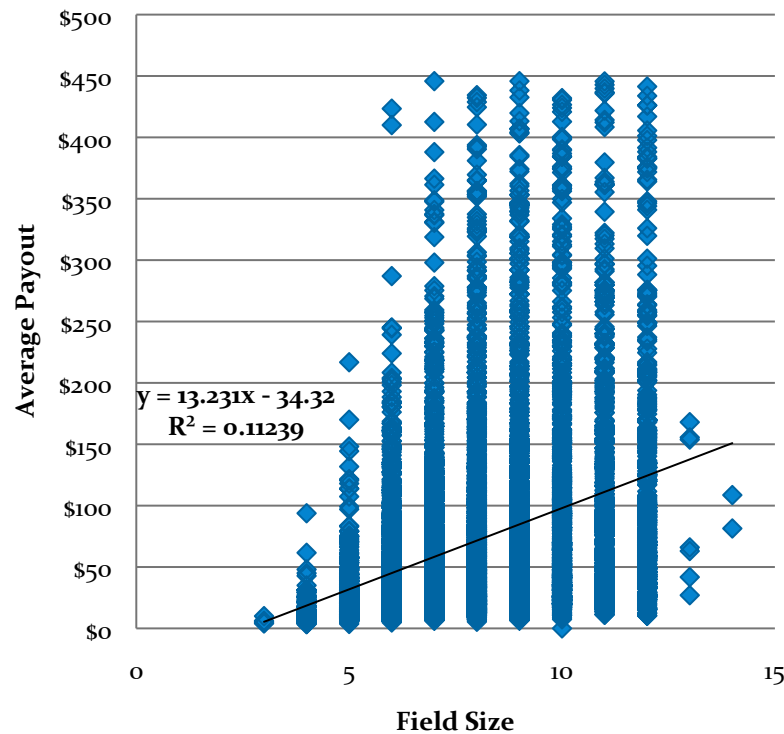
SuperTAB Pool

Date	Track	Race	Field size	Win	Win place	Second	Third	Place price on Third runner - Not paid	Favourite placing
24/06/2014	Brighton (GBR)	1	10	\$ 9.80	\$ 4.90	\$ 5.60	\$ 1.04		Third
		2	7	\$ 5.10	\$ 3.50	\$ 5.00	Nil	\$ 1.70	Third - no payout
		3	6	\$ 12.00	\$ 4.10	\$ 1.90	Nil	\$ 2.30	Not placed
		4	7	\$ 4.40	\$ 2.10	\$ 2.20	Nil	\$ 5.60	Not placed
		5	6	\$ 4.30	\$ 2.20	\$ 2.90	Nil	\$ 2.50	Not placed
		6	8	\$ 5.90	\$ 1.70	\$ 3.10	\$ 2.70		Not placed
		7	6	\$ 3.30	\$ 1.80	\$ 2.30	Nil	\$ 2.80	Third - no payout
29/06/2014	Santa Anita Park (USA)	5	10	\$ 4.10	\$ 1.70	\$ 2.40	\$ 3.20		First
		6	6	\$ 3.40	\$ 1.40	\$ 2.50	Nil	\$ 14.50	Not placed
		7	10	\$ 10.50	\$ 2.70	\$ 2.20	\$ 2.30		Third
		8	7	\$ 24.90	\$ 7.90	\$ 2.90	Nil	\$ 1.90	Not placed

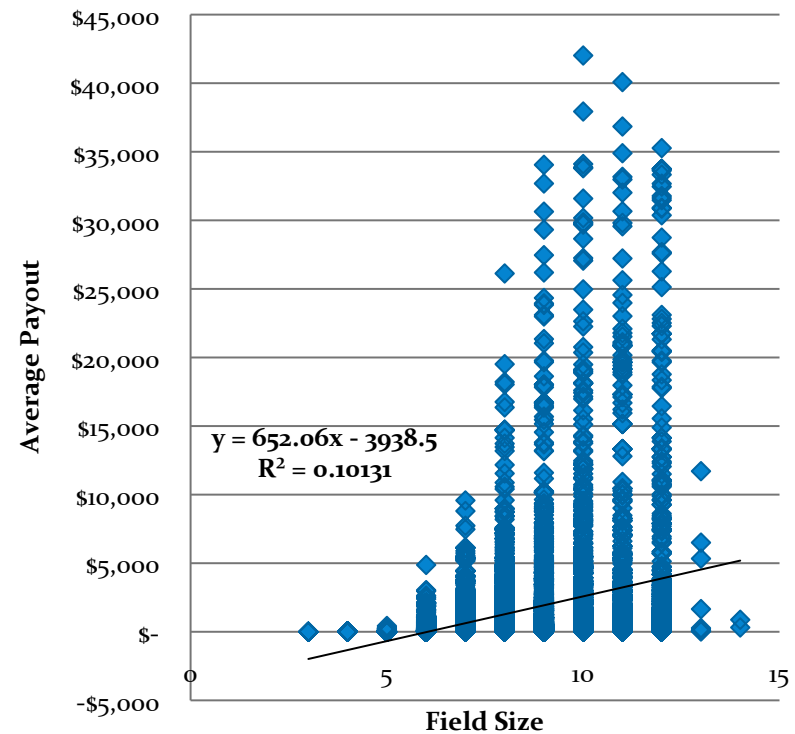
Source: TABCORP Website

Link between Field Size and Payout

Exacta Payout Arlington Park 2007 to 2014

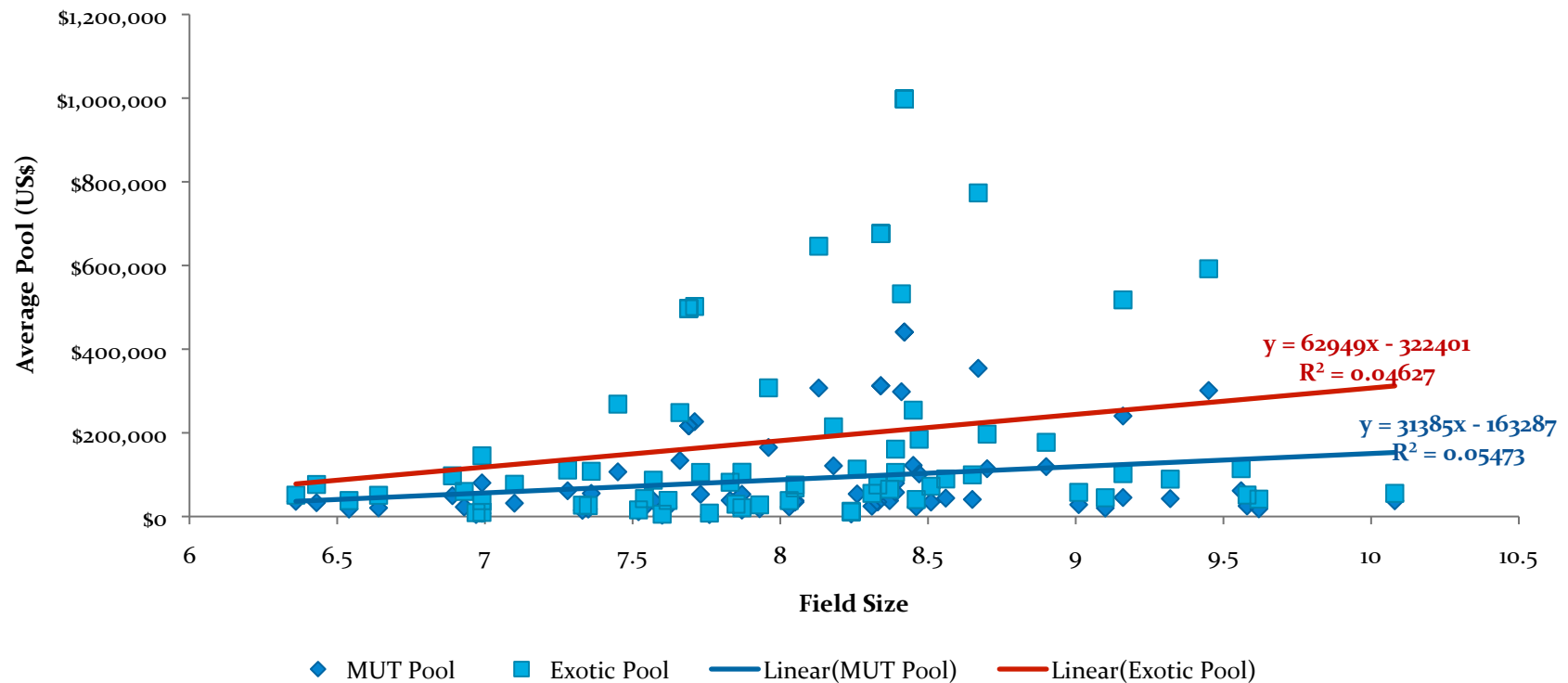


Trifecta Payout Arlington Park 2007 to 2014



Field Size and Pool Size

All US RaceTracks 2013 Average Field Sizes and Pools

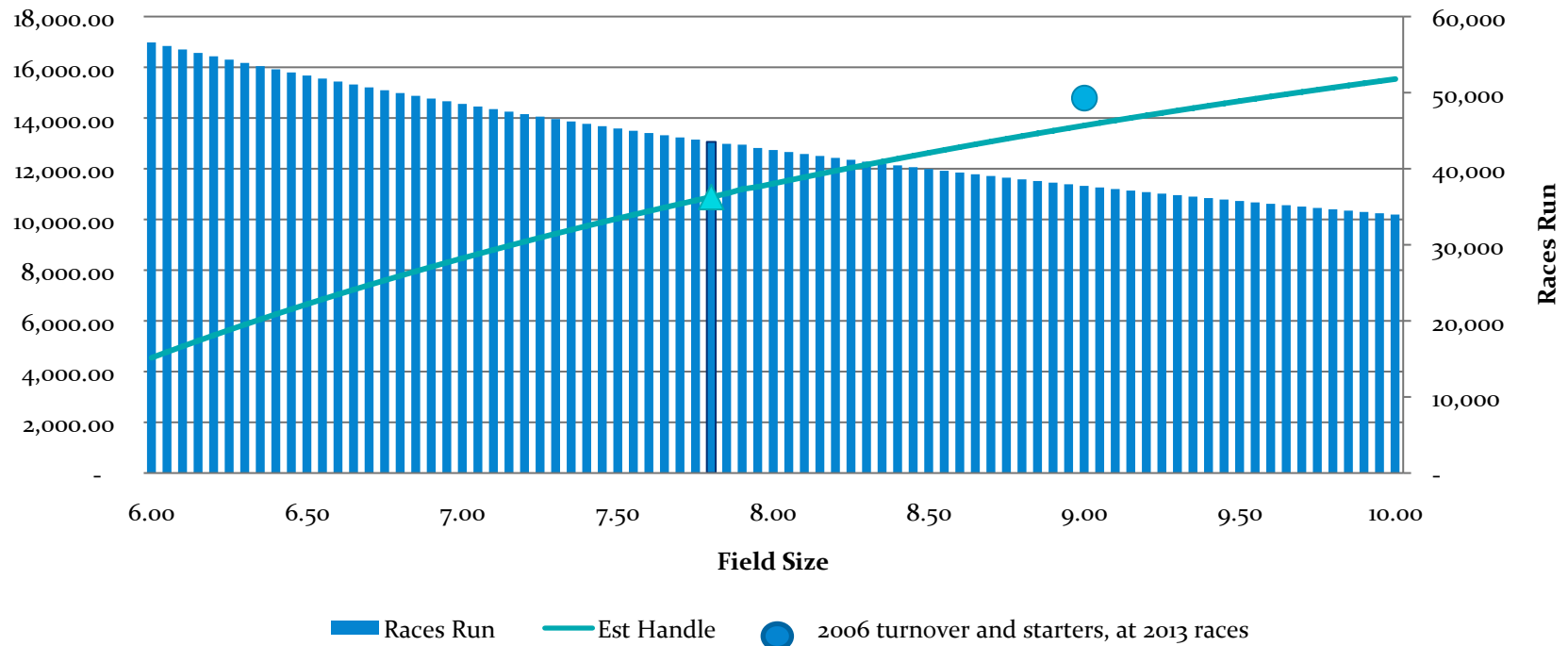


Source: HANA Track Ratings, 2009-2014

Jennifer Owen, Aspire Wealth Management

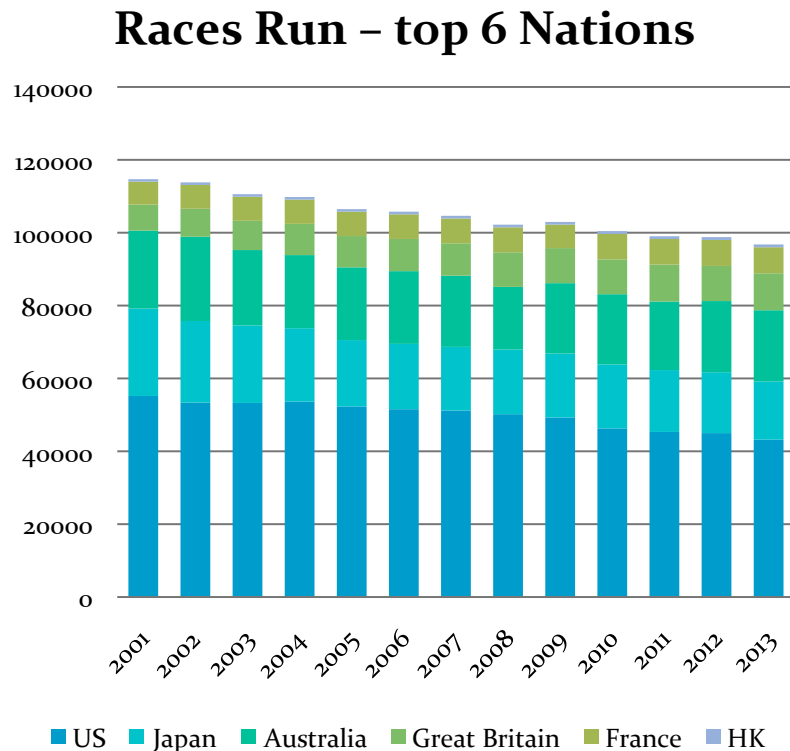
Field Size & US Handle

**Est. Impact on 2013 US Racetrack Handle of Changing Field Sizes
(at 2013 Starters)**

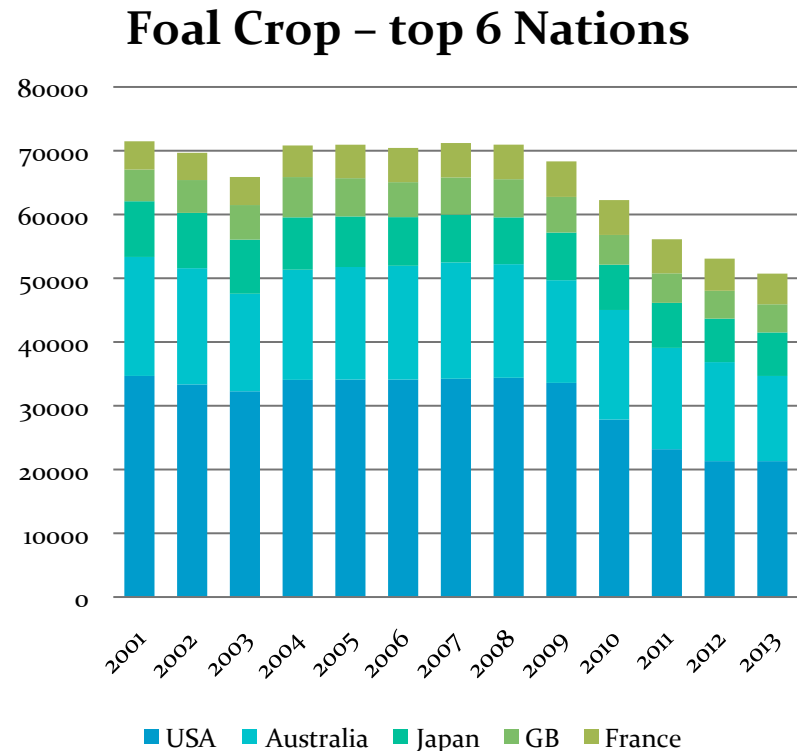


The Outlook for Fields is Weak

Races in Steady Decline



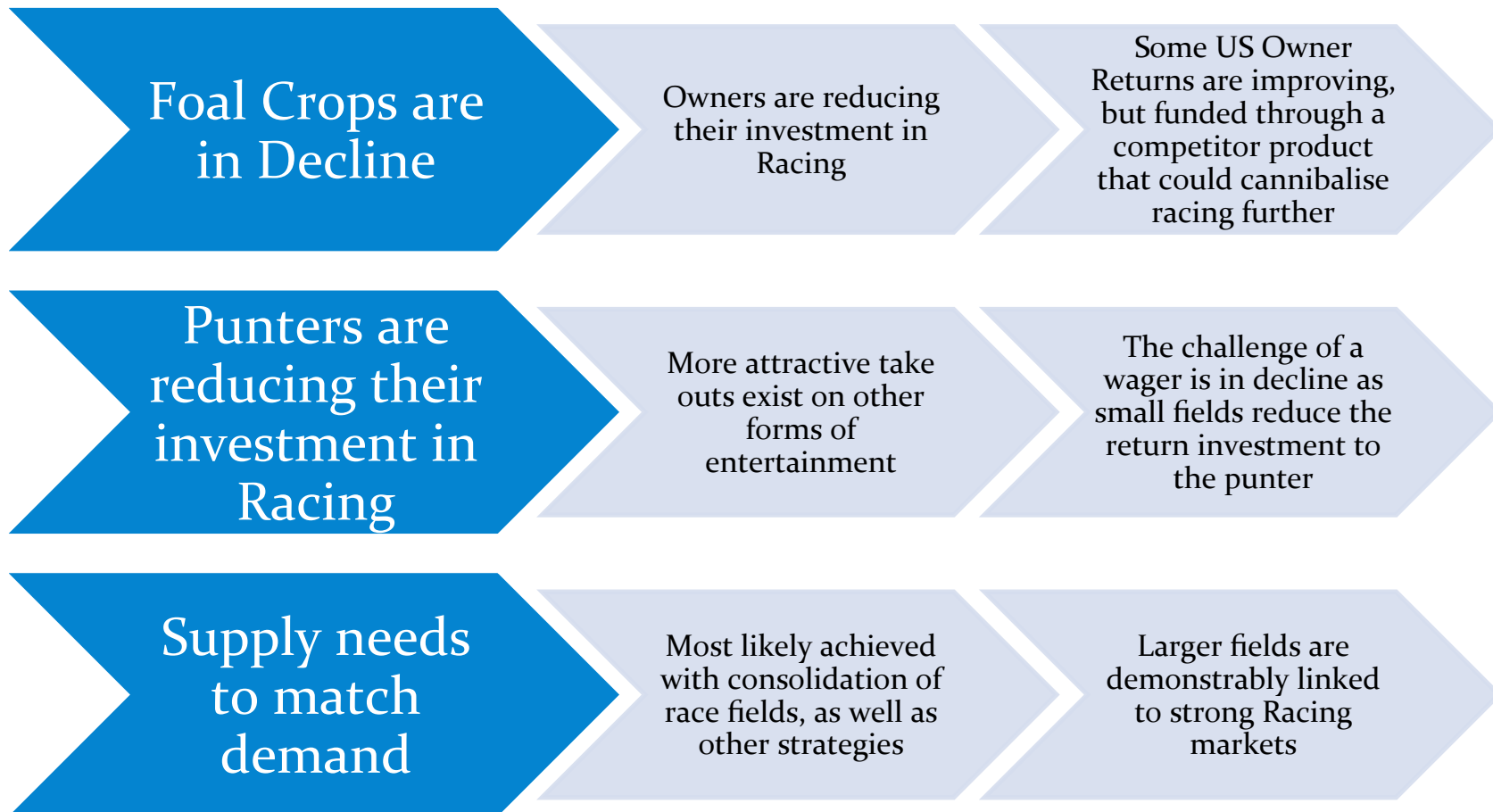
Foal Crop in faster decline



Source: International Federation of Horse Racing Associations

Jennifer Owen, Aspire Wealth Management

Closing Remarks





Thank you