

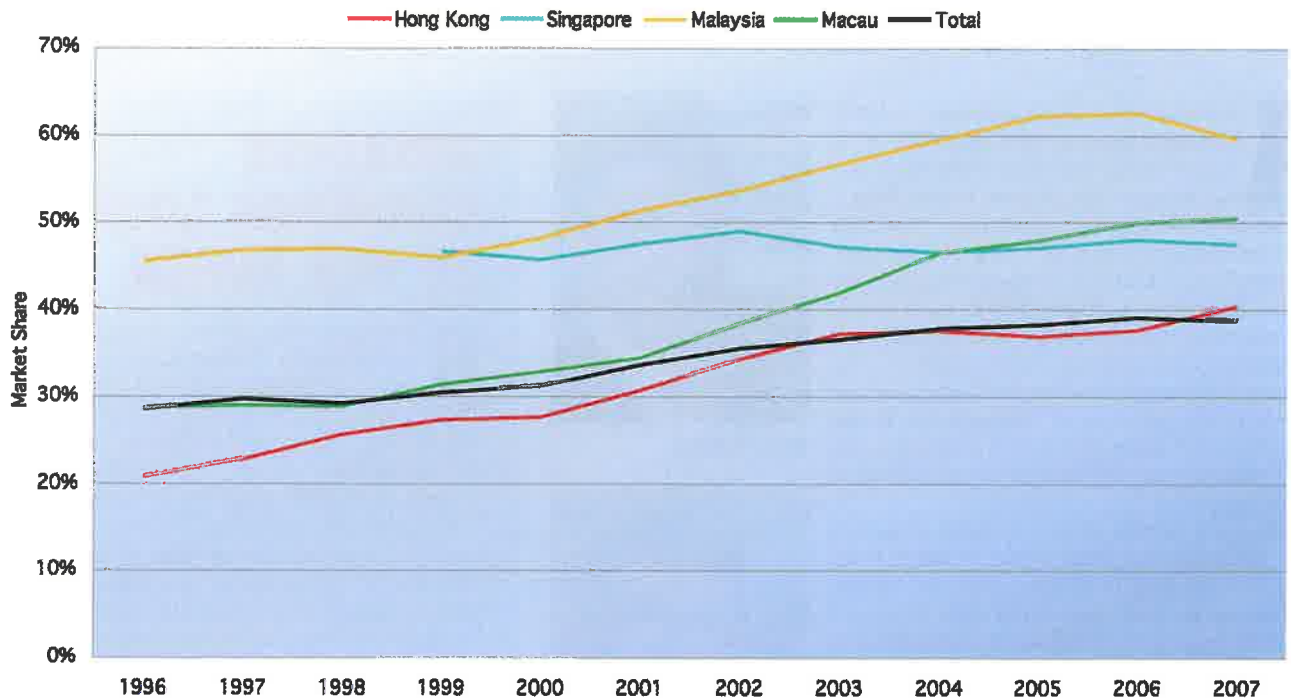
AUSTRALIAN THOROUGHBRED JUGGERNAUT INVADES ASIA

Australian thoroughbred expertise, at all levels, is sweeping south-east Asia. Breeding & Racing correspondent **RENEE GEELEN** investigates this phenomenon and its ramifications for the future growth of our industry.

Additional research by Madeleine Stratton & Jessica Owers.



Growth in Market Share of Aust-bred Runners



Australia's thoroughbreds, trainers, jockeys, administrators, equine health companies, track & equipment specialists, are setting the pace in what is now without a doubt our most important market-place. Despite the setback of SARS, market penetration of Australia's thoroughbreds has doubled over the past decade. Socio-economic changes in the region, coupled with strong recognition and acceptance of the Australian 'product' suggest a trendline whose growth is still embryonic.



"Australian-breds currently represent 40-60% of all horses racing in the 4 major Asian racing nations."

The so-called 'south-east Asian' region comprises two distinct sub-markets: that of the developed racing nations (Hong Kong, Singapore, Malaysia & Macau) and those that are still in varying early stages of development (Philippines, Korea, Vietnam, Thailand & China).

MARKET 1.

DEVELOPED RACING NATIONS IN SOUTH EAST ASIA

Australian-bred thoroughbreds currently represent between 40% and 60% of all horses racing in the four major Asian racing nations. The primary reason from a myriad of sources is that: "Australian racehorses are tough sprinter/milers, who cope with the environment here..." In a region where success is the bottom line, this was amplified by an expat trainer who observed, "If you don't succeed [in Asia] here, the Chinese won't give you a cup of water."

That's a strong incentive for all trainers to ensure they have the right type of thoroughbred. It also underlines that Australia's market penetration has come about because of the rigorous expectation of performance.

Australia's market share has been increasing over the last ten years. The rate of growth in Hong Kong is astounding: in 10 years Australia has doubled its market share from 20 to 40%. In what is rated the most competitive racing environment in Asia, and probably the world, the Australian-bred horse is so successful at producing outstanding results that owners and trainers are looking more to us for buying quality bloodstock than any other nation.

Australia's major sales companies William Inglis & Son and Magic Millions have been at the forefront of the growth into south-east Asia, and have intimate knowledge of what buyers from that region see in, and want from, our thoroughbreds.

Inglis managing director Mark Webster makes the point that some of the world's leading bloodstock agents often comment that the yearlings presented for sale by Australian breeders are without peer anywhere in the world. He comments: "The gene pool that has evolved from the shuttling of stallions, the stringent drug policies that have been enforced here, the environment that we have



Mark Webster



David Chester

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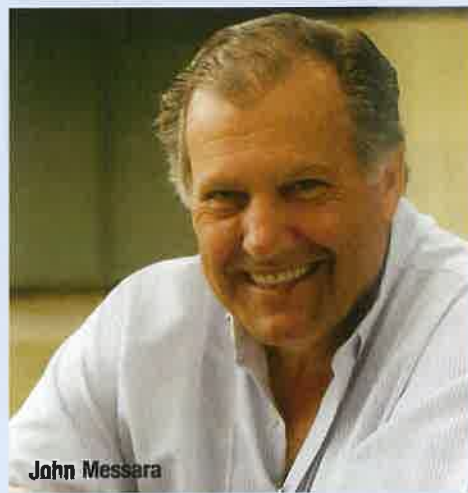
for rearing thoroughbreds and our world-class husbandry techniques have allowed for this opinion to flourish. As a result, we believe that Australian thoroughbreds are renowned for their strength, temperament, soundness and speed; all of which are necessary attributes for success in Asia."

Magic Millions counterpart David Chester sees the Asian market as the saviour to our breeding industry, providing a range of buyers for Australian horses. According to Chester, "Hong Kong and Singapore have a strong racing scene with high stakes money and this enables their buyers to purchase from the top of the range that Australia has to offer. Other nations such as Malaysia and Macau purchase horses in the \$10-50,000 range and combining this with the growing racing scenes in Korea, the Philippines, Thailand and even the possibility of China, there is serious scope for growth in the placement of the lower priced horses from Australia. We are the premier supplier of horses to the Asian market, and we need to remain focused on this region to keep ourselves at the top."

AUSHORSE CHAIRMAN LOOKS TO OUR NORTH

Breeding & Racing spoke to Aushorse chairman John Messara about the importance of the south-east Asian markets which lie to our north, and why their owners and trainers have embraced our thoroughbreds:

"Here in Australia we produce tough competitive thoroughbreds. We raise them in open paddocks and our weather conditions are often testing. Asia is on our doorstep and it has been a natural progression for it to become our biggest customer. Our horses adapt well there



John Messara

as the results will attest. With the rising numbers of highly commercial yearlings being bred in Australia, we need export markets. Owners in the Asian region have therefore played a significant role in the development of our breeding industry. Japan, however, as a breeder of horses, has become a two way trading partner not only buying our yearlings but also exporting broodmares and shuttle stallions to Australia. The possible future entry of China into the thoroughbred racing industry will generate significant export opportunities for Australia. Aushorse has always regarded Asia as a primary market."