

# Racing's Lifeblood – The Future Landscape for Wagering

# Racing's Lifeblood – The Future Landscape for Wagering

Chairman:

**Winfried Engelbrecht-Bresges**

*Chief Executive Officer, The Hong Kong Jockey Club*

*Vice Chairman, IFHA*

*Vice Chairman, Asian Racing Federation*



# Overview of Plenary Session 1

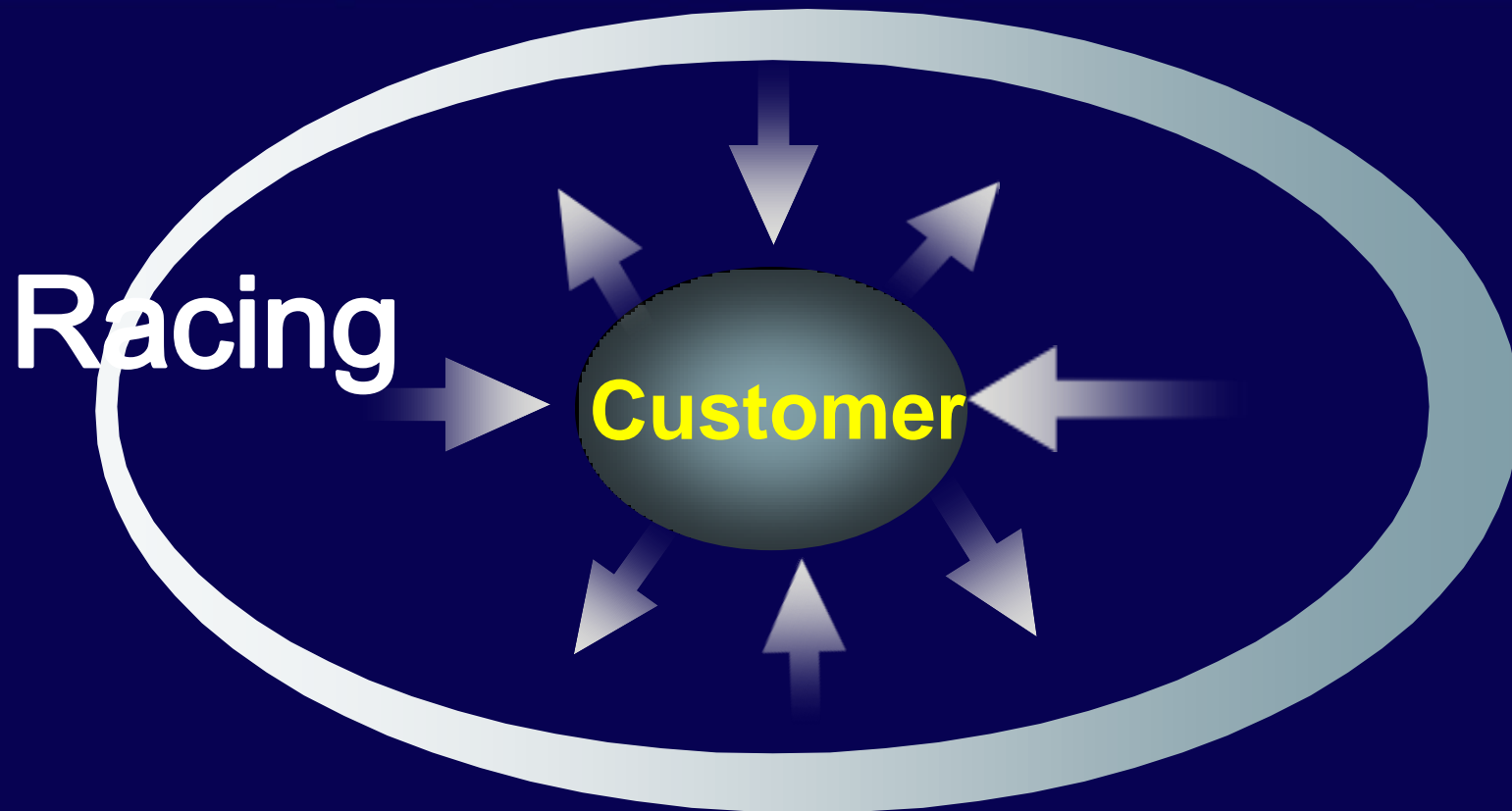
## Racing's lifeblood - The future landscape for wagering

Winfried Engelbrecht-Bresges  
Vice Chairman, Asian Racing Federation  
CEO, The Hong Kong Jockey Club

6 May 2014

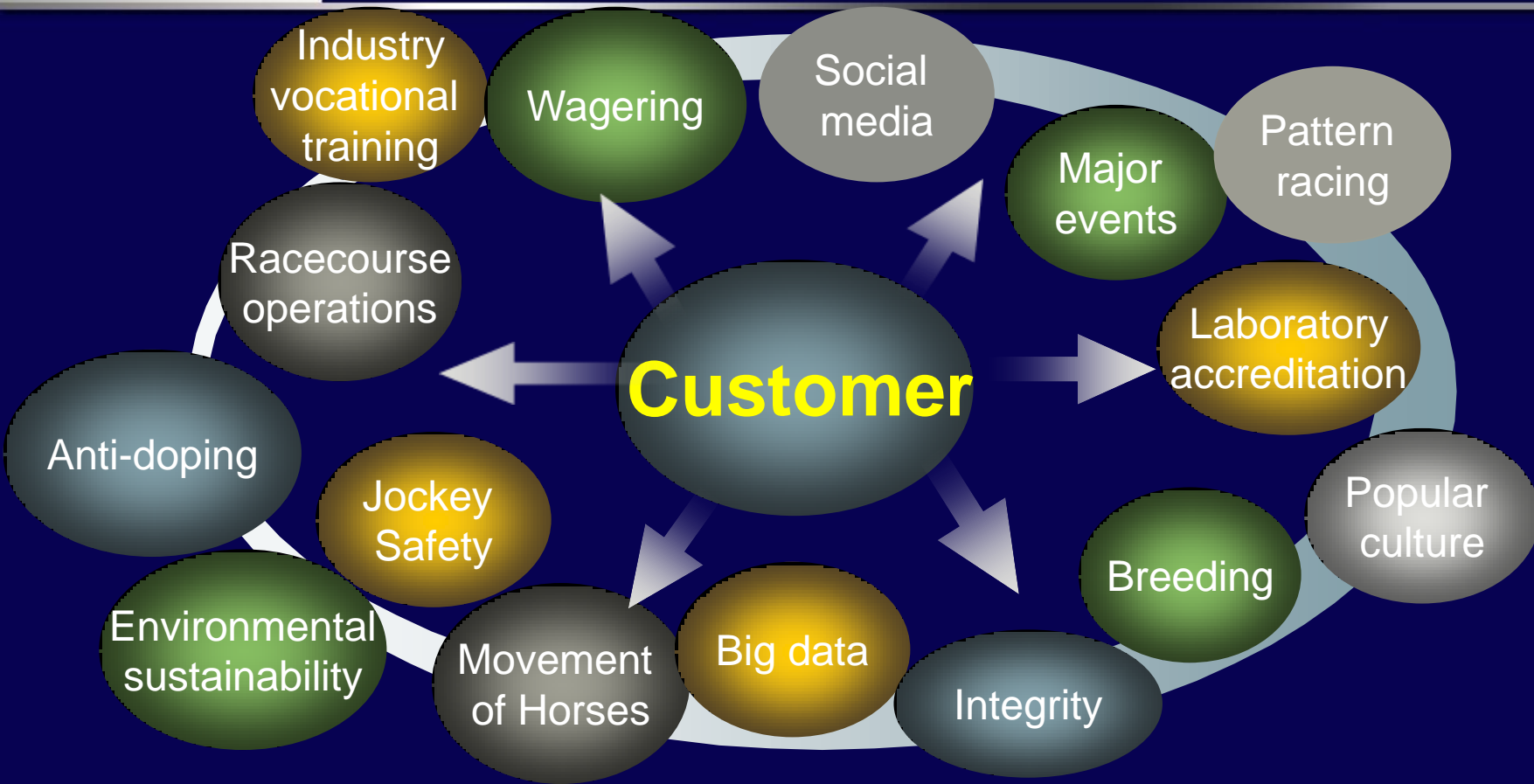


## Making Racing Relevant to Customers is key





# Broad range of Issues





# Wagering Income is Key

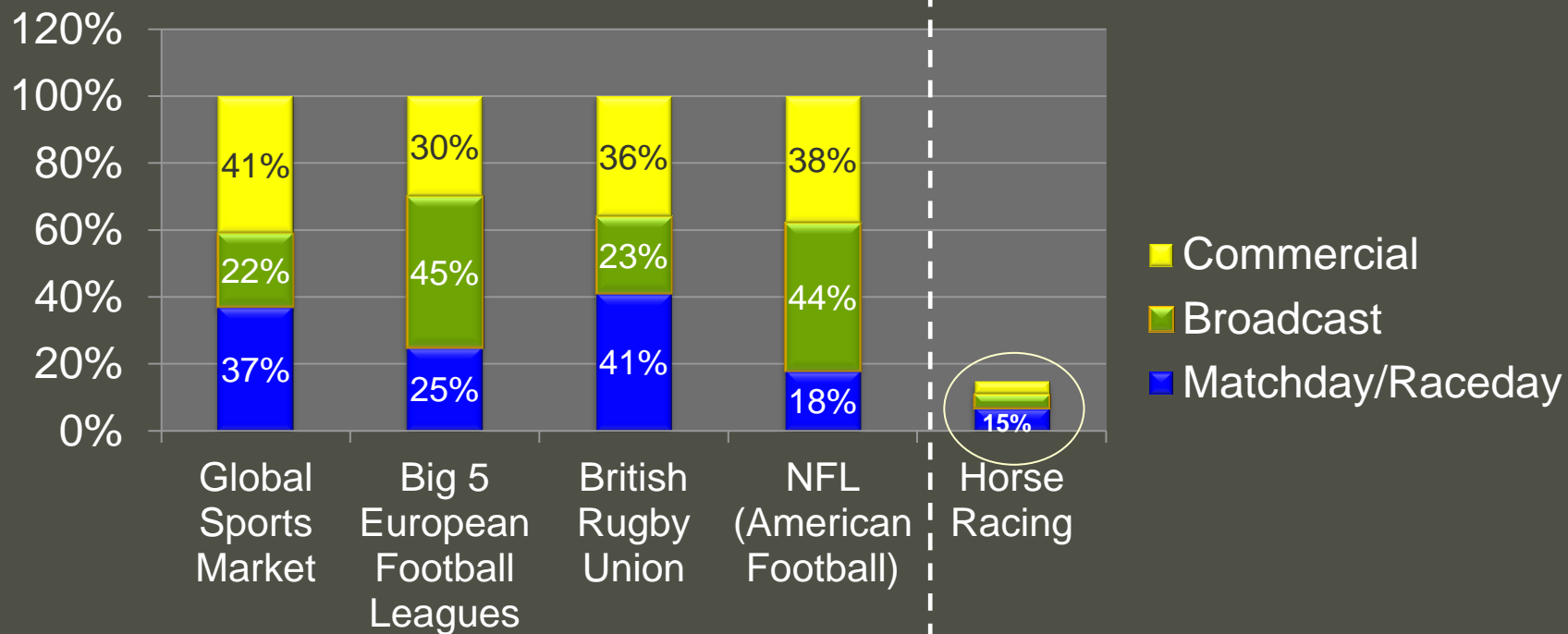


## Investments :

- Racecourse facilities
- Customer services
- Marketing
- Technology
- Integrity
- Doping control
- Prize Money
- .....

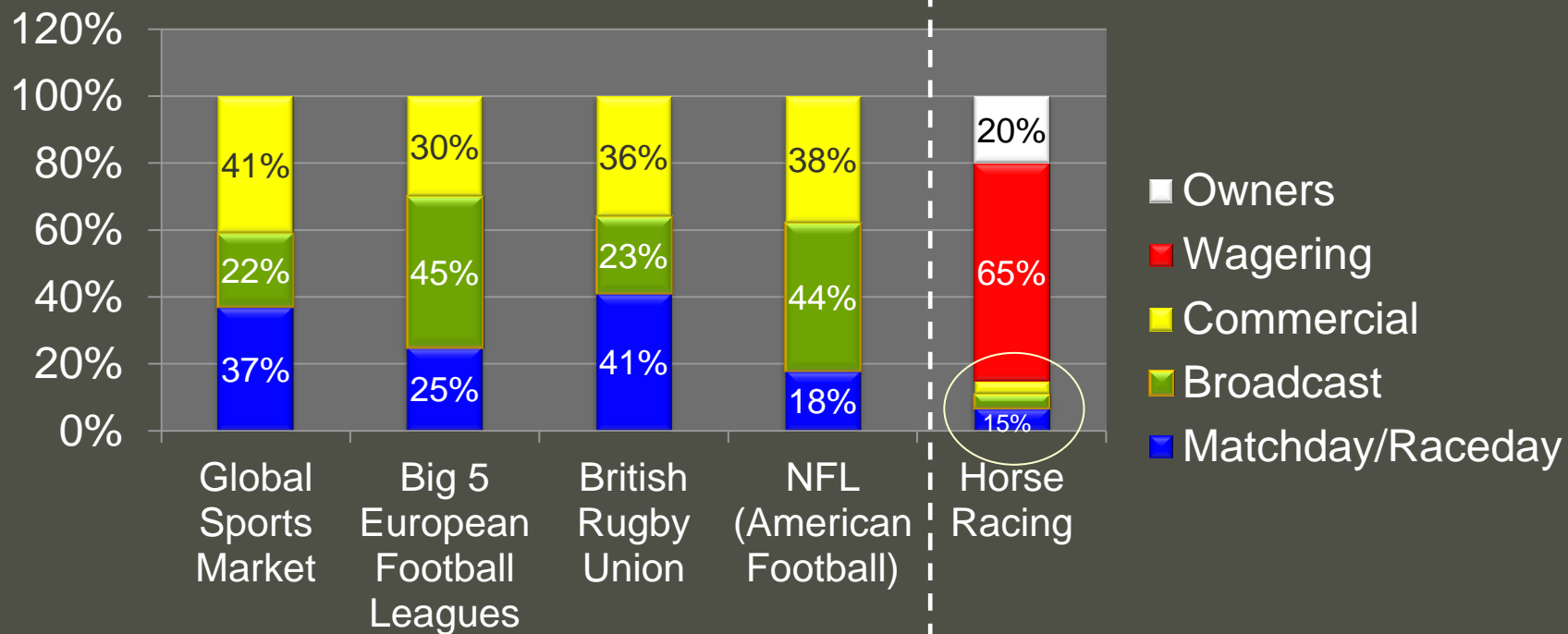


# Revenue Sources of Horse Racing and Other Sports





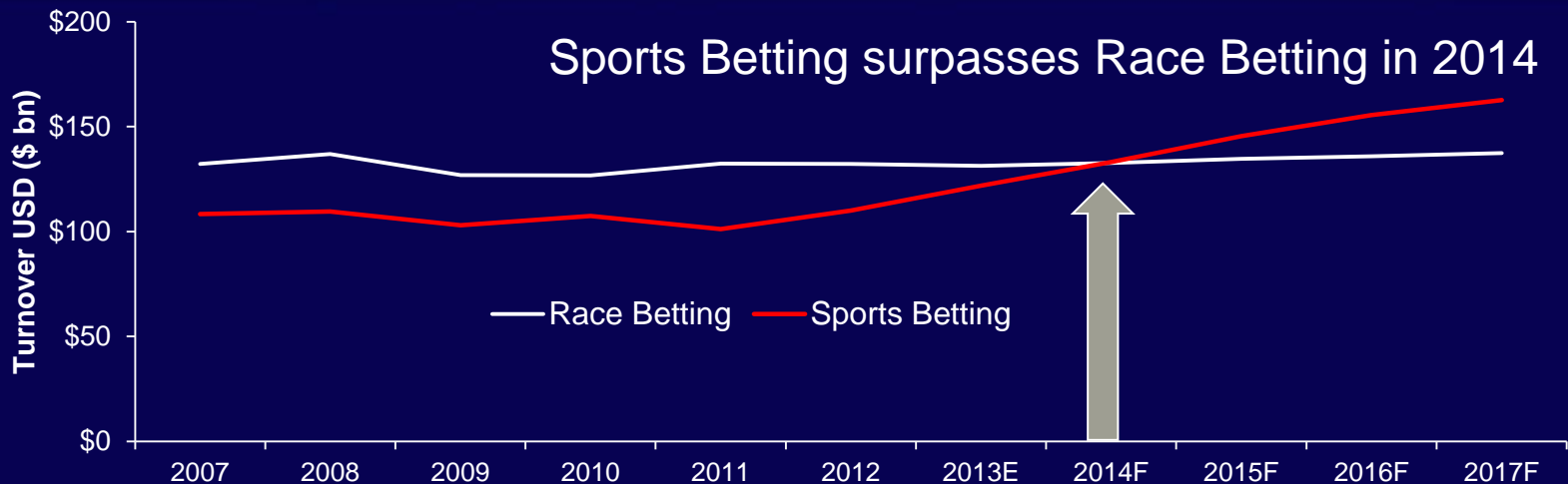
## Revenue Sources of Horse Racing and Other Sports







# Competition Trend



Source: GBGC

Turnover (USD \$ Mil.)	2007	2008	2009	2010	2011	2012	2013E	2014F	2015F	2016F	2017F	CAGR from 2009 to 2013	CAGR from 2013 to 2017
Race Betting	132,201	136,998	126,880	126,671	132,314	132,232	131,221	132,683	134,694	135,935	137,431	0.8%	1.2%
Sports Betting	108,363	109,584	102,969	107,392	101,231	109,953	121,897	133,131	145,492	155,492	162,629	4.3%	7.5%
Lotteries	208,919	224,101	222,145	226,439	256,031	259,538	275,188	284,447	298,394	311,637	324,016	5.5%	4.2%
Other Activities (excl. Casinos)	42,166	42,849	43,586	45,096	47,087	47,606	49,095	51,194	53,029	54,662	55,989	3.0%	3.3%



# Industry Speakers

**Jennifer  
Owen**

Breon  
Corcoran

Paul  
Bittar

Philippe  
Germond

David  
Attenborough

# The Challenge

**How to create  
more value for racing?**



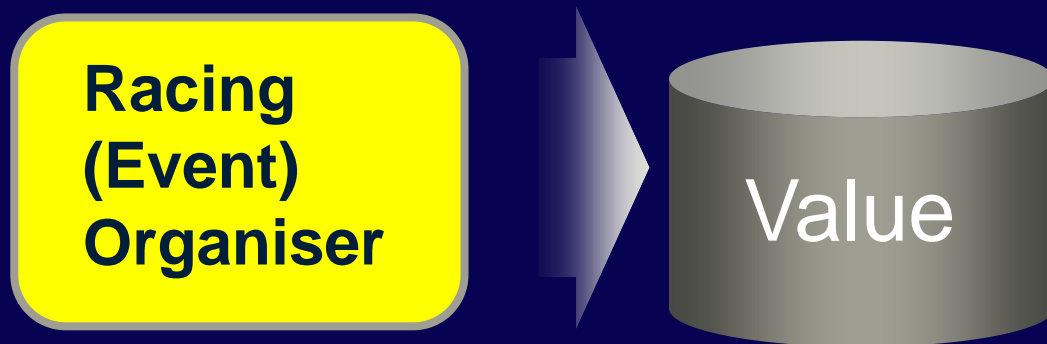
# Regulatory Environment and Governance

- **Integrity**
- **Fair Competition**
- **Animal Welfare**
- **Prohibitive-substance-free**

**Hygiene Factors**

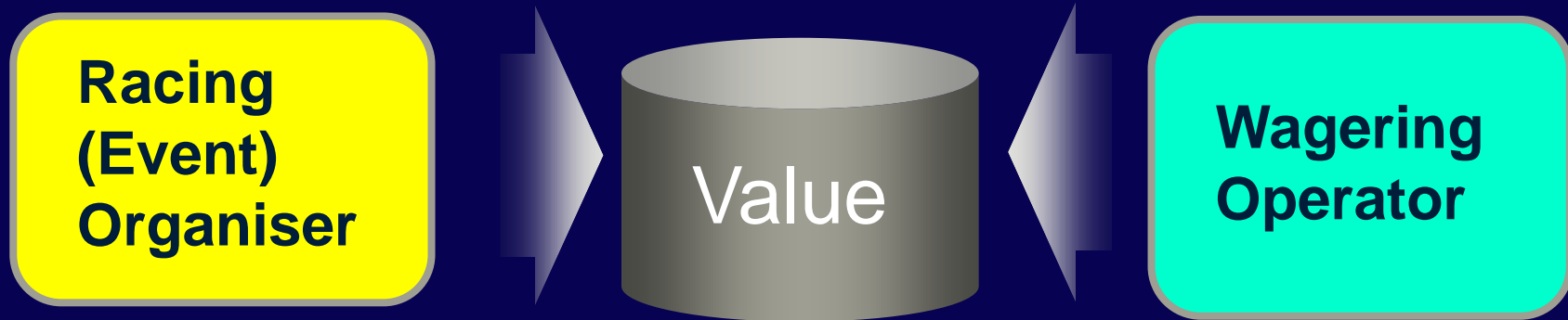


# Value Creation





# Value Creation





# How to Create Value in a Vertically Integrated Model - HKJC



香港賽馬會  
The Hong Kong Jockey Club



# HKJC Racing Business Trends and Changes 2000/01 - 2012/13

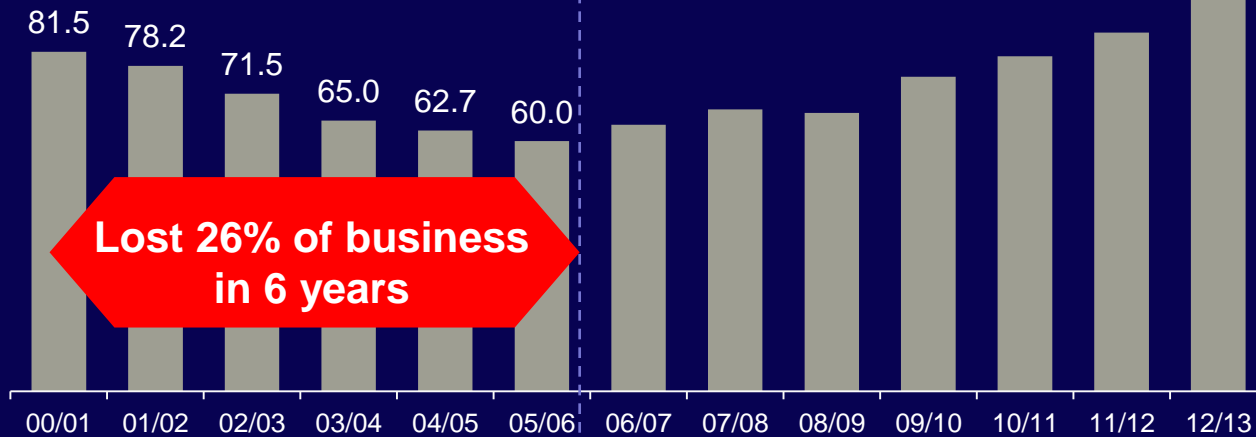
Club's  
Business  
Focus

Key  
Performance  
Indicators

Turnover  
(\$bn)

Racing turnover decline accelerated  
with intensifying Macau competition starting  
02/03, customer attrition behavior (see next slide)  
disconnected with economy growth

Turnover -6% p.a.  
Real GDP +4% p.a.  
Races +1% p.a.



**Lost 26% of business  
in 6 years**

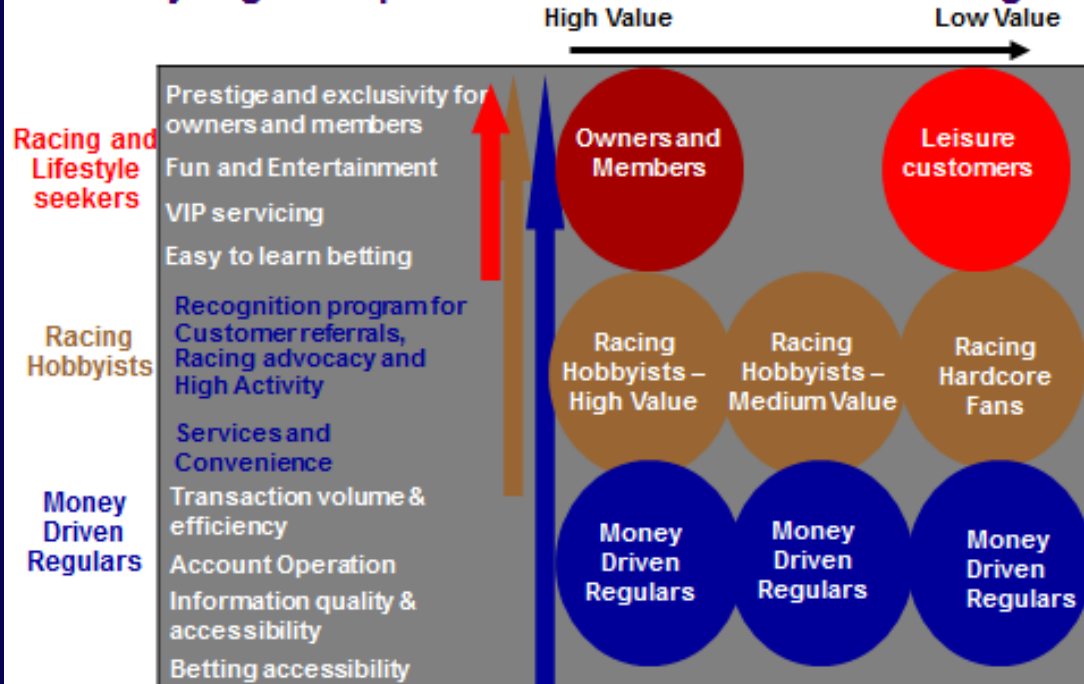
Hong Kong Real GDP (\$t)	1.2	1.2	1.3	1.3	1.4	1.5	1.6	1.7	1.8	1.7	1.8	1.9	2.0
YoY Chg %	+8%	+1%	+2%	+3%	+9%	+7%	+7%	+6%	+2%	-2%	+7%	+5%	+2%





# Customer analytics

We went through extensive Customer segmentation exercise to identify segment specific facilities and services offerings



Customer Segmentation



# HKJC Racing Business Trends and Changes 2000/01 - 2012/13

Club's  
Business  
Focus

Key  
Performance  
Indicators

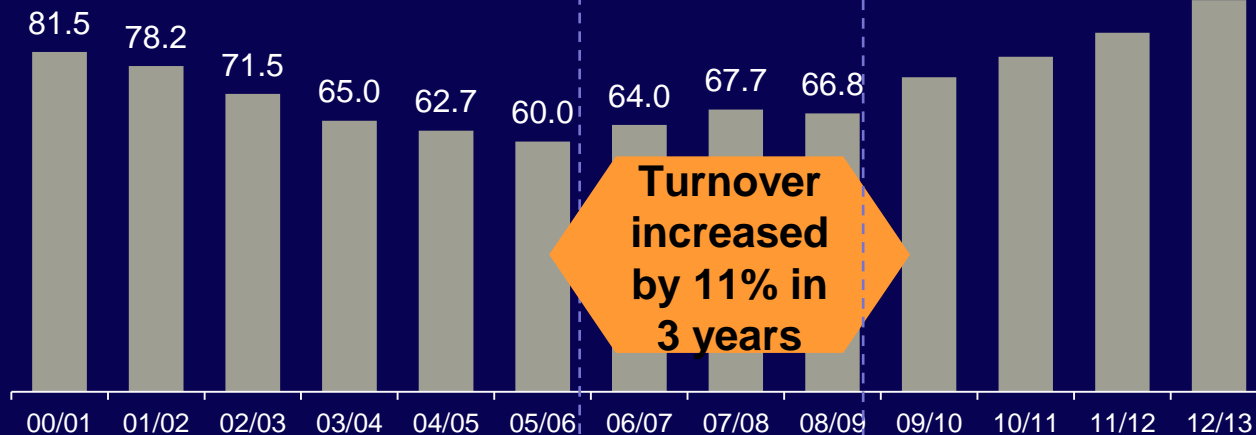
Turnover  
(\$bn)

Racing turnover decline accelerated  
with intensifying Macau competition starting  
02/03, customer attrition behavior (see next slide)  
disconnected with economy growth

Rebate program  
launched

Turnover -6% p.a.  
Real GDP +4% p.a.  
Races +1% p.a.

Turnover +4% p.a.  
Real GDP +5% p.a.  
Races +1% p.a.



Hong Kong Real GDP (\$t)	1.2	1.2	1.3	1.3	1.4	1.5	1.6	1.7	1.8	1.7	1.8	1.9	2.0
YoY Chg %	+8%	+1%	+2%	+3%	+9%	+7%	+7%	+6%	+2%	-2%	+7%	+5%	+2%



# HKJC Racing Business Trends and Changes 2000/01 - 2012/13

Club's  
Business  
Focus

Key  
Performance  
Indicators

Turnover  
(\$bn)

Racing turnover decline accelerated  
with intensifying Macau competition starting  
02/03, customer attrition behavior (see next slide)  
disconnected with economy growth

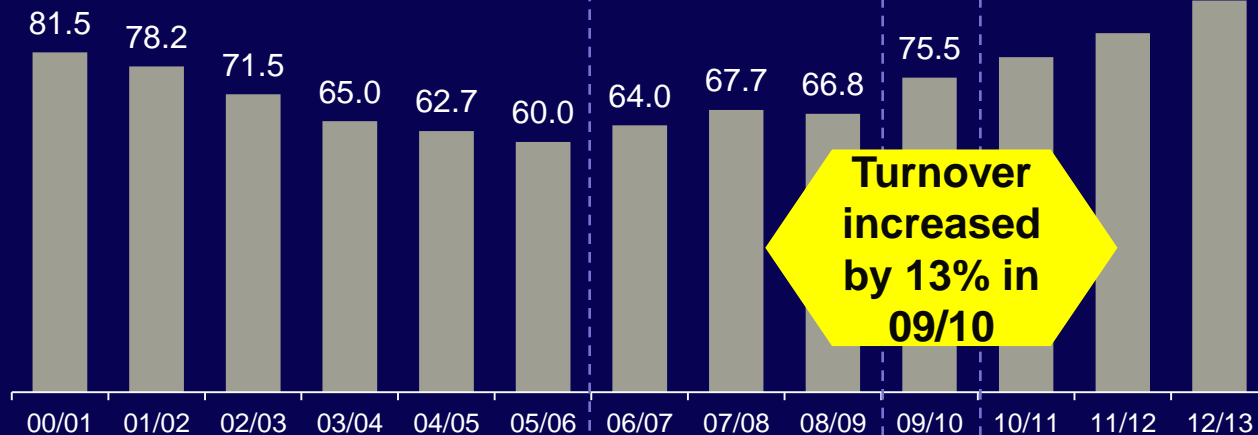
Rebate program  
launched

Increase  
supply &  
product  
quality

Turnover -6% p.a.  
Real GDP +4% p.a.  
Races +1% p.a.

Turnover +4% p.a.  
Real GDP +5% p.a.  
Races +1% p.a.

T/O +13% p.a.  
Real GDP +4%  
Races +5%



Turnover  
increased  
by 13% in  
09/10

Hong Kong Real GDP (\$t)	1.2	1.2	1.3	1.3	1.4	1.5	1.6	1.7	1.8	1.7	1.8	1.9	2.0
YoY Chg %	+8%	+1%	+2%	+3%	+9%	+7%	+7%	+6%	+2%	-2%	+7%	+5%	+2%



# HKJC Racing Business Trends and Changes 2000/01 - 2012/13

Club's  
Business  
Focus

Key  
Performance  
Indicators

Turnover  
(\$bn)

Racing turnover decline accelerated  
with intensifying Macau competition starting  
02/03, customer attrition behavior (see next slide)  
disconnected with economy growth

Rebate program  
launched

Increase  
supply &  
product  
quality

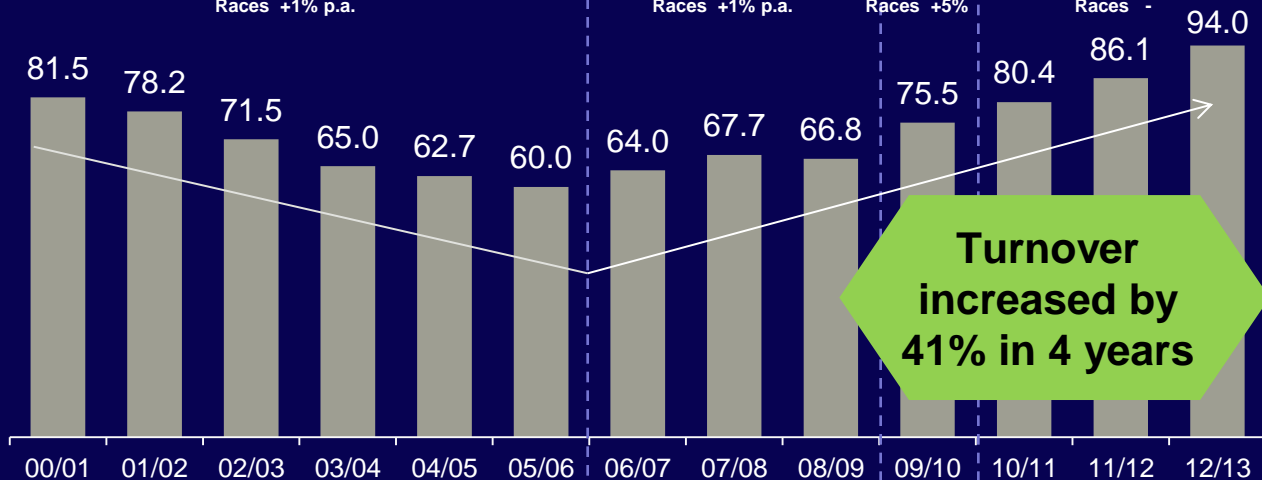
Revitalizing Racing with  
customer segmentation and  
focus on New Growth segments

Turnover -6% p.a.  
Real GDP +4% p.a.  
Races +1% p.a.

Turnover +4% p.a.  
Real GDP +5% p.a.  
Races +1% p.a.

T/O +13% p.a.  
Real GDP +4%  
Races +5%

Turnover +8% p.a.  
Real GDP +4% p.a.  
Races -



Turnover  
increased by  
41% in 4 years

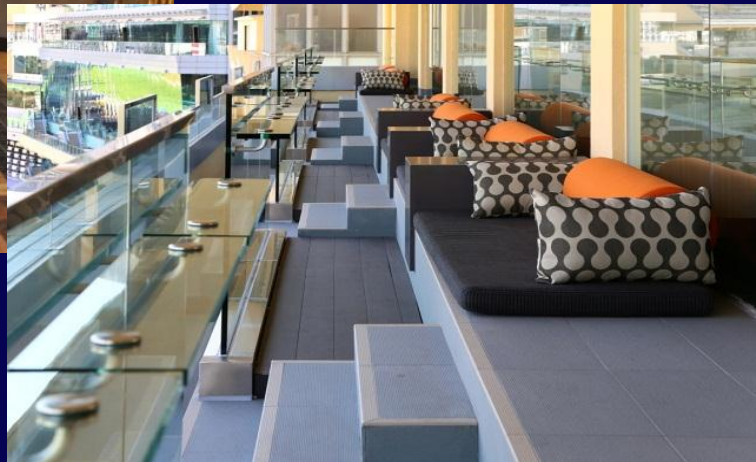
Hong Kong Real GDP (\$t)	1.2	1.2	1.3	1.3	1.4	1.5	1.6	1.7	1.8	1.7	1.8	1.9	2.0
YoY Chg %	+8%	+1%	+2%	+3%	+9%	+7%	+7%	+6%	+2%	-2%	+7%	+5%	+2%



# Facilities



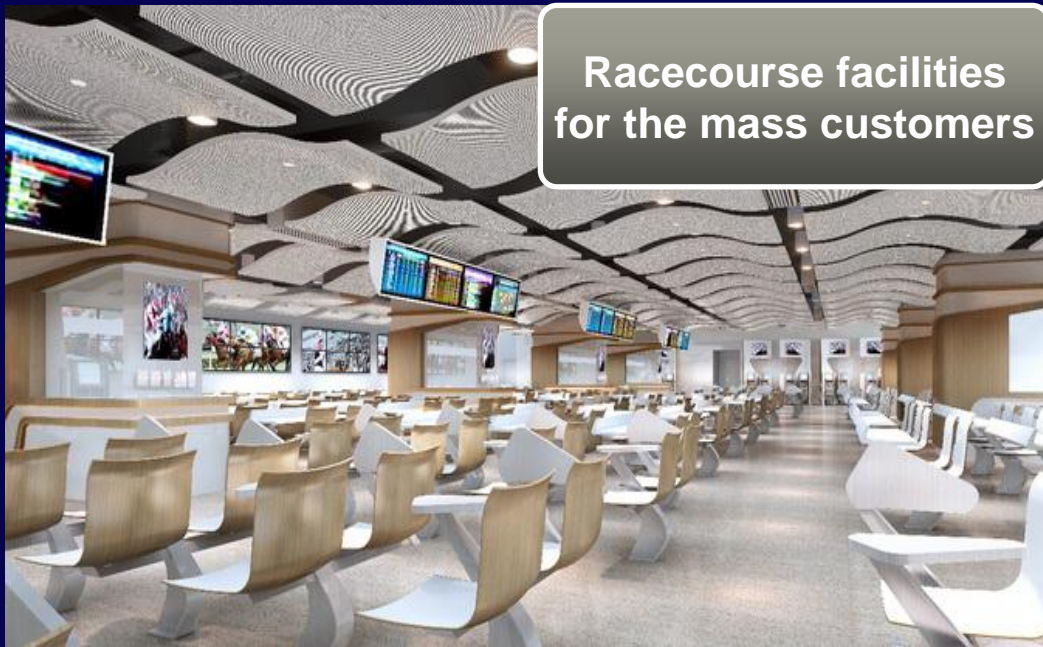
Racecourse facilities  
for new generation  
customers







Racecourse facilities  
for Owners



Racecourse facilities  
for the mass customers



# Events







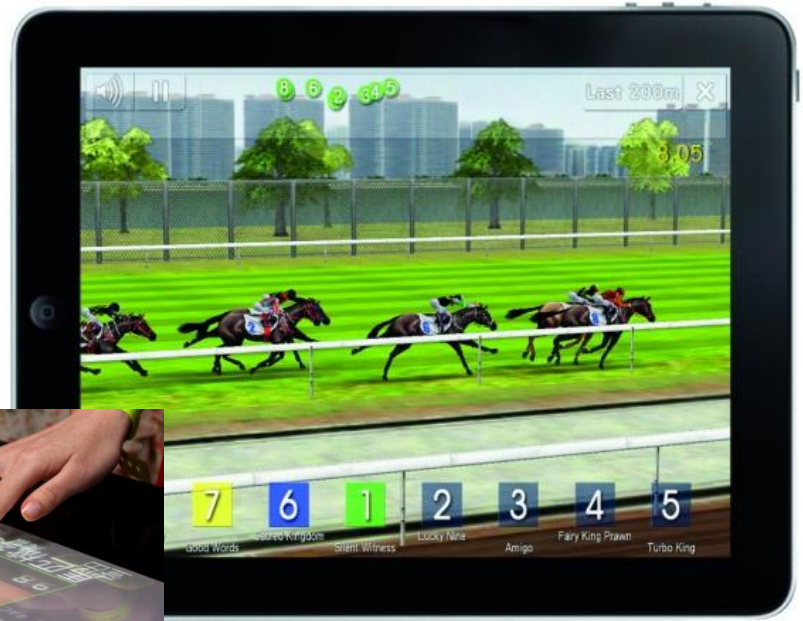
# Digitized Content is Key







ibu



Race Simulator App



# Technology Race





# Growth by being Customer Centric



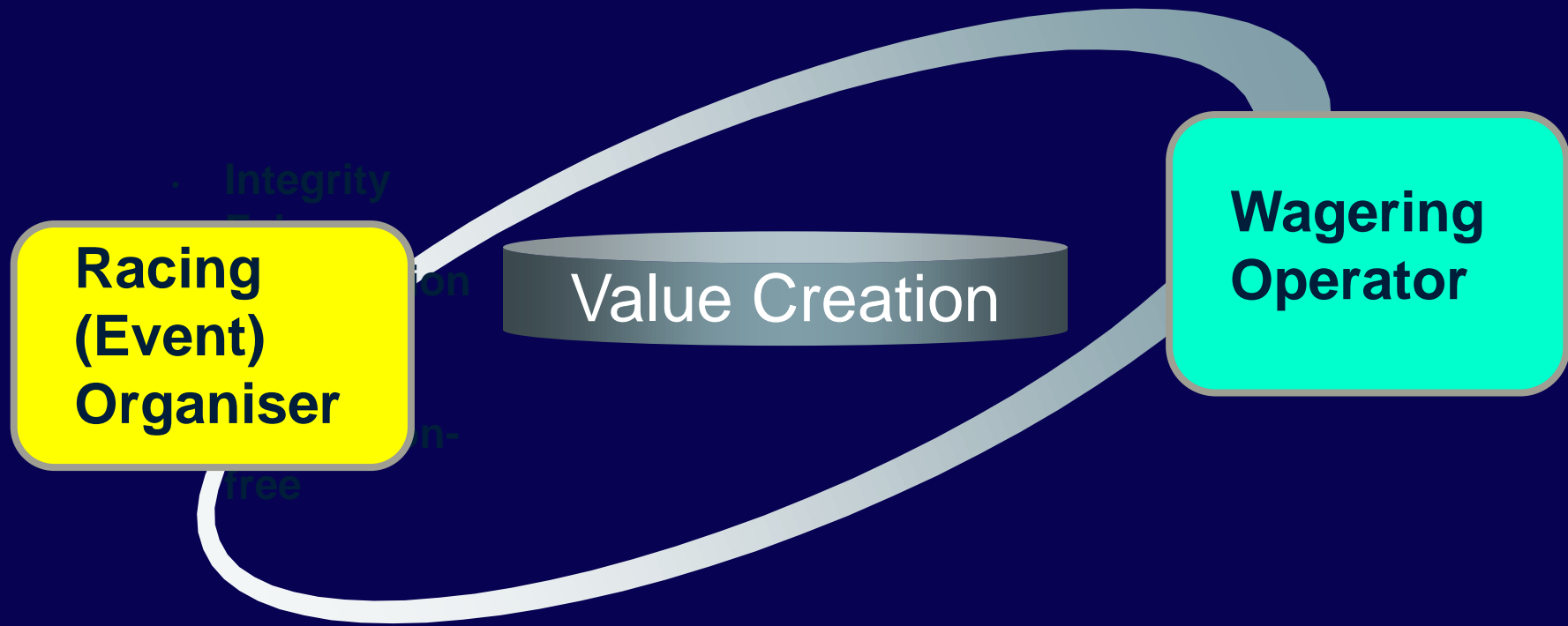
香港賽馬會  
The Hong Kong Jockey Club







# New Form of Collaboration to Create Value





# Industry Speakers

Jennifer  
Owen

Breon  
Corcoran

Paul  
Bittar

Philippe  
Germond

David  
Attenborough

Panel  
Discussion

# Industry Speakers' presentations



# Panel Discussion

**Racing's lifeblood -  
The future landscape for wagering**