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Updates from the Global Wagering Markets

MODERATOR:

Scott Finley, Director of Simulcasting, The New York Racing Association, Inc.

SPEAKERS:

Scott Daruty, President, Monarch Content Management, LLC

David Haslett, President & CEO, Sky Racing World

Andrew Kelly, Chief Executive, Harness Racing Australia

Carrie Tong, Senior Manager of Business Development, Racing, Hong Kong Jockey Club

Mr. Doug Reed: — news out about that in the late spring or early summer or as we develop the registration and everything else that you need to know. Also, the symposium program, if you don't want to carry it around all the time, you can go to the symposium website and access it there, or there's a QR code in the program. You can bookmark it on your tablet or phone. A couple of announcements. First of all, always thanking our sponsors because they make this the grandest of the event that it is. A reception last night provided by Roberts Communication, a breakfast over there this morning provided by InCompass, and this panel is sponsored by the Latin American Racing Channel.

One other announcement, housekeeping note. We have one of our vendors out there in the foyer. Racetrack Warriors is offering a free handicapping contest today. It's a one-day handicapping contest with free PPs on the Gulfstream races. The winner is going to be announced tonight at the reception, and there's a \$150.00 cash prize for first place and several other second, third, and fourth place prizes of various sorts.

Let's get the show started. Scott Finley, our moderator here today, is currently the director of simulcasting for the New York Racing Association. Scott's been coming

here for quite a few years, and he's also very familiar with this topic. He was in the consulting business in international racing. He worked for Autotote Systems and a variety of other international jobs, and so he's been dealing with international simulcasting issues for probably a couple decades. Please welcome Scott.

Mr. Scott Finley: Thank you, Doug. Good morning, everybody. It's nice to see quite a lot of international and domestic faces out there in the audience. I strongly believe that international simulcasting, the global distribution of racing product is one of the few growth areas left for our industry. If you look at what's out there now, let's put it in perspective.

The last race to ninth at Happy Valley went off about ten minutes ago. I don't know if the favorite won or not, but there were 12 horses in that race. The eighth race at Cagnes-sur-Mer in France is just about to go off in five minutes' time. There's 14 runners in that race. Quickly followed by the ninth at Kenilworth in South Africa. 17 runners in that race. Then we jump over to the United Kingdom and the sixth at Lingfield with 14 runners. That'll go off in about 25 minutes. Two other UK jumps cards, which unfortunately only have six runners in each of their last two races at Hexham and Leicester. They've just about wrapped up their cards. Then we get into Lyon La Soie tonight in France. First race at 8:40 a.m. our time here in Phoenix. 16 runners in that race.

Then we move into Camden Park in the United Kingdom. 11 in the first race there, followed by Dundalk in Ireland. Only seven runners in the first at Dundalk. Then last but not least, we can't forget our friends in Sweden with the first Solvalla, a trotting race going off at 9:15 a.m. Tucson time. 12 runners. Shortly thereafter, the first at Aby trotting in Sweden at 9:27 a.m. our time. Only nine runners in that race, but three were late scratches, so 12 were carded.

All of your customers, North America's horse players, they can all bet on all of these races now. Then all of this smorgasbord of international content is out there and available before the first race at Aqueduct, which won't go off until 10:20 a.m. our time today, unfortunately, only with seven runners. Anyway, to put it in perspective, there's great content out there. There's great international product. It's a growth area for everybody. The pools are huge. There's a lot of issues to overcome. We're gonna hear about it today from four excellent speakers that'll talk about their experiences, their unique aspects of their market, and give you a perspective on both where they're going with bringing their racing into other markets and bringing international racing into their markets.

Then I can't leave and turn it over to the first speaker without talking about a very recent development, the so-called French experiment at Yonkers Raceway and the French PMU put together. It's just been a phenomenal success. I think it's a tremendous illustration of what could be done when horsemen, racetrack management, and international distributors work together to tailor a product to an international market. Yonkers took the bold step in conjunction with the French to race on Sunday mornings. Who's ever heard of a harness race going off at 11:10 a.m. on a Sunday morning? Yonkers had never raced before during the day.

They tailored the card perfectly to match the requirements of the French betting market, including carding all trots because the French will only bet on trotting races, putting at least 12 runners in every race.

Again, on a half-mile harness track, have you ever seen 12 horses going around the far turn? It's a spectacular sight. The horsemen were encouraged. They were a little bit, I don't know if we want to do this. They carded the races at a mile and a quarter, which is 2,000 meters roughly, which is a distance that the French punters prefer. It's just been a phenomenal success. It's been all separate pool betting for lots of reasons, some of which you may hear about today. To put in comparison, the first five races on the Yonkers card on the first Sunday morning, the total domestic North America commingled handle was \$226,000.00. On those same five races, French punters bet \$1.75 million.

Yes, there were some different and unique bet types that were special and appreciated in the French market, but the contribution that's come out of this so far to the French betting industry, to the horsemen, and management of Yonkers racecourse — raceway has been just a huge increase. It's put an extra \$250,000.00 minimum into the purse account and so on. It was a really bold experiment. I think it's an example of what can be done and what needs to be done to develop a product to suit other markets. We'll hear about that today. We'll hear about some different ways and what people are doing.

Let me introduce the first speaker. It's David Haslett, who's the CEO of Sky Racing World. Dave is truly Mr. International. He hails from South Africa. He worked there in the racing and tote business, went to the United Kingdom and worked for many years with United UK Tote, and then came to the U.S. and worked his way up through the various iterations of Autotote, Scientific Games Racing, and a company we now know as Sportech. Dave now is the CEO of Sky Racing World, which is a wholly-owned subsidiary of Tabcorp, Australia's biggest racing, betting, and gaming entertainment company.

He's managing both the export of Australian and New Zealand racing into international markets, primarily North America, and also is gonna tell you a little bit about some of the interesting technology developments that are taking place down in Australia at the behest of Tabcorp. I'll turn it over to Dave, and then what we'll do is we'll hold questions until all speakers have given their presentations, and I'll introduce each speaker as they come up. Thank you.

Mr. David Haslett: Thank you, Scott, and good morning, everybody. As Scott mentioned, I'm gonna give you a short update on the Tabcorp business and then give you a little bit of detail on how the import and export of the racing is helping drive our business down in Australia. A brief update on the Tabcorp business based on our last financial year, which ended 30 June of 2014. The wagering handle for Tabcorp alone was a little—was almost 11 billion U.S. dollars. It created a revenue of 1.8 billion U.S. dollars, which was 1.8 percent up on the prior year. Profit, 437 million, which was 4.8 percent up.

One of the key aspects of the Tabcorp business, and something that we are very passionate about is actually the whole model that we have, which is a joint venture with racing down in Australia. I know one of my colleagues on the panel later, Andrew, will talk about that with respect to the harness industry. From Tabcorp's point of view, it is very important to us because we do see it as a joint venture with racing. That joint venture returned 661 million U.S. dollars back to the racing industry in the last financial year.

One of the fastest growing aspects of the wagering business is actually fixed odds wagering, and then we've seen significant growth in the digital channels. Those two aspects are fairly important to us because it's enabled us to be really competitive in the wagering space. In other words, we look at, how can we expand our product offering, and how do we expand the distribution channels to be able to compete with all of the other operators and all of the other competitors coming into the market? It's certainly worked well for Tabcorp and has been really successful. I'll put a comment on the bottom of that first slide with respect to a comment made by our chairman in the last financial report at the AGM that was held.

The key part is that we certainly adhere to a multiproduct, multichannel distribution model, which has helped certainly drive the Tabcorp business, and is something that we believe has helped us been successful. A quick update on the brands that we operate. Wagering is by far the biggest segment of our business. It's roughly 50 percent of our profit or EBITDA comes from wagering, and that operates under a couple different brands and channels. The TAB, which is our traditional retail offering, which is roughly 2,900 retail outlets, and we do 260 racetracks in Australia as well. Trackside is our virtual racing offering, which goes into the same thing. Roughly 2,800 outlets throughout Australia, Victoria, and New South Wales. If anyone has been past our booth, we've got a demo of the virtual racing product up on one of the screens, and you're welcome to come by and take a look at it.

Luxbet is our online bookmaking brand, which is licensed out in the Northern Territories, and I've got a couple screen shots of some of the look and feel of the Luxbet brand. We just recently launched Luxbet in Europe, which was licensed through the Isle of Man in Europe. We have a Keno offering, which roughly 16 percent of our business. We run Keno in 30 — I think it's around 3,500 outlets throughout New South Wales, Victoria, and Queensland.

TGS is Tabcorp Gaming Services. That's primarily operating in Victoria, and we're just starting to expand that into New South Wales. That is a situation where we provide turnkey service to the clubs and pubs within Australia, provide the gaming machines, and provide the rewards programs and the services to maintain and service those gaming machines. We currently have around 8,500 gaming machines, EGMs, as they're called in Australia. We would just know them as slot machines in this market. We look after 8,500 of those in Victoria.

Then the final piece is really what we get involved in is Sky Racing, and that's our media and international division. Sky Racing broadcast a little over 95,000 races in the last financial year. Sky Racing operates two channels, and we have the luxury

of being able to coordinate post times in the Australian market so that we can line up all of the racing to be able to broadcast them in two broadcast channels, Sky One and Sky Two. Then Sky also produces a number of feeds for the international market, which I'll touch on a little bit later in the presentation.

A couple of quick screen shots on the Luxbet brand, as I mentioned. It covers racing, sports, and just about anything you can think of. It is interesting to note that one of the largest sports for betting or wagering in Australia is actually NBA basketball. The U.S. NBA basketball is one of the largest markets. Rugby league is probably a lot bigger than that, but NBA basketball is very popular. I mentioned launching Luxbet in Europe. In Europe, we have the ability to provide the casino offerings on the website, and so apart from the racing and the sports, we also offer the casino games. As I mentioned, that product is — that particular website licensed through the Isle of Man.

Coming down to the core of what we want to cover today is really, how do we use content, both import and export, to drive our business in Australia? Our whole strategy within Tabcorp is really, we put the customer at the center, and we build everything around the customer. How do we fit into that customer's lifestyle, provide that customer products and opportunities 24/7, wherever they may be, whenever they want to wager, whenever they want to look at something, we provide them the opportunity. The whole strategy is to be — to expand all of the distribution channels so that we can make sure that we are servicing that customer and engaging with our customer 24/7.

Wherever that customer may be, we can engage with them, and we can provide them a product offering. It's no longer a case of forcing the customer to go to a racetrack or to go to a specific OTB. We will engage with them anywhere and anyhow that we can. That leads into what content and what product we can provide at 7:00 a.m. in the morning or at 3:00 a.m. in the morning, how can we provide a product or a content for those people who choose to be able to wager or to watch a particular event? In the last financial year, we have built a very significant digital team within Tabcorp down in Australia.

Last year, of that almost 11 billion in handle, 32 percent of it was wagered via our digital channels down in Australia, so it is growing significantly. It just demonstrates that certainly, that's what the customers are taking to, and that's what they're looking for, and certainly, that's what they are comfortable with. At this point, I have a very short — it's a little over two minutes. It's just a video. We really lined it up as a TAB commercial, but it really gives some sense of where we are going and what we are working on and the types of things that we are tackling within the digital space.

If Gary at the back there could line that up for me? There we go. Turn the sound up, Gary. Could you just try and restart that? It just looked like it got hung up on that first slide. Thanks. We'll take a look at that, and then if — with Scott once we get through the panel, we can rerun it at the end. It's a pretty interesting little video, and we'll try and reload that and run it again at the end.

Let's move on to some of the key things that we're doing really in the commingling and the import and export space. To this point, the vast majority of our commingling has been done by Victoria, which we refer to as SuperTAB. That is all of the wagering within the state of Victoria, and then our domestic partners that come into SuperTAB is Western Australia as well as ACTTAB. Then internationally for a number of years now, we've had a number of international partners coming into the SuperTAB pools.

New Zealand's been one of the largest people coming in with respect to their wagering handle. We have Phumelela in South Africa. Then we do commingling with Singapore as well as Hong Kong. PGI is our Isle of Man operation where we channel a lot of our European business through the Isle of Man into the SuperTAB pools. Then we have a number of partners within Europe that also wager, as I mentioned, through PGI into the SuperTAB pools. Who are we taking racing from and who are we dealing with?

Right now, we have Australian racing going into a little over 50 countries, but then importantly, we are taking product from a number of countries back into Australia, again, just so that we can line up and we can engage with our customers 24/7, wherever they may be. I won't go through the entire list, but I will highlight a couple of aspects. New Zealand, for a number of reasons, some of them very obvious, is the largest partner we have wagering in. Roughly 51 percent of the import comes from New Zealand, and that is wagering on the New Zealand product.

In other words, that is importing — I'm sorry, Gary? Let's try and run it. Thank you. We'll all know the music by the end of it. You won't be able to get it out of your head.

[Video Playing]

Thanks. Thanks, Gary. Some pretty interesting stuff.

One comment I did want to make on that, and it's one of the areas that we spend a lot of time and effectively a lot of money on is providing as much data as possible to the players or the punters because we're all about, what does it take to drive the wagering handle? We provide all that data, and typically it's, they can access it from anywhere, anyhow. We actually invest a lot of money in providing it and don't make the punters or the players pay for it to access all that data. We still do a lot in the print media and obviously a lot in the digital space as well. Coming back to, what do we bring into Australia? New Zealand by far the biggest. 51 percent of the business. Then U.K. and South Africa, you can see from the slide there what they bring in.

The USA, I did want to focus on right now. The USA, currently 4.8 percent of the business. The USA market is fairly new for us down in Australia because it was a time slot that we were looking to fill between roughly 8:00 a.m. in the morning and 11:00 a.m. in the morning. When the player's up having their cornflakes in the

morning, we're providing them some product and some content to start wagering. It is starting to grow. The challenges that we have with the U.S. or the North American content coming into Australia is time of day is clearly a little bit of a barrier, but we are starting to build it in that morning slot where people are — we are engaging with the players, but then it comes into the difficulty of lining up the tracks and then the pictures and then the data.

Most, if not all, of the other countries that we deal with, when we — whether it's New Zealand or whether it's South Africa, we can go to a single entity. We get all the racetracks from the country. We get all of the pictures. We get all of the data. The tote operation is tied in with that, and effectively, it's one-stop shopping. The United States market or North American market, it's a little bit more complex, as most of you know, where we have to go to each track individually, and then we have to go someone else to get the video, and you have to go to someone else to get the data, and then we have to go and connect to a different tote provider. Those are some of the challenges that we face with bringing the North American product.

Then probably a key one that I should mention — not probably. It is a key one for us. I touched on the post times that we line up in Australia where we have the ability, because of our relationship and joint venture with the racetracks, that we have the ability to work with the racetracks. Because we are broadcasting all of their racing on our Sky One and Sky Two channels, that we have the ability, again, in conjunction with the tracks, to coordinate all of the post times. When we bring the North American racing into Australia, not only is it complicated to figure out when all the post times are, but then being able to make sure that we don't have overlap between the various tracks.

Again, this is a topic that's been debated at length over many, many years, and I know certainly in this forum in the past, it has been. Just to highlight it as one of the challenges that we face in lining that up and scheduling all of that. Again, we're only carrying the two channels and scheduling that racing across our channels to make sure we can maximize across those channels to all of our players. Some sense of the tracks that we have been taking when we've been building the North American business in the morning. Primarily, the harness tracks from the east coast who have been racing at nighttime.

I know Scott was touching on the Yonkers experiment, which I think was phenomenal, and particularly the results that they achieved, but Sunday morning Yonkers racing doesn't work for us. Anyway, to date, it's been the nighttime harness tracks, primarily on the east coast. Then on the west coast, we've been taking the thoroughbred tracks to date. We are still looking to fill a few time slots. I know we've been talking to a number of entities to figure out which content we can fill some more of the time slots on certain days of the week.

Just a brief update on — I know it's a very difficult slide to see, but just to give you an update on what we've done to help support the import and export of the racing both into and out of Australia. We've effectively built an infrastructure around the

globe which enables us to move our video in both directions. Whether we're moving it into the United States in this example or out from the United States, we have got an infrastructure built. Equally, we've got circuits going into Europe to be able to move the video from Australia into Europe, and effectively the European content back into Australia.

To service the international market, I think Sky Racing now produces around seven different feeds to service the international market to make sure that whatever requirement there is in a particular market, we can service that. There's a channel we produce called Racing World Australia where we take the top four thoroughbred meetings and we produce a single feed just for the top four thoroughbred meetings, which goes into some of those international markets so that they can just isolate thoroughbred cuz that's what they are asking for.

Just in conclusion, a very brief update on Sky Racing World and what we are doing here within the United States. Scott mentioned it's a wholly-owned subsidiary of Tabcorp. We are based in Kentucky, in Louisville, Kentucky, in the U.S. We have a small team of people. We have nine people based in that facility. We provide the broadcast, the video stream, the programs, the race data, the PPs for all of the Australian and New Zealand racing. That is available at no cost to people, whether it's the wagering outlet that needs it or the actual players themselves. Our current North American handle on Australian raising is right around \$200 million per year, and it is growing. This year, we're currently running about eight or nine percent up on prior year, so it is going well for us.

The Australian product that we bring in, we bring it in seven days a week. Thoroughbred racing, only at this point in time, bring in a little over 7,200 races per year. The New Zealand product, we bring in four or five days a week. Typically, one thoroughbred track a day. The Australian product, we typically bring three thoroughbred tracks a day. New Zealand, we're doing a little over 1,800 races a per year. Some of our future plans that we are looking to do is to expand that content to bring some additional thoroughbred tracks, and then look at bringing in the harness content from both New Zealand and Australia as well as the greyhound racing for those markets that are able to take the greyhound racing. With that being said, that's my piece. Thanks for your attention, and I'm sure we'll have some questions at the end of it. Thank you very much.

Mr. Scott Finley: It's pretty cool. You can bet a horse with your glasses in Australia, but notice he had to watch it on his tablet. Anyway, quick perspective that I just thought of while Dave was talking. Australia Sky Tabcorp, when they weren't owned by Tabcorp, they were the first ever organization internationally that brought their racing into the USA, and they started back in the mid-90s. 1994, I believe. They've come a long way.

We're now gonna hear from the newest organization to bring their racing commingled into the United States and North America, and that's the Hong Kong Jockey Club. Carrie Tong is the senior manager for business development in racing for Hong Kong Jockey Club. She manages all of the import and export of the Hong

Kong signal, was instrumental in getting the law changed in Hong Kong, which was a long uphill struggle to make commingling economically feasible. She comes from a very strong background in management consulting, worked for Bain & Company, where our presidential candidate, Mitt Romney and my former governor also worked.

Carrie's gonna tell you about some exciting new developments in Hong Kong. Again, to put it in perspective, their average handle per race card is \$150 million, U.S. dollars. I thought we were having a good day at Belmont Stakes when California Chrome put handle up to \$154 million. We'll pass it over to Carrie now, and she'll tell you just about everything that's going on in Hong Kong and what they've been doing to tailor their product for their players and international.

Ms. Carrie Tong: Thank you, Scott. Good morning, everybody. Doug, thank you for inviting the Hong Kong Jockey Club to speak at the symposium today. I hope to share with you the progress that we've made in the last 15 months with respect to the exporting side of the simulcast business in particular with regards to commingling. I've brought along a short video to just give you an overview of the Hong Kong Jockey Club, followed by a presentation to outline to you the market expansion journey that we've taken on to date. Let's begin with the video please.

[Video Playing]

I'll never see anything like this again in my life. Silent Witness, 17 straight. The spirit of Hong Kong. Silent Witness. A Hong Kong hero who became the best in the world. Racing in Hong Kong was already world class. People have just stood up and said, this is just amazing. 1,200 horses in Hong Kong, and they've got horses up in the top ten on the planet. Over the years, many Hong Kong-trained horses have achieved international success. Having world class horses allows Hong Kong to stage top class international races that attract elite runners from all over the world. We'll be second to none on the planet with respect to the number one racing jurisdiction, the envy of all.

The reason that the standard of Hong Kong racing is internationally renowned can be summed up in one word: Integrity. It's very, very important that the integrity of racing is maintained for people to have confidence in the sport. Every race in Hong Kong is monitored from all angles by the racing stewards. The club's racing laboratory is the best in the world. Its main responsibility is to test for prohibited substances. The most important principle in racing is to be fair and just. The club's internationally renowned racing laboratory already has a world record to its name.

With its insistence on integrity and extensive professional knowledge, the club successfully staged the equestrian games of the 2008 Beijing Olympics in Hong Kong. At the Olympics, I was able to give something back to the people and to the sport actually in Hong Kong. The club donated over 1.2 billion Hong Kong dollars, and in two years built the most advanced equestrian arenas in the history of the games. Over the years, the club's excellence and dedication have won it numerous

accolades. The club will never stop moving forward. The rules of success haven't changed.

If you look now at our younger customers who use Internet platforms to inform themselves, we have to understand very much the technology trends and have to use the technology trends and the innovation to create a customer experience which is relevant. The club continues to lead the way. Combining racing entertainment and technology, the club brings a fresh racing experience to a new generation of customers. Whatever you do, you have to understand the change in lifestyle, the change in patterns how consumers in a way develop in a way through the different times, and it is very important that we use technology, which a key enabler, and is part of our business to connect better to our customers.

Racing is part of Hong Kong, and without it, there would be a huge loss. We are striving in what we do for world class excellence, and we do this cuz we feel in a way that we are one of the major brands, international brands in Hong Kong. Looking to the future, the Hong Kong Jockey Club will continue to stand strong as a world class racing organization and Hong Kong's largest community benefactor. The club will continue to be riding high together for a better future with the people of Hong Kong. For the specific reason that we are not for profit, so what we do is, in the end, for the community. That's why we think we're riding high together with the community.

Ms. Carrie Tong: I hope you enjoyed the video, and that has given you a flavor of Hong Kong racing. We wish that all of you in the audience could come out and visit Hong Kong and to our racecourses yourselves. Let's start off by rewinding the clock six to seven years ago when the Hong Kong Jockey Club was here in Tucson, standing in front of the audience here in this crowd. At the time, we were one of the first advocates to talk about commingling as a strategy for the racing industry. We've had some initial success, given the strong product that we have and the wide-ranging appeal, but that model was not sustainable.

Part of the reason was that we had to operate in an environment where we actually had our hands tied behind our backs. What do I mean by that? Structurally, there were two forces at play that impacted the way how we could have conducted our business in its full potential. One was double taxation, which means that investments that were coming from abroad were taxed once by the overseas local government, and again twice when it came over to Hong Kong by the Hong Kong government. That actually worsened by the fact that Hong Kong actually had one of the highest tax rates in terms of percentage of gross margin of any major jurisdictions around the world.

What that meant was this was a double whammy that affected our pricing structure, which meant we were not competitive, and it impacted the club as well as our overseas partners in striking a commercially viable business deal. What did we do? We lobbied aggressively and actively with the Hong Kong government and with the assistance of some of you in the room. We went to the government and provided them with industry norms, practices, case studies of what's been going on

around the world in terms of commingling efforts that we have been seeing. Obviously, this has paid off.

In September 2013, the Betting Duty Amendment bill was approved by our legislative council to the effect, one, double taxation was abolished. Secondly, it was — it actually enabled us to have the flexibility to conduct two-way commingling. In the last 15 months, we have been working diligently and endlessly with many of our global players. We're pleased to announce that as of today, Singapore will also be joining America, Australia, New Zealand, and Macau in the list of countries that are commingling into our pool. We have had the pleasure of hosting our pools to some of the world's largest publically traded and private companies. Hong Kong racing is now broadcasted in 50 million homes across the U.S. as well as internationally.

We attribute our formula to success to three key drivers. One, the unique Hong Kong racing program. Number two, the breadth and depth of the content in terms of the information that we provide to our customers. Thirdly, the size and liquidity of the Hong Kong pool and the attractive, sizable, exotic bet types. The Hong Kong racing season spends from September to July of every year. We have 83 race meetings, and we race about twice on a weekly basis. Our night races are held every Wednesday at Happy Valley with typically eight race cards. Our day races are held at the Sha Tin racecourses typically Saturday Sundays with 10 to 11 race cards. We have a number of really rich Group 1 races. The Hong Kong international races, which is coming this Sunday, that marks the biggest event in our calendar. There's also the Queen Elizabeth II Cup and the Champions Mile in April and in May.

Yesterday's panel group talked about the importance of having a consistent high field size. Obviously, Hong Kong is a testament to that. Sha Tin typically, we have about 14. In Happy Valley, we have 12. Hong Kong, as you know and as you have seen in the video, we hold up ourselves to the highest level of integrity with world class jockey, trainers, racecourses, and related facilities. The second driver of our success is content enrichment. The availability of information. We aim to provide to our racing ecosystem relevant data that would suit the needs of the customers, as not all customers, we believe, are created equal. Those who are familiar with our website would have probably seen some of these screen shots, and this is a picture of Sweet Power in easy form.

We've also made some new additions to the level of information that we have, such as race day focus and the power figures, which essentially draws meaningful insights from — for the customers to assist with their betting decisions so they don't necessarily have to work with all of the intimidating pool of data in trying to triangulate and do their own calculations or regression models. It's already done for them in a very user-friendly format that they can readily use. Of course, for those that are looking for a full-blown study or an analysis, we obviously would have a more in-depth profile of each of the 1,200 horse populations in Hong Kong.

To that, I have an example for you to walk through. This is an example of Able Friend, which is the top Hong Kong mile runner. You see here we have the form guide, the horse form record, the veterinarian record, as well as the race replays and the morning daily track videos at the customer's disposal. None of this is meant to be exhaustive, but it's merely a highlight of what are some of the information that is being made available to the customers today. In fact, they're all free of charge, and we make this available to everybody to the public on our websites. At the end of the day, in essence, in terms of the level of information that we provide to the customers, our aim is to provide our customers with a toolkit that equips them to make their investment decisions in a sound and in a timely manner.

Third driver of our formula to success is the liquidity in our pool. As you can see in the far right-hand corner, the average pool sizes of the various bet types, you see that quinella and quinella place are the most popular bet types here in Hong Kong, followed by win and place. Together, these four betting pools account for about 85 percent of our total turnover. If you look at the bottom of the page, you also notice that the pool size of the exotic bets are also very significant, with triple trio at 1.2 million and six up at 0.9 million U.S. Altogether, this translates to a turnover of roughly \$17 million U.S. per race. Our jackpot pools, the triple trio, double trio, and six up are also very attractive with a high frequency and high payout. The TT winning prize is roughly about five million U.S. with five to ten times frequency per season. For the six up, the winning prize, it's about \$1 million U.S. dollars two to eight times per season.

In summary, what have we learned in the last 15 months? I'd like to share with you our three key takeaways. The first, we have seen a net gain to some of our overseas customers and partners that have come through. We've in fact have seen anywhere from a 12 percent to a 30 percent growth in terms of a conversion from a separate pool to commingling into the Hong Kong pool. Secondly, with the larger turnover base, obviously, that translates to a higher income in absolute dollar terms for our operators, and that in turn translates to an enlarged taxation base for the overseas government.

Thirdly, we believe it's an effective and cost-effective way for our operators to expand their current programming and their betting opportunities. As we've gone through the learning curve in the last 15 months, we believe that it's very cost-effective because a lot of the infrastructure that we already built in in terms of the signal disseminations, in terms of some of the content and the information dissemination is well-packaged and in a very easy, deliverable format. That wraps up my presentation. Thank you for listening.

Mr. Scott Finley: Thank you, Carrie. It's amazing to see what obstacles we all have to overcome to make this all work. It's fantastic what they do in Hong Kong. Look at that. Six-plus years of lobbying the government and working hard on a number of fronts. Scott Daruty, our next speaker, is going to talk a lot about those issues. What are the various things that we have to take into account when trying to tailor our racing product to export to overseas markets, and conversely, what is

required by international operators to get their content successfully into a market like North America? Scott is president and CEO of Monarch Content Management and also president of HRTV, the horse racing television network, both affiliated with the Stronach group of tracks.

Monarch represents 15 racetracks in terms of buying and selling their content, both domestically and internationally, tracks in addition to the Stronach tracks such as the New Jersey circuit, Meadowlands, Monmouth, and so forth. Monarch in particular has been a real leader in exporting U.S. racing internationally, primarily into Latin America, and also bringing and working closely with Latin American racing channel folks to get their racing into North American markets. I'll let Scott tell you more about everything that they've been doing, and also some very good points on what we all need to take into account.

Mr. Scott Daruty: Thank you, Scott. I wanted to talk today about the business side of international simulcasting and what makes it tick from our perspective, from the perspective of the 15 U.S. racetracks that Monarch represents both on the buy side, buying international content, and also on the sell side, distributing our signals internationally. The goals that we set out, our primary purpose at Monarch is to try to drive revenue to our member racetracks so that they can continue to invest in purses and in infrastructure. Our goals are pretty simple. On the export side, we're looking to export our product to new markets and thereby derive new revenue. It doesn't get a lot simpler than that.

On the buy side, I think sometimes some tracks and some marketplaces internationally tend to forget about the buy side and just focus on selling their product. On the buy side, we want to import new product into our markets and therefore derive new revenue. I phrased those two things on the slide the way I did cuz I think it's important that you focus on exactly how similar those really are. They're both driven by ultimately trying to get new revenue, but they're really reciprocal statements of each other. It's that reciprocity principle that I think is very important when you're talking about international simulcasting.

I think it's important for two reasons. One, it's a political issue. It's a lot easier for me to sell my content to a marketplace when I'm willing to buy their content and bring it into the United States so it's a two-way street, but it's also important from a business standpoint. Again, these are both sources of new revenue for our racetracks and horsemen, and so we can't forget about either part of this equation. First, I want to talk about the import side of the business. There are a lot of signals out internationally. We're tasked with trying to buy them for our member racetracks. The question becomes, of all the various racetrack signals are out there in the marketplace, where do we want to focus our attention? Which ones do we want to buy?

We look at a number of factors in making that determination. The first factor is time zone. We have come to the conclusion that that's far and away the most important of the factors. You can have great racing content. If it's coming in at 3:00 in the morning, there are some people who are gonna stay up and bet it, but

obviously, your market is much smaller, depending upon the time of day when the product comes in. The second factor is the affinity of the U.S. customer for the product. We obviously want to present to our customers something they are comfortable with and feel confident betting.

Pool size is very critical. We've heard about the Hong Kong Jockey Club, and their pools are so huge that that is attractive to bettors around the world. Pool size is important. One thing you got to remember though in pool size, it's only relevant if you're commingling. We now in the U.S. are commingling into Hong Kong and get to take advantage of that pool size, but some of the product we import, we're not able to commingle for reasons I'll talk about separately in a minute. Then it becomes a question of how big of a pool can we create here on a separate pool basis in the U.S. as opposed to what the pool size is in the home market.

Data, of course, is critical. The players need to be able to understand the horses they're betting on and feel confident in their decisions. Field size is as important on international signals as it is in domestic. It's probably one of the top drivers of handle. The bigger the fields, the more people are gonna bet on it. It's that simple, whether it's import product or whether it's our domestic product. Then the last issue is, again, reciprocity. The same concept. That's not something that's relevant to the player. The consumer doesn't care when he's betting on a product whether it's a reciprocal business deal or not, but to us, it is important in figuring out which business deals we want to cut.

If there's two products out there that are comparable on all other factors, we're gonna choose to import the signal that's reciprocating and taking the U.S. signals into its market. It's just good business sense. Based on those factors, Monarch into our marketplace is currently importing a wide variety of content from across the globe. We bring in Latin American racing, racing from Europe, France, and U.K., Australia, New Zealand, as well as South Africa and the Asian marketplaces. All of those have a lot of factors about them that are very good, but the performance in our market is very different. I thought what would be interesting would be to take the factors we apply and look at it for the various content.

You can see across this slide across the top are the various factors from time zone through reciprocity, the content down the left-hand side. As a case study, I thought we'd just walk through Latin America for a minute and talk about our experience there in terms of how the factors we look for are satisfied by that product. The time zone first, as I said, was probably the first and most important of the factors. The Latin American product, it comes in a good time of day for the U.S. Latin America's usually an hour or two ahead of us, depending on whether you're east coast or west coast and what country you're talking about down there. It comes in in a good time.

During our racing day, towards the end of our racing day. People are up. They're about. They're betting. They're looking for product. It's a good fit there. As far as affinity, Monarch buys for a number of markets, but two of the biggest are Florida and California. Obviously, those are states with very large Latin populations, and

so we've found that there is a natural tendency for those players to migrate towards the Latin product. They know it and they like it. Pool size is irrelevant when we talk about Latin American product coming into the U.S., and I say that because we do not commingle into Latin America.

Primary reason we don't is because the takeout they use in their home markets is pretty high. It's in the high 20s, sometimes 30 percent takeout. Our experience is that the U.S. customer is not gonna find that betting opportunity attractive. What we do is we separate pool those wagers in the U.S. at a more traditional U.S. takeout rate so that the customers aren't turned off by the high price. You go down the row. Then the data, the field size is good on the racing. They do reciprocate. Latin America touches all of those points, and therefore, we bring a lot of the product in. As you'll see in a moment, it's a pretty successful product for us.

We can go through the list. France ticks three of the boxes. Hong Kong ticks three of the boxes. Australia, New Zealand. You can analyze each one separately, but what I want you to focus on is look at the time zone column. There's two products that really fit well, in my opinion, in the U.S. market. One was Latin America, like we talked about. The other is the Australia and New Zealand product. It comes in maybe not ideal for east coast players, but on the west coast, again, we buy for California, so it's a big marketplace, and Australian product is really just a perfect time for the player in California.

One other thing I want to talk about when we're talking on the import side of the business is, there's two different methods of getting the signals into the U.S. One, I'm talking from a business standpoint, not from a technological standpoint. One approach is a standalone signal. Using Hong Kong as an example, we work with the Hong Kong Jockey Club. We buy an entire race card on a given day. We negotiate a deal directly with the Hong Kong Jockey Club and bring that signal in on a standalone basis. If you're a receive location, you need to have a separate decoder and a separate contract with Hong Kong. It's just like you were buying any other U.S. signal. There's pros and cons to that. Obviously, you get your whole race card in. That's great. There's a little bit more complexity to the deal, a little more time and energy maybe that needs to go into it.

Also, the biggest challenge is, you need to make sure that you're gonna get U.S. eyeballs on that signal. That's where I think the standalone basis, while it allows a lot of foreign races to get in, maybe isn't the best approach because you've got to get customers to focus on it when maybe they're focused on a NYRA 10:12 race or a Gulfstream race or whatever the case may be. The other approach to bringing signals in is a piggyback signal strategy, and that's what we've been doing with the Latin American signals. What I mean by that is we take a number of races — racetracks from Latin America.

We pick a few races from each of those tracks and we put them together in a bundle, and then we add it on to the card of a U.S. racetrack. Sometimes, you might, in the morning, you look at your program, you see Gulfstream Park has 17 races today. You think, wow, they're really running 17 races at Gulfstream? That's

incredible. No. They're not running 17 races at Gulfstream. What we're doing is, you'll typically have maybe ten races from Gulfstream, but races 11 through 17 on the Gulfstream card are races from Latin America that we're bringing in maybe two from this track, two from that track, et cetera. Again, pros and cons to the approach.

If you're one of the Latin tracks, you're probably not as happy that you're getting two races into the states that day instead of your whole card. On the other hand, you got a lot of eyeballs focused on the Gulfstream signal. A lot of players are looking at the data. They've already bought the program or the racing form and the wagering data for that day. From a simulcast location standpoint, it's the same decoder, so same signal. You don't need to worry about another decoder fee or another—having more capacity. We try to make it easy for both the customer and the simulcast location. Again, pros and cons. There's no right answer or wrong answer on which approach to take. They're just different approaches.

On the import side, here's a pie chart that shows — and these are just the Monarch locations. I think you could probably extrapolate to the whole North American market, but this data is based just on the Monarch markets, such as California, Florida, New Jersey, and others. We do almost half our handle, approximately half our handle on Australia, and the second signal is Latin America. There's no other signal that's even close to the amount of handle we do on those two. It's not to say the other signals aren't good, but I think you go back to that number one factor, which is time zone. I think the time of day works very well. It's not to say there aren't customers who want to buy at 3:00 in the morning, but you're not gonna have as many as who want to bet at 3:00 in the afternoon. That's the import side of the business.

On the export side of the business, it's a big world out there. We have limited resources in our ability to go out and sell our product. What do we do? Like any business, we want to focus on the marketplace, the markets that we think are gonna be most productive in terms of selling our signals. There's a list of factors we go through, similar but not identical to the import factors, when we're trying to identify what marketplace do we want to sell our signals to? Again, time zone is number one. The size of the market. Obviously, it's better to sell to a big market than a small market. We want to have an ability of that market to commingle. That's very important to us.

We think, for a number of reasons, commingled wagering is strongly preferable. Now, that's not to say that we won't sell to a market that doesn't commingle. We do, in fact, sell to some markets that either book bets on our product or that separate pool our product, but all other things being equal, we strongly prefer to commingle. It obviously increases the pool size in the U.S., which has a circular effect of making the product more desirable, so the more money we can get into the pools, the more other money wants to jump into the pools. Commingling is important.

We want to try to find a market, obviously, where the local customer has some affinity to U.S. racing, some interest in it, feels comfortable that they know about it and, therefore, are gonna win their bets. We want to have a market where we have reliable distribution partners. It's very challenging to go into a foreign market where different regulations, often different language, different customs. We can try to present our product in a way that we think is best, or we can try to deal with business or political issues in that market in a way that we think is best, but we're never gonna be as good a judge of that as the local industry there. We want to find markets where we have a reliable local partner.

This slide, again, not to belabor the point, but obviously, if we're selling our signal, we're gonna look at the map and try to figure out where it fits in. We'd like to sell somewhere where it's afternoon, evening hours. Sometimes, nighttime hours, but if we're gonna sell to a market where it's 5:00 in the morning when our product's running, we probably don't expect to get a huge return from that market. Again, just to focus on Latin America as the case study cuz we could go through every market in the world and have this discussion, but just to have it once on Latin America so you can see our thought process, we're currently selling to Panama, Uruguay, Venezuela, and Peru, as well as some other markets in Latin America, but I'm gonna focus on those four for purposes of this discussion.

If I were to tell you those four markets, you probably wouldn't think, wow, those are great markets. That's probably not the first thing that comes to your mind when you think about a location where you'd want to sell U.S. racing, but it actually is a pretty good market. The time zone works well, particularly for the west coast tracks. Our tracks come in there at the end of their day, so it's a good time for their players to watch and wager. They're actually pretty mature racing markets. They're not the biggest markets in the world, but they have a long history of horse racing. They have local product that the people are betting on. They know racing. They like racing. They like betting on racing.

We've been successful in converting many of these locations to commingled, so that's a plus in our mind. For a long time, most of the wagering in Latin America was on a booked basis. That doesn't mean we don't want booked handle, but our strong preference again would be commingled, so we've worked with the local partners there to start commingling and have been successful in that. The local player in the Latin market knows our product. When you think about it, a lot of our jockeys in the U.S. have Latin heritage. Many of them were even born in some of the Latin countries. There's a lot of shuttling now of stallions between the seasons where we've got North American stallions going south and vice versa, so our breeding lines and our horses are something that they're familiar with and have confidence in. There is an affinity of that local customer down there to our product.

Lastly, we've been working with racetracks in the local industry in the marketplace that have been very helpful to the business. An example in Venezuela, we work with a [inaudible] to Venezuela who's licensed by the regulator there who operates a string of OTBs, and we were having some piracy problems in that marketplace. They've been instrumental in helping us solve those. It's something

we couldn't have done just from the U.S. on our own, so having a local partner is very important. How do we do in those four markets? Just on the Monarch product, we did about \$25 million a year just in those four countries. That's just on the Monarch product. I know they take NYRA. I know they take other U.S. signals.

On our product, it's about \$25 million. Doesn't sound huge in the scope of international simulcasting, but we get a six percent host fee out of those four jurisdictions, so \$25 million, it's six percent, it's a million and a half of host fees from those markets that we didn't have a couple of years ago. You got to look at it as it's one step at a time. You look at it market by market, and you start to piece all these markets together. While each of them individually might not seem huge, it starts to add up to real money.

Challenges in the global marketplace. There's plenty, and we can talk about this forever, but I'm gonna move fairly quickly cuz we're short on time. There's knowledge integration issues. Their tote connecting to our tote, getting the audio visual signal there, getting the data there. It's all stuff that can be worked through, but it just takes time. Piracy is a little bit of a problem in some marketplaces where once our signals are out there, if they're grabbed by an illegal bookmaker, they start booking bets, and so we've got to be careful about that.

Closed markets are a challenge. Closed markets, I mean there's certain jurisdictions that do not import any international simulcasting. Either through regulation or for their own political and business reasons, they want to have a closed market. Oftentimes, those markets are interested in selling product to the rest of the world, but they say, "Oh, no, we can't buy it. Our regulations don't allow it." The problem with that, of course, if every jurisdiction took that approach, there would be no international simulcasting cuz you'd have a bunch of sellers standing around and nobody willing to buy. It goes back to that reciprocity principle. It's important again cuz you can make money on both the buy side and the sell side.

Transferring funds can sometimes be tricky depending on currency issues, but again, like the technology, it's stuff that can be worked through. You have international taxation issues you've got to be mindful of and work through. I guess in conclusion, what can U.S. racetracks do? I think on the import side, if I could leave you with one thought, it's, if you're gonna make an import signal, really make an effort to present it to your customers in a way that makes them comfortable, that if you can spend any time educating them on an international signal rather than just putting it up on a simulcast screen somewhere. The more comfortable your customer feels, the more they're gonna bet, and the more money you're gonna make.

On the export side, working together is something our industry often has trouble doing in North America, but it is important. You heard Dave talk earlier about how difficult it is as a foreign purchaser of domestic product that you've got to deal with all these different groups. You get your video from one place, and your data from another place, and you might do a deal with Monarch and get our tracks, but you

might not have content from another racing group. The more we can work together, the more attractive we're gonna be to the international marketplace. That's it. I'd be happy to answer questions later when we get to the question session.

Mr. Scott Finley: Further quick play and comment on the time zone issue, and we're gonna hear a bit about that from our next speaker, Andrew Kelly, with Harness Racing Australia. NYRA started importing racing from Japan, which is only on selected Saturday nights. It's actually Sunday in Japan. We did much better than I expected up until about midnight. Then after midnight, the handle would just go down, down, down. The last race was about 3:30 in the morning. We were doing about 15, \$1,800.00 a race prior to midnight. The first race after midnight, it went down to about \$1,000.00. The next race, \$900.00, \$800.00, and then finally about \$300.00 a race for those diehards still up and betting online at 3:00 a.m.

Anyway, let me tell you about Andrew. He's the CEO of Harness Racing New Zealand, which is a national body that represents the harness industry. Sorry. New Zealand. Australia. Apologies. Represents the harness industry in Australia. He's been with them since 2008 and comes from a racing family. His family has bred and raced racehorses down under. Andrew has a strong background also in sports marketing, worked for the Australian Football League, which is Australian rules football, and also cricket, which is a huge sport. Not quite as popular as racing, but almost in Australia. I'll turn it over to Andrew. He'll tell you a little bit about what they're doing in Harness Racing Australia, and also the U.S. races that they're taking in. Very time zone-oriented.

Mr. Andrew Kelly: How are we for time? They jumped at Solvalla?

Mr. Scott Finley: Solvalla, we're about the third race on the card there.

Mr. Andrew Kelly: Terrific. Thank you, Scott. Thank you, ladies and gentlemen. As you may know, in the world of racing, I'm truly humbled to be here, and I really thank Doug Reed for the invitation. It's terrific. I thought I'd just spend the first couple of minutes giving you a bit of an inside into harness racing in Australia and our size and our scope. Like all of you, you know that for real and sensible government policy to be made, quality research and evidence-based policy arguments are essential. We regularly check our economic indicators as an industry, and it provides me the opportunity to fill in the first slide of every presentation that we make.

You'll see some figures there that we're very protective of, particularly the sustaining a significant number of jobs in our country, particularly in regional areas. We've got about 19,000 people across the country that rely on harness racing to earn a living, which is obviously very important for us to protect them as best we can. We spend plenty of money on producing and preparing our racing stock. We contribute more than 1.45 million in value add to the GNP, and we support plenty of different communities in various ways, particularly through charities and other organizations.

In terms of racing-related statistics, this will give you a bit of an idea of our size. We've got plenty of tracks. We run about 15,000 times a year. We give out almost every dollar that we can in prize money. We have 11,000 starters. Someone made the point yesterday about field sizes. Ours are okay. 9.8's not too bad. We run on 1,000-meter tracks normally, and we limit most of those races to a ten-horse field. It's okay, but obviously, our number of foals isn't enough to sustain that for too much longer, so we're always looking at various solutions to that problem. Most of those are around handicapping, and we've been able to come up with some pretty unique ideas in recent times, which has lifted our average start per year, per horse to 11.7.

Whilst I know Hong Kong are world leaders in the area of racing integrity and drug control, we'd like to think that we're up there with some of the best controls in the world as well. Referencing another point from yesterday, like it or not, we have to survive on handle or wagering. It accounts for 98 percent of our industry revenue. Our market share in Australia is roughly 15 percent. It's probably been there for 20 years. The greyhounds and the thoroughbreds are up and down across that period of time, but we've been pretty stagnant. The wagering figures that I've put before you there are all in Australian dollars. For the last financial year, pretty much the Australian dollar was parity with the U.S. dollar at that time to give some indication to it.

Given that wagering is critical to our industry funding, the increase in total turnover of 61 million to the 2.4 you'll see has a three percent increase. It was okay. You'll note from this slide that the trend by punters to gravitate to corporate bookmakers and fixed odds betting is continuing. Total TAB turnover of almost 1.7 billion was down marginally, but you'll see the pari-mutuel component, 1.29 billion, was down almost 14 percent. Fixed odds betting, Scott certainly — sorry. Dave touched on that earlier. Certainly, fixed odds is continuing to increase. With TAB, it was up 402 million, 98 percent. That's the second year in a row that we've seen double — a doubling of wagering or turnover through fixed odds.

The growth of turnover with corporate bookmakers provided further evidence that the industry's traditional funding model of dependence on TAB's distributions has been seriously eroded. Turnover with the corporates rose almost 14 percent to just over 527.4 million. It's a stark reminder, particularly for us in Australia, of why the race fields legislation has been so critical to our industry. The statistics show that corporate bookmakers' share of total turnover rose by more than eight percent and now stands at 28 percent of harness racing turnover.

The next couple of slides, I'll try and illustrate the importance of the international product exchange for you. Really, it's just showing the great work that Dave's done in shaking that through and how it affects us. Our industry has assigned air international rights lock, stock, and barrel to Sky Racing. While ultimately, it's up to Dave, Bret, and Suzy who are with us today and their team to exploit these rights on our behalf, I like to think that HRA is a pretty active partner, and we like to add value introductions and even play diplomatic roles where and when required.

I annoy them with requests on a pretty regular basis, and not just from—to look at what other particular tracks or content might be available.

Certainly, major race meetings from around the world in the standardbred world that we'd like to see on our screens if that's possible. Sometimes, it is. Sometimes, it isn't. Recently, the Breeders' Crown meeting from the Meadowlands, with the timing and the schedule of the back end of their program there meant that it wasn't able to fit into the Australian schedule. In an instance such as that, we're able to work with the Meadowlands and Roberts to bring the vision live to Australia via our website. We think that's really important to expose the industry and continue to expose the industry to as much international product as possible, if only for educational purposes.

Sky do a great job for us. Absolutely no doubt about that with the fees and wagering growth that we've seen year on year. In effect, some of this growth underpins the profits of some of our states. We've also witnessed some really unexpected benefits in the last few years from sharing this content as well. What's actually happening in New Zealand is 2,740 races coming into Australia and turning over on average 27,000 per race. We're exporting 12,800 races. It's interesting that the New Zealand punters now wager more on Australian product than their local product. I often say to my New Zealand counterpart, who's not here obviously, that we're their major sponsor now. It's an interesting twist, what's been happening in our part of the world.

With the U.S., 3,000 races a year in the early morning. Obviously, you'll see that the turnover is not that great, but it improves by the midmorning. Another silver lining to come out of that Breeders' Crown situation in the Meadowlands was that as I was banging away on the phone and e-mails to the staff at Sky to just see what we might be able to do to bring that signal in, it brought about a look at the schedule a little more closely. There's now moves afoot to adjust the time in which we can take international racing into Australia for an extra two hours in the afternoon, which would alleviate some of those issues into the future, so we're really excited about that. Again, shows the value of partnership of talking and working together.

Sweden, we've got 302 races coming in, 11,000 average per race. Not bad. In terms of France, 675 races. That looks to grow again. I'm pretty excited about the next point there about the exporting 50 races to France. It's up 22 from the previous year. Through Le Trot and also the PMU obviously, there's been some races taken from Australia. Those 22 races previously had been stagnant for a couple of years, and that's been mainly our premier Group 1 races, the odd Group 2 race from here or there.

A new model's been put forward this year, and we'll have 11 races — 11 race meetings and four race cards, if that makes sense to you, and one of six to make 50 races in total. Not necessarily along exactly the lines of the Yonkers concept, but we will be moving those and programming for trot races to the middle of our usual programming in order to meet the time zone requirements and the scheduling

requirements of the French. We hope to have somewhere near the success that's been seen here in recent times. Obviously, there's some extended coverage through Monaco, Switzerland, Germany, and Austria there. In South Africa, we're exporting plenty of races. Via Skype, plenty of Australian content heading to South Africa as well.

What's this all mean for us? I'm talking about underpinning some of our states' financial results and their ability to either make or not make a profit at the end of each year and sustain those jobs that I was talking about. You see the revenue has grown from a shade over four million Aussie dollars in 2012 to almost seven million in 2014. We hope that trend will continue, obviously, with that two-hour U.S. extension and the new export agreement with France. We'll continue to increase education and exposure of harness racing fans with digital access to live streaming where and when we can if it's unable to be shown through the Sky signal. Everyone talks about commingling. Nothing new there. I'll keep moving along then, give a bit of an insight into some of the non-wagering benefits that we've found.

International cross-border breeding interest. This year, we have seven French trotting stallions available in Australia, which is on the back of none last season, so that's something that I know our breeders have been pretty keen to get their hands on for some time now, some semen from the French stallions. There's no doubt in my mind that that international content sharing has assisted in that area. One of the other reasons that we were really keen to show that Meadowlands race meeting the other day with the Breeders' Crown races was, it's breeding season in down under at the moment, and the people that were most interested in watching that vision from our feedback and survey after live streaming, it was from the breeders who were just so rapt to be able to keep their finger on the pulse of what was happening over here. That was starting to inform some of their decision making in their breeding system down in Australia.

Imports of racing stock and owners and administrators are now traveling the world to either purchase or try and attract internationally performed horses down under for Australian racing, either full-time or just for specific events. For the first time ever, we're seeing \$350,000.00 mares purchased out of the U.S. and coming down to Australia, which will only help our racing industry and also our breeding industry long term. Yearling sales birth-wise, we've got Australian owners participating in sales across the U.S., France, and Scandinavia these past few years, and increasingly so far with a fair degree of success, it should be said. Similarly, we've had a few international visitors come our way.

Ownership goes both ways. We now have French owners of Australian horses. I probably shouldn't mention that some are pacers, but that's a fact. Australian horses are now all over the world, including Mystery Woman, who recently broke a world record here in the U.S. Tourism's been happening both ways. I have people send me honeymoon photos from Yonkers. It's true. People see a track on the TV, if they're traveling nearby, they make it part of their itinerary. Similarly, Australian

tour groups to the Red Mile, Hambletonian, Little Brown Jug, and increasingly, the Elitlopp in Solvalla, Sweden, has been swelling year on year.

The promotional opportunities with drivers and trainers and horses are not to be missed. We've had Corey Callahan here to Australia recently. Many of you will be familiar with Chantal Sutherland. I'm not sure if you were aware, but she came down and rode in a Monty race, which is a ridden trot race in Australia in March last year in what was a pretty successful promotional event for harness racing, particularly in Victoria. We've got scholarships and exchange programs, which have started to become more formalized. We have drivers and stablehands being sponsored to go overseas and join internationally renowned stables for four months at a time. There's a formal exchange program in place with the Swedish government.

We've also continued to send stewards and integrity staff to various countries on personal development and study tours. We'd like to send them to the tracks which are participating in the import and export program that's brought to our industry by Skype. None of this would be — would have been possible, I don't think, anyway, those non-wagering benefits, without — there may have been. They may have happened, but it certainly would have taken a lot longer if not for the content sharing that we actually have now. I thank you all for listening. Thanks for the opportunity. I'm happy to take any questions. Again, look forward to catching up with everyone later on tonight.

Mr. Scott Finley: We've run short of time. If there's any one or two burning questions that anyone wants to ask, I think we'll probably stay over a couple minutes to try and answer them, but if not — show of hands out there. Any questioners? Thank you very much. Appreciate your interest, and see you at the next panel.

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