
2009: ARQANA HOLDS STRONG AMIDST INTERNATIONAL TURMOIL

Second best annual aggregate ever

The ARQANA sales held at Deauville and Saint-Cloud in 2009 performed admirably in an unsettled international environment. The annual turnover (including post-ring private sales) amounts to **€79,5 million**, the second highest figure since the two agencies merged in 2006 – only to the outstanding 2007 season, which had taken place in a radically different economic context. On the yearling market, the cumulated aggregate for the three sales held in 2009 (in August, October and December) **sets a new record of €51,4 million**, i.e. 27% of the European market.

In million Euros

	2009	2008	2007	2006	2005
Annual turnover (including private sales)	79.5	79.2	91.1	77.0	50.0
Cumulated turnover for the 3 yearling sessions	51.4	50.8	51.2	39.3	29.1
Share of the European yearling market (1)	27%	23%	16%	14%	12%

(1) All yearling sales held in France, Ireland, Great Britain, Germany and Italy.

The Yearling market: back to the historical level of 2007

The August sale posted a fourth consecutive year of growth – it is the only yearling sale in Europe to have risen continuously despite the economic downturn that has affected the bloodstock market since September 2008. It is emblematic that the **highest-priced yearling of 2009 in Europe** was sold at this session: a son of Storm Car from Haras d’Etreham was knocked down to John Ferguson for €900,000.

The vendors’ ranks welcomed numerous **prominent newcomers** such as Ballyhimikin Stud, Croom House Stud, Rathbarry Stud, Ronald Rauscher, Lodge Park Stud etc., all of which had a successful sale. This tendency is part of the upgrading of the quality on offer at the August sale, a major factor in its growing success.

On the whole, the Deauville yearling market (August, October and December sales) is back to its historical high of 2007. The brilliant results of the October sale, which returned to its original format, are another factor in this success: the aggregate rose by 5% and 46 yearlings fetched €50,000 or more against 28 in 2008.

The Breeze up market: a real jump in quality

The Saint-Cloud Breeze Up posted a spectacular increase and is actually the **only sale of this kind in Europe** whose figures were up across the board in 2009. Turnover leaped by 33% and a new record top price of €280,00 was reached, while the number of lots selling for €100,000 or more was also a record. Such positive signs reflect the **improvement in the quality of the horses consigned**, the impact of the new date – from mid-April to the eve of the French Guineas in early May – as well as the good performances registered by many graduates, headed by the Gr.2 victrix and Gr.1 Prix de Diane runner-up TAMAZIRTE.

The July session, although more modest in size, showed encouraging signs of growth this year, with the average approaching €20,000.

The horses in training market: active though affected by the economic downturn

The three sales offering horses in training (Summer Sale, Arc Sale and Autumn Sale) performed satisfactorily, registering good trade yet at a level inferior to that of more prolific years. The aggregate for the “horses in training” segment at these three sessions slipped by 5%.

Indeed, with Ireland and Great Britain being hit particularly hard by the economic crisis, as well as the Euro rising against the Sterling and the Dollar, the demand for jumping prospects suffered a severe shrunk in 2009.

The store market: a sudden hold

The slowdown of the NH market badly affected the speculative trade on stores, which is mostly based on British and Irish demand. As a result, this segment has become extremely narrow and selective.

The breeding stock market bounces back

The December Breeding Stock Sale witnessed **as international a buying bench as ever**, with several groups of investors from Australia, Japan, Qatar, Turkey and the Mediterranean countries. The 9% growth in turnover (including private sales) represents a significant performance on a market where confidence in the future is key.

Analysis of the 2009 results

Reflecting on the 2009 sales season, ARQANA President Eric Hoyeau stated: « *ARQANA's very good year shows that the **globalisation strategy** applied to both offer and demand has paid. This year again, and on all market segments, new vendors and buyers have placed their faith in the French market. This is the reward for the relentless marketing efforts put up by ARQANA's foreign representatives as well as by the FRBC team.*

***The strength and rising appeal of the French racing and breeding system** is also a major asset for our sales. With continuous growth of prize money levels and owners recouping on average 56% of their training expenses, one of the best rates in the world, France is more and more seen as the El Dorado of the thoroughbred world and attracts rising numbers of foreign breeders and owners.*

***ARQANA's innovation policy** is no stranger to these good performances either. On the technology front, the online “make an offer” device has been a great success and contributed to fluidify the market. €3,7 million worth of post-ring private transactions were concluded in 2009, either on the sales grounds or via ARQANA's website.*

The online bidding system was launched for the December Sale and proved an instant hit, with bids up to €600,000 being received. No doubt the interest for this tool will expand in the coming year. All these innovations stem from **ARQANA's endeavor to improve its quality of service** further and further.

Finally, the numerous high profile victories collected in 2009 by ARQANA graduates, notably the **quinella in both French Guineas and a third consecutive win in the Prix du Jockey Club** (French Derby) acted as strong incentives to invest and re-invest at our sales. The example of LE HAVRE says it all: bought for €100,000 at the August Yearling Sale, he won the Prix du Jockey Club in the colours of Gérard Augustin-Normand. He has now become the first stallion stood at Haras de la Cauvinière, managed by Sylvain Vidal, and his owner is undertaking a bold plan to build up a broodmare band for him, notably through purchases at the ARQANA sales ».

2010 outlook: confidence and refurbishment works

According to ARQANA President Eric Hoyeau: « *We are reasonably confident for the 2010 sales season. Indeed, while the international economic environment remains troubled and hard to foresee, the strength of French racing and of the French bloodstock market should remain a major asset for ARQANA. Moreover, ARQANA has gained a "confidence capital" that should keep attracting new customers to Deauville and Saint-Cloud.*

The best expression of our trust in the future is provided by the ambitious works that we are undertaking to enlarge and modernise the Deauville sales pavilion.

The first stage shall begin in January 2010 and encompass the extension of the back of the pavilion. The ground floor will accommodate several offices for bloodstock agents as well as the ARQANA sales offices, while on the first floor a vast food hall will be created, with an flexible layout and a maximum capacity in excess of 200 seated guests. This first stage will be structurally completed by August 2010, whereas the restaurant will open for the 2010 December sales.

The second phase will take place from January to August 2011 and include the construction of private lounges overlooking the sales ring as well as the refurbishment of the ring and seats. The circulation of horses into and out of the ring will be modified, introducing a direct access from the pre-parade ring at the front of the pavilion. The pre-parade ring will also be re-designed in order to give the horses more walking space.

These works are part of a major modernisation plan of the Deauville sales complex, which started with the extension of yard C and construction of the Pegase yard, which has given full satisfaction since it became operational in August this year ».

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Full results and statistics available on www.arqana.com**