

TDM & A

ANDREAS JACOBS

Andreas Jacobs is the President of Baden Racing, which runs racing at Baden-Baden Racecourse in Germany as well as the adjoining sales company, BBAG. Jacobs is also in charge of his family's German stud, Gestut Fahrhof, as well as Newsells Park Stud in England and Maine Charm Farm in South Africa in addition to numerous other business interests. Late last year, Ryan Goldberg sat down with Jacobs for a *TDM* Magazine piece ([click here](#)) about the history and current status of the German industry, and yesterday the *TDM*'s Kelsey Riley caught up with Jacobs to discuss what has happened since then, and what the future of German racing holds.

KR: You've been running Gestut Fahrhof for close to 20 years now. How has German breeding and racing changed and evolved during that time?

AJ: German breeding, in terms of volume, peaked in 1997, because there was a peak in betting turnover. After that, betting turnover went down. That fuels the industry, so it caused a reduction of foals born and a reduction of mares. So if you look at the whole industry in the last 20 years, we had quite a recession over 15 or 16 years, and there is a bounce back now with, with the number of foals born in 2014 up.



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Why has [the bounce back] happened? Betting was a problem. We have no retail distribution of betting in Germany. So unlike PMU, with 10,000 shops in France, we have 60, and it was around 150 in the best times. Second, we missed the boat on

online betting. It was all done by bookmakers, in which we have no assets.

So with no benefits for the racetracks, the bookmakers were making the money on betting, and the tote had no access to the market. This is a big problem. This has slightly turned around now with the tote and the racetracks having invested in the largest bookmaker in Germany, called RaceBets. The tote is slightly picking up. As a consequence, what you have is lack of contribution from betting, which means all the racetracks were half under water, cutting costs, cutting prizemoney, cutting everything. As a consequence, you had a place like Baden-Baden being in insolvency.

That was in 2010, so we needed fresh money to invest in racing, because if there's no proper racing, breeding is going to die. So it was very obvious for people like myself to save Baden Racing. Baden Racing does about 25% of the on-track betting in the country, so without that you could have closed the studs as well.

What you have in parallel if you look at the breeding [over the last 20 years] is these fantastic stallions coming out of basically two very strong sire lines. One was Surumu, one was Kohnigsstuhl, and the combination of both were kind of the Mr. Prospector/Sadler's Wells combination of Germany. It was a typical nick that worked magically, and the result of it was horses like Monsun and, with a little bit of Northern Dancer later blended in, horses like Lomitas that picked up and became very good stallions. If you look at the stallion population today, the typical German stallions are basically gone. The busy stallions in 2014 are horses like [French imports] Dabirsim and Maxios, so it's kind of a new population of stallions. That's a change.

When you look at the BBAG catalogue, what is also different is that most of the studs have moved into more commercial operations. Twenty years ago, the top five studs never sold a yearling at auction. Today, the top studs are all selling colts. As a consequence, this catalogue is 70% colts, 30% fillies. They're trying to keep their breeding alive by keeping all their fillies, but are we going to have a top, well-bred colt that becomes a stallion like Monsun or Lomitas? Probably not, because 70% are gone.

If you ask me what to expect, it would be very hard to see years that are like the years of Monsun, Lando and Lomitas. The other thing is we have lost a lot of smaller breeders, so the typical breeder that has four or five mares at home, a lot of them are gone, and the big operations are left. [The big operations] are still there because there are passionate people behind them, so in the long run you'll have a handful, maybe 10, of the largest studs that do proper international breeding. They've become more and more of a blended European product, and not a pure German product.

KR: Do you think there is anything that can be done to restore the breed to that pure German product?

AJ: I think one initiative is a horse like Maxios, where I was very disciplined to only buy the horse after having collected contributions from all the bigger studs. So half of Maxios is owned by the 10 biggest German breeders. That's an initiative I think we have to do three or four times; unite on a good horse. I think that's one thing that could take us back to the pure German breeding.

KR: Is it typical for the German breeders to join together to buy a stallion, or is this something new?

AJ: It's completely new. He's the first stallion to be syndicated in Germany. There has been a lot of rivalry or competition in German history. Surumu in his first year had eight mares. Monsun in his first year had 20 mares and Lomitas had 35. Everyone was sitting on the fence. That was the attitude in the old days. If you were standing a stallion, you had to make it yourself, because there was no commercial market.

KR: What is it that you think makes German-breds such good racehorses?

AJ: They are middle- to long-distance horses, so they are late-maturing and bred to be tough. That's pretty unique in a world where you look for a quick return and a 2-year-old career. If you look at long-distance breeding and late-maturing breeding, you might run into that fabulous thing that is a tough horse.

The shortest Group 1 race in Germany is 2000 meters. So that will give you the indication that there will never be a champion sire who is a miler or a sprinter. Historically, a stallion had to win a Group 1 over a mile-and-a-half to be a sire, so we were mating stayers to stayers, tough horses with tough horses. We also have this criteria of no drugs. That is another criteria where pure, natural toughness will survive and continue.

KR: You mentioned saving Baden Racing from insolvency in 2010. Can you talk about how the health of the racecourse has been since, and what has been done to keep it going?

AJ: Today, if you look at the top racecourses [in Germany], most of them are managed and financially supported by private people, and it's the breeders. Is that sustainable? We would love to have a more sustainable model where it's not depending on single people, but I think we're slowly getting there because the turnover is back. This year we were able to increase prizemoney and breeders' premiums, so we are able to reinvest in the system.

KR: Like most other auction houses around the world, Baden-Baden experienced a slump during the global recession, but prices have been on the rise the last few years, with huge gains last year. Why do you think it has improved so much?

AJ: It's two things. Of course the sale became more and more known and accepted by international buyers, so the percentage of international buyers went up. And we really try to bring international people on board; we really like having them here. We really try to help them coming here, organizing flights and hospitality, and that's all new. The other thing is that markets are picking up anyway, so that's just the trend.

KR: With the German Thoroughbred, there seems to be a unique problem currently where the quality is very high, but the quantity is suffering, and there are not enough German foals. What do you think can be done to encourage breeders to start, and continue, breeding more horses?

AJ: We increased the breeders' premiums, so you now get up to an average of 25% of the purse, which was previously about 17%. This is only if the horse runs in Germany. There is a nice system of auction races here, which we finance through the auction company, so that's a nice incentive to go to the auction. Fundamentally, I think there's no way [to improve the breed] other than to have higher betting turnover that fuels prizemoney. If we don't get that fixed, we're never going to be competitive. Today, if you look at German races and horses that are in training in Germany, I'd say 15% of all the runs of German-trained horses are in France, because the prizemoney is so much higher. [CLICK HERE TO SHARE THIS STORY](#)