

**J.P. MorganChase**  
**Gaming, Lodging, Restaurant & Leisure Forum**  
**Las Vegas, Nevada**

*March 8, 2018*

Bill Carstanjen, Chief Executive Officer  
Marcia Dall, EVP and Chief Financial Officer

## Forward-Looking Statements

This unaudited pro forma financial information contains various “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The Private Securities Litigation Reform Act of 1995 (the “Act”) provides certain “safe harbor” provisions for forward-looking statements. All forward-looking statements made in this press release are made pursuant to the Act.

The reader is cautioned that such forward-looking statements are based on information available at the time and/or management’s good faith belief with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. Forward-looking statements speak only as of the date the statement was made. We assume no obligation to update forward-looking information to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information. Forward-looking statements are typically identified by the use of terms such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “predict,” “project,” “seek,” “should,” “will,” and similar words, although some forward-looking statements are expressed differently.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from expectations include the following: the effect of economic conditions on our consumers' confidence and discretionary spending or our access to credit; additional or increased taxes and fees; the effect of changes in tax laws on the Company or an investment in our shares, including as a result of changes made pursuant to recently enacted U.S. tax legislation; public perceptions or lack of confidence in the integrity of our business; loss of key or highly skilled personnel; restrictions in our debt facilities limiting our flexibility to operate our business; general risks related to real estate ownership, including fluctuations in market values and environmental regulations; catastrophic events and system failures disrupting our operations, including the impact of natural and other disasters on our operations and our ability to obtain insurance recoveries in respect of such losses; inability to identify and complete acquisition, expansion or divestiture projects, on time, on budget or as planned; difficulty in integrating recent or future acquisitions into our operations; legalization of online real money gaming in the United States, and our ability to capitalize on and predict such legalization; inability to respond to rapid technological changes in a timely manner; inadvertent infringement of the intellectual property of others; inability to protect our own intellectual property rights; security breaches and other security risks related to our technology, personal information, source code and other proprietary information, including failure to comply with regulations and other legal obligations relating to receiving, processing, storing and using personal information; payment-related risks, such as chargebacks for fraudulent credit card use; compliance with the Foreign Corrupt Practices Act or applicable money-laundering regulations; work stoppages and labor issues; difficulty in attracting a sufficient number of horses and trainers for full field horseraces; inability to negotiate agreements with industry constituents, including horsemen and other racetracks; personal injury litigation related to injuries occurring at our racetracks; the inability of our totalisator company, United Tote, to maintain its processes accurately, keep its technology current or maintain its significant customers; weather conditions affecting our ability to conduct live racing; increased competition in the horseracing business; changes in the regulatory environment of our racing operations; declining popularity in horseracing; seasonal fluctuations in our horseracing business due to geographic concentration of our operations; increased competition in our casino business; changes in regulatory environment of our casino business; development and expansion of casinos is costly and susceptible to delays, cost overruns and other uncertainties; concentration and evolution of slot machine manufacturing and other technology conditions that could impose additional costs; impact of further legislation prohibiting tobacco smoking; geographic concentration of our casino business; changes in regulatory environment for our advanced deposit wagering business; increase in competition in the advanced deposit wagering business; inability to retain current customers or attract new customers to our advanced deposit wagering business; uncertainty and changes in the legal landscape relating to our advanced deposit wagering business; and failure to comply with laws requiring us to block access to certain individuals could result in penalties or impairment in our ability to offer advanced deposit wagering.

## Agenda

---

- **Company Overview and Key Investment Highlights**

- Segment Overviews and Growth Strategies

- Racing / Kentucky Derby

- TwinSpires

- Casino

- Additional Growth Opportunities

- Financial Overview

## Company Overview

Churchill is an industry-leading entertainment company with iconic, diversified assets



**Racing** ... namesake, Churchill Downs hosts the longest continuously held annual sporting event in the U.S., **The Kentucky Derby**



**Casinos** ... nine casinos<sup>1</sup> & four hotels with nearly 10,000 gaming positions<sup>2</sup> located in eight different states



**TwinSpires** ... the largest<sup>3</sup>, legal online wagering platform for horseracing in the U.S., **TwinSpires.com**

<sup>1</sup> Includes MVG, 50% owned Ohio joint venture, Saratoga Casino Hotel New York and Saratoga Casino Black Hawk, 25% owned New York and Colorado equity investments, respectively and Ocean Downs in Berlin MD, a 62.5% owned equity investment

<sup>2</sup> Includes MVG, Saratoga NY and Ocean Downs video lottery terminals. Includes slots, video poker and table games at other properties

<sup>3</sup> Based on annual / quarterly figures released by Oregon Racing Commission for 12/31/17

## Churchill Downs Has Established a National Footprint of Diversified Assets



Note: TwinSpires allows residents of 40 states to register and place online horseracing bets

## 2017 Highlights

### **CDI delivered strong financial results<sup>1</sup> in 2017 and a 56% total shareholder return**

- Net revenue of \$882.6 million, up 7% over prior year
- Net income of \$140.5 million, 30% increase over the prior year
  - Adjusted net income of \$94.1 million, 16% increase over the prior year
- Diluted earnings per share (“EPS”) of \$8.77, 37% higher than the prior year
  - Adjusted diluted EPS of \$5.88, 21% increase over the prior year
- Adjusted EBITDA of \$366.5 million, 10% higher than the prior year
  - Excluding Big Fish, Adjusted EBITDA of \$286.2 million, 13% higher than the prior year

### **Iconic Kentucky Derby and Kentucky Derby Week continued to set all-time records**

- We completed our \$16 million upgrade to the Clubhouse – improving amenities for nearly 18,000 guests
- Our \$37 million dollar Starting Gate Suites with a flexible configuration for approximately 1,800 new customers and new premium entertainment spaces will open for Derby 2018
- In October, we announced a \$32 million project to significantly improve the transportation to and from the Derby

### **Our TwinSpires team outpaced the industry growth by 15 percentage points**

#### **Strong performance from our casino properties**

- All of our wholly owned casino properties grew market share
- Equity investments in Miami Valley Gaming and Saratoga along with new equity investment in Ocean Downs provided significant growth in Adjusted EBITDA
- Opened \$25 million new hotel at Oxford, Maine casino

### **Approved annual cash dividend of \$1.52 per share, 15% increase over prior year and seventh consecutive year of increase**

#### **CDI strengthened its financial position**

- Repurchased 1,130,750 shares at a total cost of \$179.5 million based on trade date
- Net leverage of 2.9X reflecting strength of free cash flow at 12/31/17 ... Approximately 2.5X at March 2, 2018

<sup>1</sup> 2017 net revenue excludes Big Fish. 2017 net income and diluted earnings EPS include Big Fish. 2017 adjusted net income and adjusted EPS exclude Big Fish and unusual items

# Key Investment Highlights

1

**Industry-leading, diversified business model with iconic assets**

- Iconic Kentucky Derby continues to set all-time records
- TwinSpires is the largest<sup>1</sup> legal online wagering platform for horseracing in the U.S.
- ~10,000 gaming positions in eight states<sup>2</sup> and 10 off-track betting facilities (OTBs) offering Video Poker

2

**Organic growth opportunities with disciplined investment spending**

- Kentucky Derby – capital investments to enhance guest experience and improve economics
- TwinSpires – organic growth driven by best-in-class racing content access and data driven marketing strategy that capitalizes on major race dates including the Kentucky Derby
- Casino – Multiple, smaller bets in various geographies provides for solid growth with opportunities for additional tuck-in acquisitions and potential iGaming expansion as states liberalize laws
- Expansion into historical racing machines provides new growth potential in Kentucky
- Option on gaming expansion at existing property in Illinois and valuable Florida real estate

3

**Strong balance sheet and financial performance**

- Strong free cash flow generation with disciplined maintenance capital spending
- Conservatively levered with capacity to pursue strategic options including reinvestment in organic growth, M&A activity, dividends, and share repurchases

4

**Proven management team**

- Diverse backgrounds with multi-industry, technology and international experience
- Successful track record of integrating new businesses
- Proven record of disciplined capital allocation, revenue and earnings growth

<sup>1</sup> Based on annual / quarterly figures released by Oregon Racing Commission for 12/31/17

<sup>2</sup> Includes Miami Valley Gaming (“MVG”), 50% owned Ohio joint venture, Saratoga Casino Hotel New York and Saratoga Casino Black Hawk, 25% owned New York and Colorado equity investments, respectively and The Casino at Ocean Downs (“Ocean Downs”) in Berlin MD, a 62.5% owned equity investment

## Experienced, Proven Management Team



**Bill Carstanjen**  
**Chief Executive Officer**

- Named CDI's 12<sup>th</sup> CEO in Aug 2014
- Served as COO since 2009, President & COO since March 2011, with CDI for ~12 years total
- Formerly with GE Capital
- M&A background with Cravath, Swaine & Moore LLP and GE
- Previously led legal and development teams
- Columbia Law School



**Bill Mudd**  
**President & COO**

- Named Chief Operating Officer in Sept 2015, named President in Aug 2014
- Previously served as CFO since 2007
- Leads operations and IT teams
- 15 year multi-industry, multi-business background with GE
- International experience
- Former Captain in the U.S. Army Reserves
- B.A. in Mathematics; M.B.A



**Marcia Dall**  
**EVP & CFO**

- Leads finance, accounting, FP&A, treasury, risk management, IR and capital management
- 30+ year multi-industry background
- Formerly with GE in various finance and operations positions over 20+ year tenure
- Previously public company CFO (6 years) for Erie Insurance Group / Erie Indemnity (NASDAQ: ERIE)
- B.S. in Accounting; Masters of Management; CPA
- Named Chief Financial Officer effective Oct 2015



## Agenda

---

- Company Overview and Key Investment Highlights
- **Segment Overviews and Growth Strategies**
  - **Racing / Kentucky Derby**
  - **TwinSpires**
  - **Casino**
- Additional Growth Opportunities
- Financial Overview



---



# **Racing / Kentucky Derby Segment Overview and Growth Strategy**

## The Kentucky Derby is an Iconic and Irreplaceable Asset

### Churchill Downs Racetrack is a national historic landmark

- 189 acres in Louisville, Kentucky
- Home of the Kentucky Derby and Kentucky Oaks since 1875
- 143 consecutive years of iconic KY Derby, the longest continuously held major American sporting event and first leg of Triple Crown series

### Our guests want to experience a piece of history - a piece of the mystique and magic of Churchill Downs

- History & Tradition – “Historic Americana”
- Aspirational – “Sophisticated Luxury”
- Spectacle – “Contagious Excitement”

### Kentucky Derby Week continues to set records

- Derby Week in 2017 delivered an 8<sup>th</sup> consecutive year of record Adjusted EBITDA
- Strong 2017 Derby Week attendance of 349,455 (5<sup>th</sup> highest) despite challenging weather
- Derby Week all sources wagering of \$285 million represented 3<sup>rd</sup> consecutive all-time high



## The Kentucky Derby Guest Profile

### Attracts guests from across the U.S. and internationally

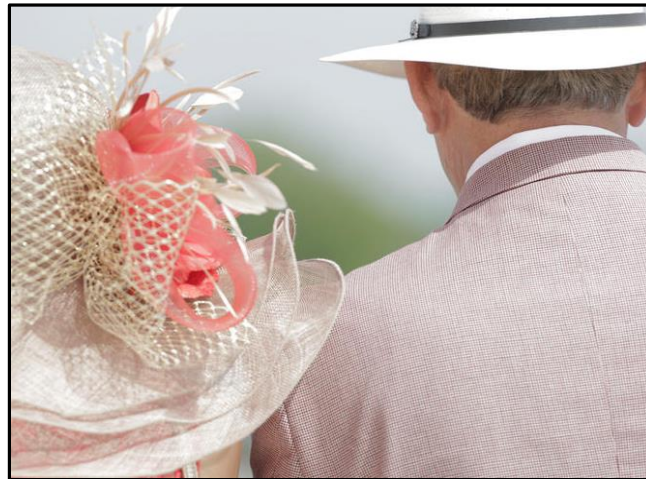
- 58% of our 2017 customers were from outside of Kentucky<sup>1</sup>
- Attracted customers from all 50 states, DC, and 16 different countries

### Attracts interest from all demographics

- Reserved seating guests have an average age of 53 with annual household income of ~\$140k and net worth of ~\$1.4 million
- General admission attendance ... Average age is 35 with 45% of attendees having attained a college degree and 49% traveled over 200 miles
- Kentucky Derby Instagram and Facebook followers - ~70% are female, most significant age cohort of followers between 25-44

### Attracts more than just racing fans

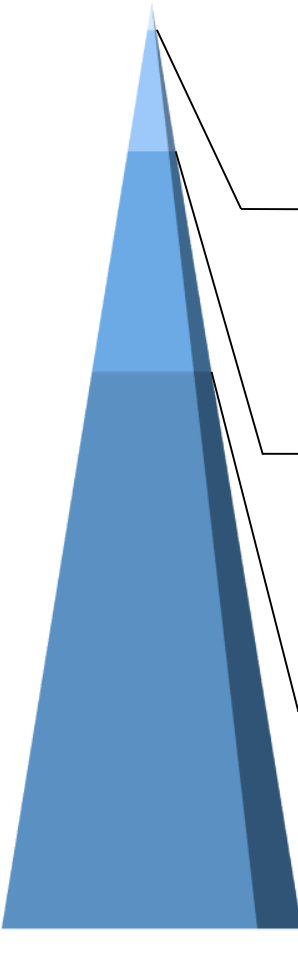
- 34% attend for the social experience
- 31% attend to experience the history and tradition of the Derby



<sup>1</sup> Excludes General Admission Customers on the Day of Derby  
Source: Internal 2016 Net Promoter Score Survey

## The Kentucky Derby Offers Diverse Experiences

Multiple ticketing options makes the Derby attainable for all income levels



**Suite and Mansion:** Guests enjoy exclusive dining with concierge services (~3% of attendance and ~30% of ticket revenue)

**Dining:** Guests enjoy a broad range of experiences from multi-course plated offerings in the Turf Club to a chef's buffet all with premium bar options (~10% of attendance and ~28% ticket revenue)

**Reserved Seating:** Fans enjoy stunning views of the world's most legendary racetrack from private boxes, stadium, or bleacher seats (~24% of attendance and ~35% of ticket revenue)

**General Admission:** Patrons can access the paddock and infield. Viewing is available on the world's largest 4K video board that is bigger than three NBA basketball courts (~2/3's of attendance and <10% of ticket sales)

*Derby is more than a day, it's a week long experience ....*

**Kentucky Horse Farm & Bourbon tours**



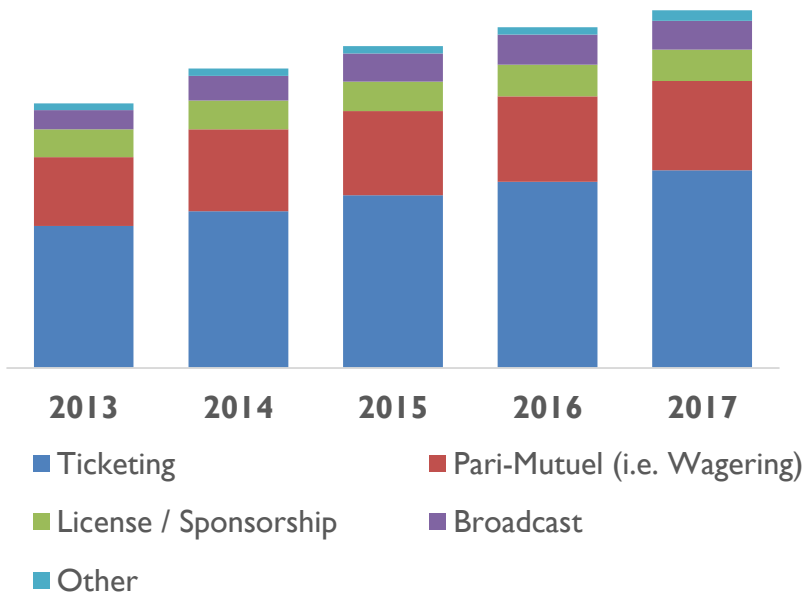
**Kentucky Derby Festival**



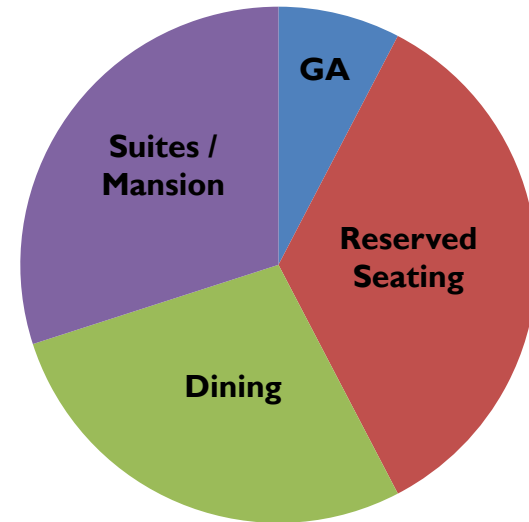
**A non-affiliated 501c3, the KY Derby Festival, "stretches the fastest two minutes in sports into a month long party" complete with 70 events attended by over 1.5 million people including one of America's largest firework shows, a Marathon, a steamboat and hot air balloon race.**

## The Kentucky Derby - Sources of Growth and Profitability

**Derby Week Revenue**  
5-year CAGR for Revenue Growth – 7.6%



**Ticketing Revenue**



### Premium seats (~59,000) are largest contributor to revenue

- Over a third of reserved seats are under non-cancellable contracts with staggered expirations of typically 3-7 years through personal seat licenses, suite contracts, and other agreements
- Remaining reserved seats are sold in advance of the event, typically early in the year
- Demand for premium tickets continues to exceed supply

## The Kentucky Derby – Strategic Investments

**Over \$85 million in major capital improvements over the last 8 years**

2010 – Permanent Lighting for Track

2013 – Paddock Plaza and The Mansion

2014 – Big Board and Grandstand Pavilion

2015 – Winners Circle Suites and The Courtyard

2016 – Stakes Room and Turf Club

2017 – Loft at Aristides Lounge and 2<sup>nd</sup> Floor Clubhouse

**CDI has made significant capital investments to enhance the Kentucky Derby guest experience and improve economics**

### 2018 Starting Gate Suite Project

**\$37 million capital expansion project**

**To be completed before 2018 Derby & Oaks**

#### Projected New Seats

1,140	Private Suites Tickets
576	Dining Room Tickets
110	Grandstand Seats
<b>1,826</b>	<b>New Seats</b>



## The Kentucky Derby – Colonnade, Parking, and Transportation Project

**\$32 million investment to be completed prior to 2018 Breeders' Cup**

Aerial view of parking lot design



View of arrival at the new Paddock Gate



Aerial view Paddock Gate Entry



View of new entrance from Central Ave.





## The Kentucky Derby – Additional Growth Opportunities

### NBC

#### Long-term contract with flagship television partner

- 10-year Television Rights contract with NBC through 2025

#### Ratings for the Kentucky Derby hit high marks

- 2017 Kentucky Derby delivered the largest media audience since 1989, peaking at over 19.1 million TV only viewers
- The broadcast was shown in 202 international territories with an international TV household reach of 317 million
- NBC Sports Digital's presentation of the Kentucky Derby ranks as the most-streamed Kentucky Derby ever, delivering 9 million minutes, up 30% from last year. The stream also delivered a record 281,000 unique users.

### Sponsorships

#### Presenting sponsor of Kentucky Derby

- 5-year agreement with Brown-Forman (Woodford Reserve)

#### Presenting sponsor of Kentucky Oaks

- Longines agreement through 2022

**Our strategy is to align with partners that exemplify the Kentucky Derby**

### Road to the Kentucky Derby

#### Japan

- Historically closed market opened in 2016
- Horses compete for one Derby starting position through three Japanese races

#### European

- Announced in 3<sup>rd</sup> Quarter of 2017
- Horses compete for one Derby starting position through seven European races

## All Other Racing Overview

### Racing segment includes 3 additional Thoroughbred Racetracks

Each CDI racetrack has history and importance in their respective communities

- Arlington is located on valuable land and is an attractive potential gaming option
- Calder leases racing operations to The Stronach Group and operates gaming facilities in an attractive location
- Fair Grounds is a central part of New Orleans city life, hosting the Jazz Festival and operating an on-site slot facility

#### Arlington International Racecourse



- 336 acres in western Chicago suburb, Arlington Heights
- Operates 11 OTB's
- 20 minutes from O'Hare airport
- Metra commuter train stop on property - easy access to other suburbs & Chicago
- Rich history with the "Arlington Million"

#### Calder Race Course



- 170 acres in Miami Gardens, FL with convenient access off FL Turnpike
- Near Hard Rock Stadium – Home of the NFL's Miami Dolphins
- The Stronach Group leases racing operations through 2020, driving improved Racing Ops profitability
- 2016 sale of 61 excess acres for ~\$434k per acre

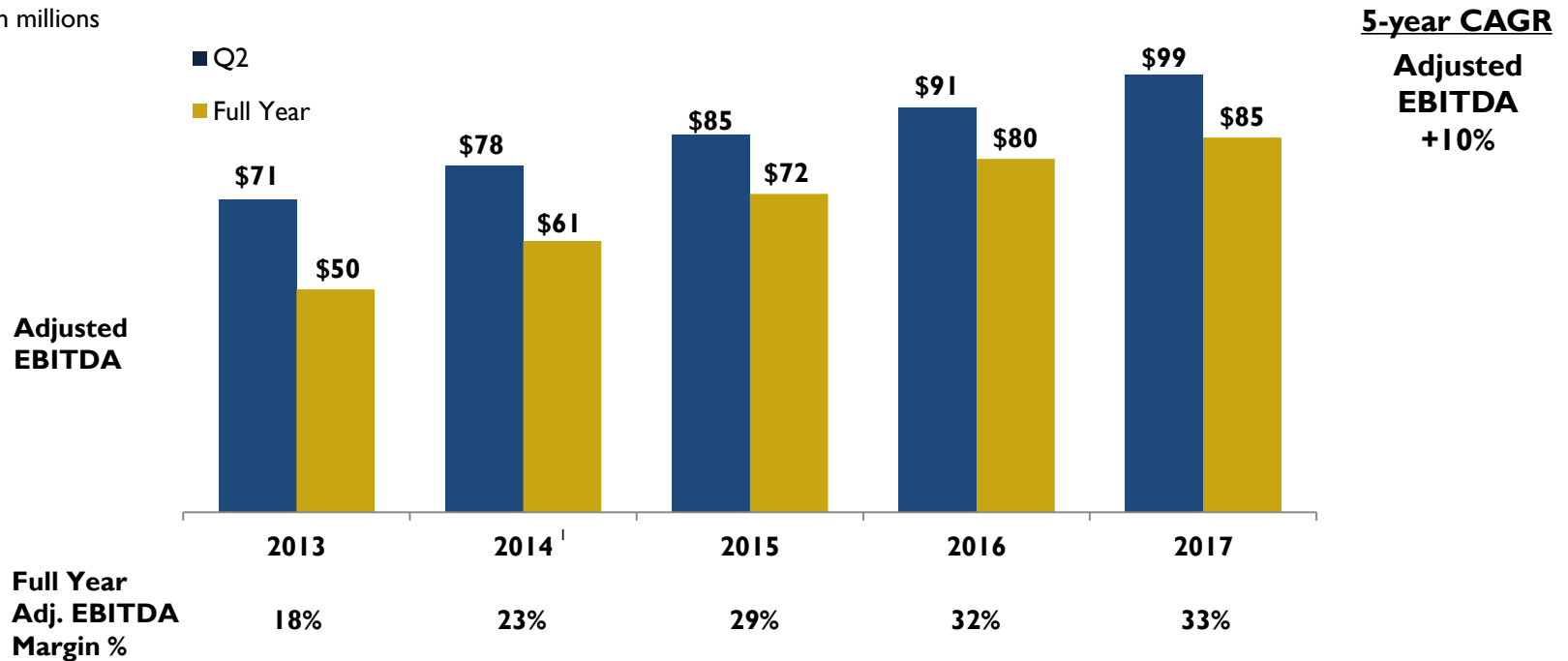
#### Fair Grounds Race Course



- 145 acres in New Orleans
- Network of 12 Off-Track Betting (OTB's) facilities
- Video poker machines (VSI) in 10 of the OTB's
- Home of the "Louisiana Derby" & runs a quarter horse race meet
- New Orleans Jazz Festival host since 1972

## Kentucky Derby Drives Annual Growth in Racing Segment

\$ in millions



<sup>1</sup> Beginning in July 2014, Adj. EBITDA was impacted by the leasing of Racing Ops at Calder (FL)



---



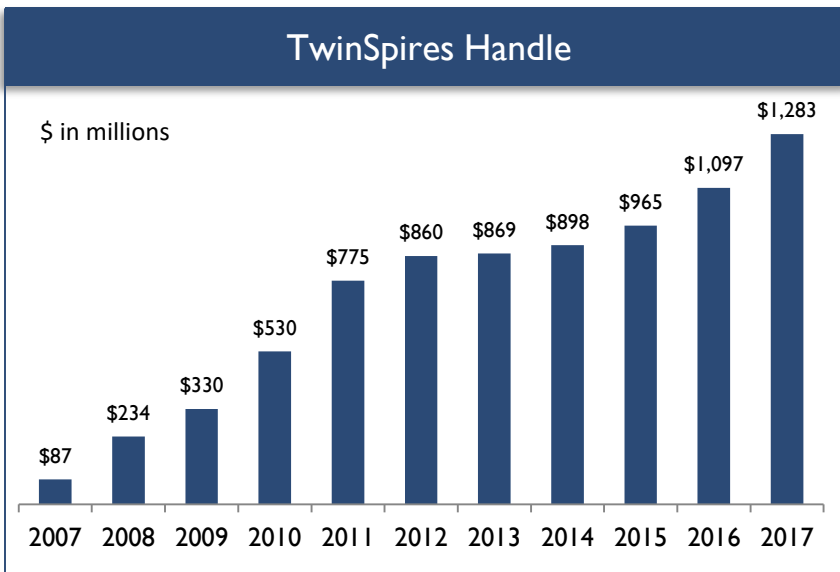
# **TwinSpires Segment Overview and Growth Strategy**

## TwinSpires Overview

### TwinSpires is the largest, legal mobile betting operator in the US

- Launched in 2007
- Accepts wagers from residents of 40 states
- Official mobile betting partner of the Kentucky Derby, the Breeders Cup World Championships, and Churchill Downs Racetrack
- Multiple wagering interfaces ... Available on any device including iOS and Android apps

### Delivers handicapping data, live race video, and best in class betting



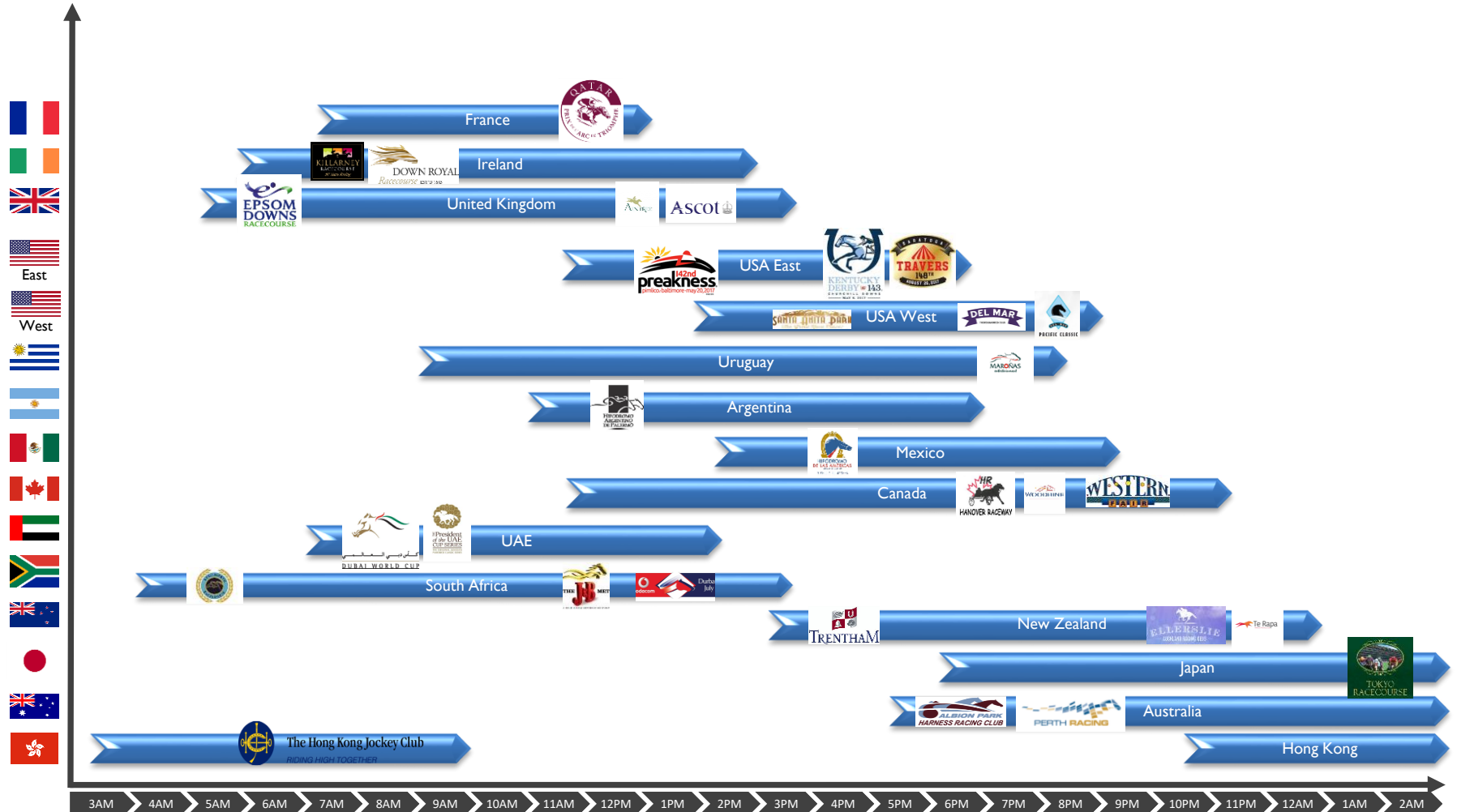
# TwinSpires Racing Content

TwinSpires offers betting on 132,000 races at 330 racetracks 365 days a year



## TwinSpires Racing Content Access

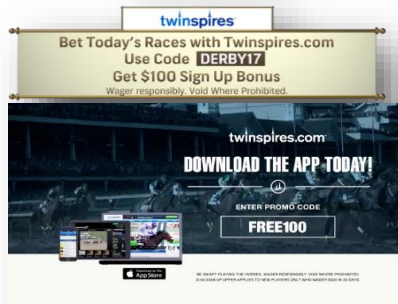
TwinSpires offers betting 24/7 from 16 countries



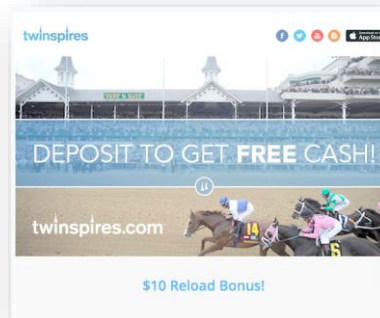
## TwinSpires Growth Enhanced by Data and Linkage to Derby

We leverage data to drive...

### User Acquisition



### User Retention



### User Activation



We have the unique ability to create once in a lifetime experiences at the KY Derby

### Winner's Toasts



### Trophy Presentations



### VIP Events



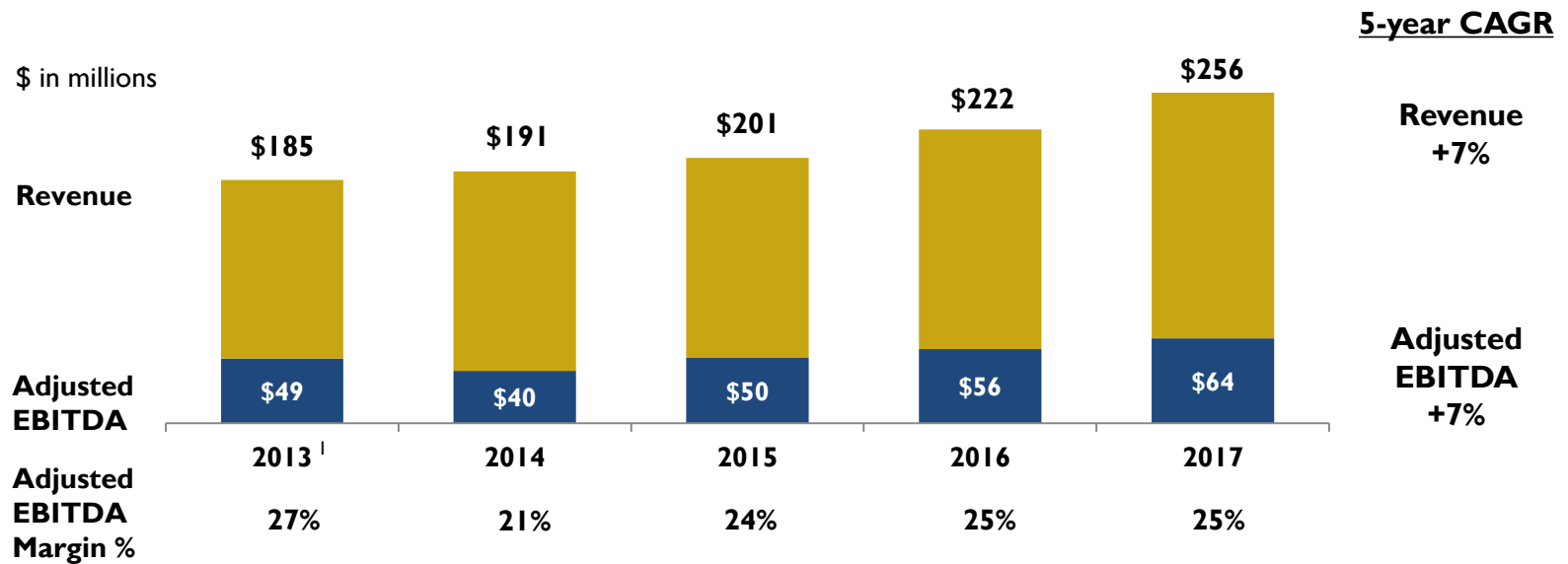
### Behind-the-Scene Tours





## TwinSpires Segment Financial Overview

### TwinSpires delivers strong growth in Adj. EBITDA



<sup>1</sup> In 1H 2013, TwinSpires stopped taking wagers from Illinois residents until June 2013 when Illinois resident wagering resumed with passage of new law. In September 2013, TwinSpires stopped taking wagers from Texas residents after court ruling upheld a Texas law requiring all wagering to take place at racetracks





---



# **Casino Segment Overview and Growth Strategy**

## Wholly Owned Casino Properties

**We own and operate five casinos and 3 hotels**

### Calder Casino

- Facility opened in January 2010
- Located in Miami Gardens, FL, near Hard Rock Stadium
- Convenient location off FL Turnpike
- Approximately 1,090 slot machines
- Among top 3 in slots market share for South FL pari-mutuel gaming facilities



### Oxford Casino

- Purchased in July 2013
- Located in Oxford, ME
- ~970 slot machines, 28 table games
- Expanded gaming floor completed and new 107 room hotel opened November 2017



### Fair Grounds Slots & Video Poker

- Slots facility opened in October 2008
- Located in New Orleans, LA
- ~620 slot machines at FG Slots
- VSI operates ~820 Video Poker Machines in 10 Off-Track Betting facilities across southeast LA (12 OTB's in total)



### Harlow's Casino Resort & Spa

- Purchased in December 2010
- Located in Greenville, MS
- ~730 slot Machines, 15 table games
- 105-room attached hotel
- #1 in gaming market share in Greenville



### Riverwalk Casino Hotel

- Purchased in October 2012
- Located in Vicksburg, MS
- ~650 slot machines, 15 table games
- Five-story, 80-room attached hotel
- Consistently #2 in gaming market share in Vicksburg and newest property in market



## Equity Investments in Casino Properties

**We have equity investments in four casinos and one hotel**

### Miami Valley Gaming (50% Equity Investment)



- Opened in Dec 2013
- Located in Lebanon, OH (North of Cincinnati, south of Dayton)
- ~1,830 video lottery terminals
- Joint venture (50/50) with Delaware North
- Consistently top 3 in OH market for VLT gross win, #1 in Cincinnati market



### Saratoga Casino & Raceway (25% Equity Investment)



- Purchased 25% stake in Oct 2015
- Located in Saratoga Springs, NY
- ~1,700 video lottery terminals
- Casino operations managed by CDI
- New \$40 million hotel, multi-purpose facility and Morton's Steakhouse opened in 2016



### Saratoga Black Hawk (25% Equity Investment)



- Purchased 25% stake in Nov 2016
- Located in Black Hawk, Colorado
- ~460 slots, 9 tables



### The Casino at Ocean Downs (62.5% Equity Investment)

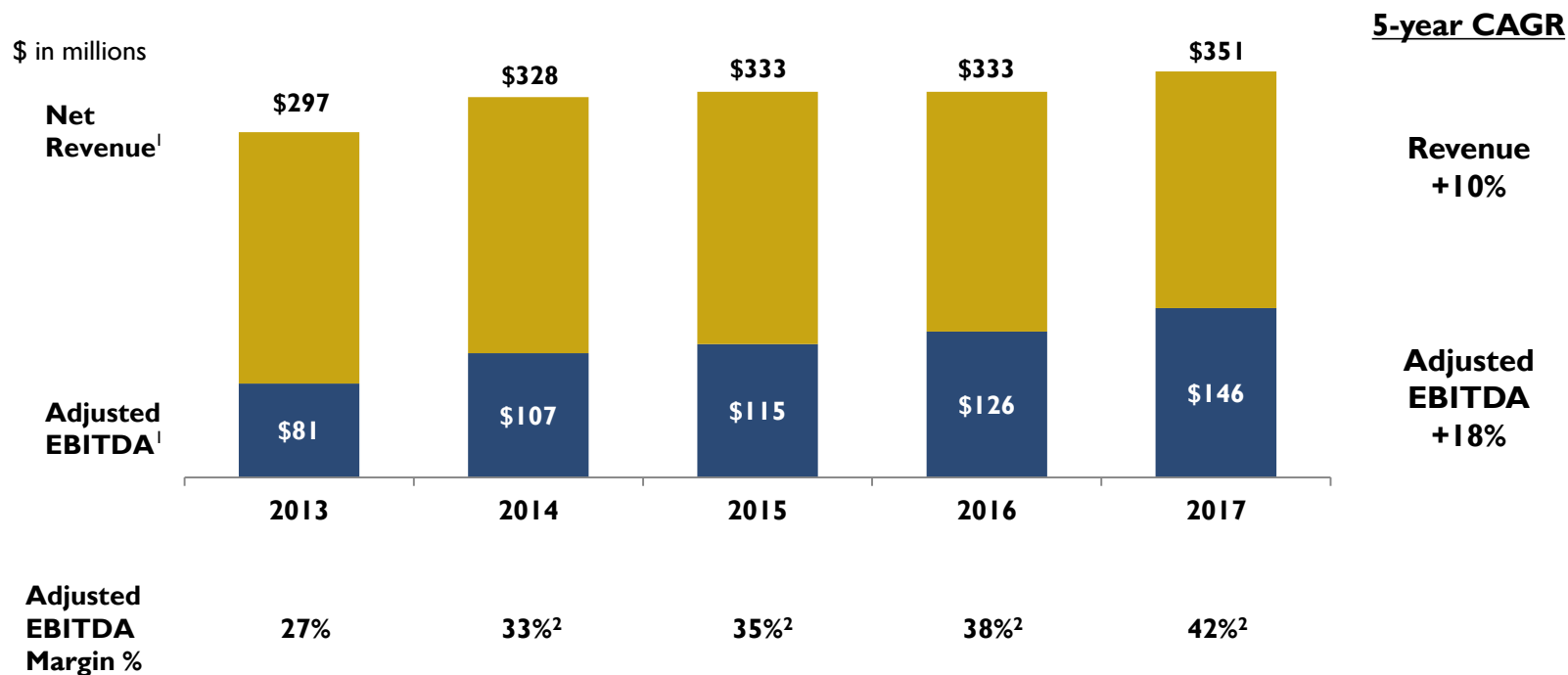


- Purchased 50% equity stake in January 2017, coupled with 25% ownership of Saratoga partner that owns the other 50% stake, results in overall 62.5% equity ownership
- Located in Berlin, MD, near Ocean City
- Harness racetrack opened in 1949, Casino opened in 2010
- ~600 video lottery terminals and 10 table games
- Added 10 table games and 100 VLTs on December 29, 2017



## Casino Segment Financial Overview

Multiple, smaller bets in various geographies provides for solid growth profile



<sup>1</sup> Net revenue does not include the net revenue of our equity investments in casino properties. Adj. EBITDA includes Churchill Down's portion of the Adj. EBITDA of our equity investments in casino properties based on our ownership percentage.

<sup>2</sup> Our Adjusted EBITDA margins are 27%, 29%, 29% and 29% for 2014, 2015, 2016 and 2017, respectively, when our equity investments in casino properties are excluded from Adj. EBITDA.

## Agenda

---

- Company Overview and Key Investment Highlights
- Segment Overviews and Growth Strategies
  - Racing / Kentucky Derby
  - TwinSpires
  - Casino
- **Additional Growth Opportunities**
- Financial Overview

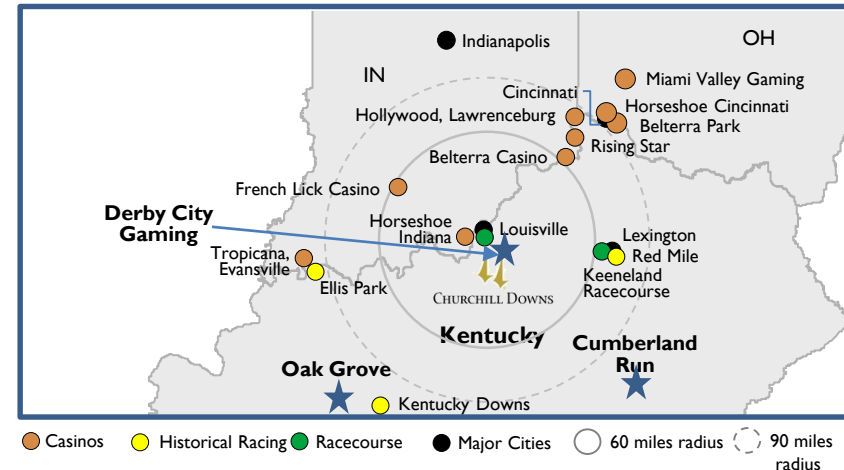
## Historical Racing Gaming Opportunities in Kentucky

### Background on historical racing machines (“HRM”) in Kentucky

- In 2010, Kentucky’s Horse Racing Commission enacted regulations to permit wagering on historical horse races on electronic HRM terminals in Kentucky
- In 2011, Kentucky Downs opened the state’s first HRM facility
- Ellis Park followed in 2012 and a facility jointly owned by Keeneland and Red Mile opened in 2015

### Three opportunities we are pursuing ...

- Derby City Gaming – Louisville (see next page)
- Announced partnership with Keeneland to pursue two additional HRM licenses
  - “Cumberland Run” – Corbin, KY
    - \$24 million potential investment – up to 250 machines
    - Construction of proposed racetrack and related facilities will commence upon approval of initial pari-mutual racing license
  - Oak Grove, Christian County, KY ... southern area of state near Nashville, Tennessee border
    - \$60 million potential investment – up to 600 machines
    - Construction of proposed racetrack and related facilities will commence upon approval of initial pari-mutual racing license



## Derby City Gaming

### Derby City Gaming is on schedule to open Fall 2018

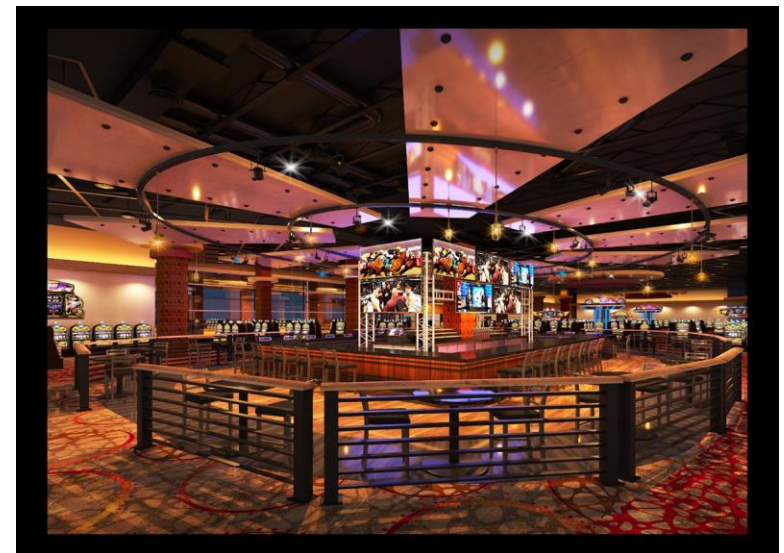
- \$60 million historical racing machine (“HRM”) facility
- 85,000 square feet with approximately 600 machines
- Two food venues, including a feature bar, and an outdoor gaming patio
- Sized to easily add up to 300 more machines

### Partnering with Ainsworth Game Technology

- Recently announced partnership with Ainsworth to produce innovative and competitive games
- Will produce a catalog of historical racing games on a range of cabinets
- Long-term, mutually beneficial agreement

### Derby City is the first HRM facility in Louisville

- Conveniently located off I-264 and close to I-65, about 5 miles east of Churchill Downs Racetrack
- Louisville metropolitan areas has a population of ~1.3 million
- Link to Churchill Downs Racetrack already supporting positive word-of-mouth





## Acquisition of Presque Isle and Lady Luck Casinos

Recently announced \$229.5 million definitive purchase agreement to acquire ...



- Opened in July 1994 in Vicksburg, Mississippi
  - ~620 slot machines, 9 table games and 89-room hotel
  - 25,000 sq. ft. of gaming space, banquet hall, and over 2,000 sq. ft. of meeting space
  - Opportunity for dual-property synergies with Riverwalk in the Vicksburg market
  - Expected to close 2Q'18
- Opened in February 2007 in Erie, Pennsylvania
  - Operates ~1,600 slot machines, 32 table games and a 7 table poker room on a 272 acre site
  - Conducts ~100 live thoroughbred race dates each year
  - 153,400 sq. ft. facility
  - Potential Pennsylvania iGaming opportunity
  - Conditioned on closing of Lady Luck transaction
  - Expected to close 4Q'18

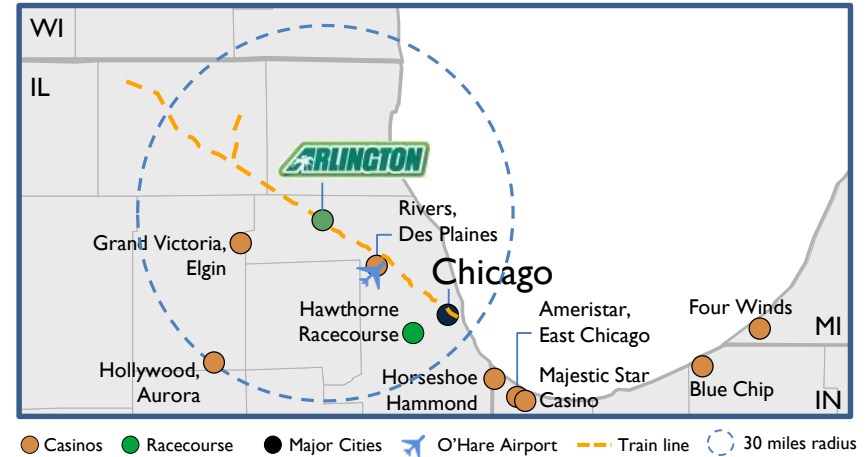


**8.2X properties' TTM EBITDA, net of cash acquired ... immediately accretive to EPS**  
**Opportunity to scale gaming portfolio and potential iGaming upside**

## Illinois and Florida Opportunities

### Illinois

- Attractive location – Arlington Heights is a suburb of Chicago, the commercial hub of the Midwest and 3<sup>rd</sup> largest metro area in U.S. (population of 2.7 million)
- Very strong casino market
- Legislature has discussed expanded gaming as a solution to their large state budget and pension deficits
- Potential site for casino with slots and table games, if approved by IL legislature



### Florida

- Calder Race Course – 170 acres of land with casino and racetrack in Miami Gardens, Florida; near the Hard Rock Stadium, home of the Miami Dolphins
- Agreement with The Stronach Group to operate and manage Calder's racetrack and live horseracing under Calder's racing permits until December 31, 2020
- In November 2016, we closed the sale of 61 acres of excess real estate at Calder for \$26.5 million or \$434,426 per acre
- Legislation was filed in November 2017 that would allow pari-mutuel facilities in Miami-Dade and Broward counties to decouple their pari-mutuel and gaming operations

## Agenda

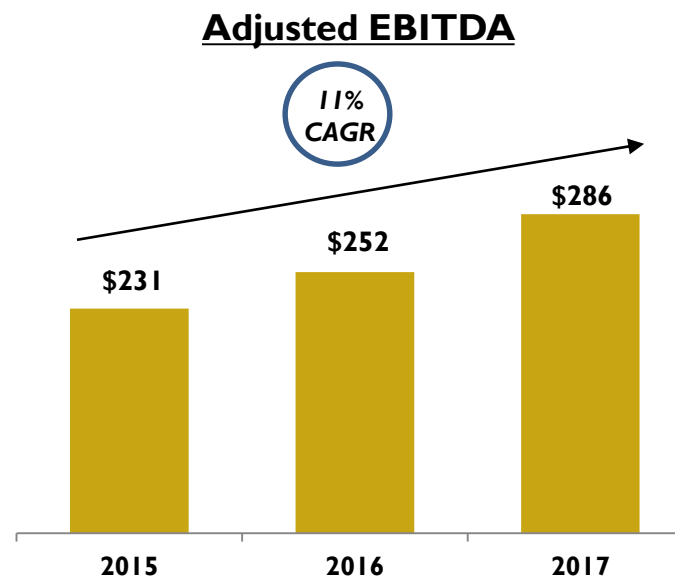
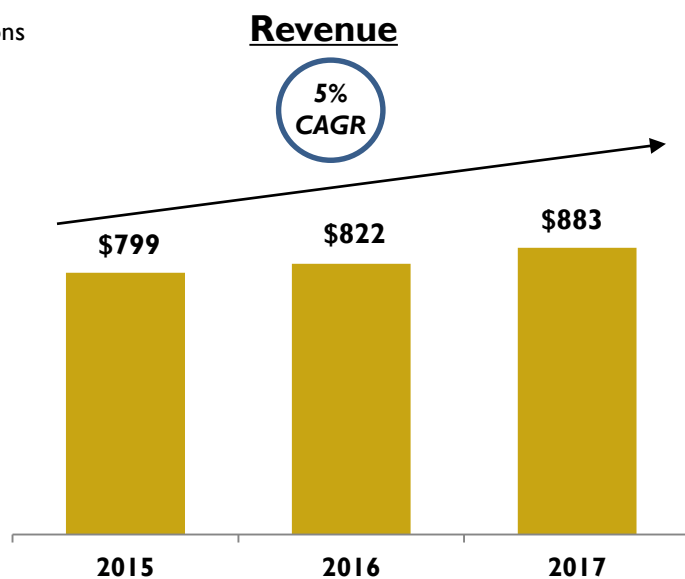
---

- Company Overview and Key Investment Highlights
- Segment Overviews and Growth Strategies
  - Racing / Kentucky Derby
  - TwinSpires
  - Casino
- Additional Growth Opportunities
- **Financial Overview**

## Historical Financial Performance excluding Big Fish

**Strong growth driven by organic growth, strategic investment in core assets, and opportunistic acquisitions**

\$ millions



### Key Drivers of Growth

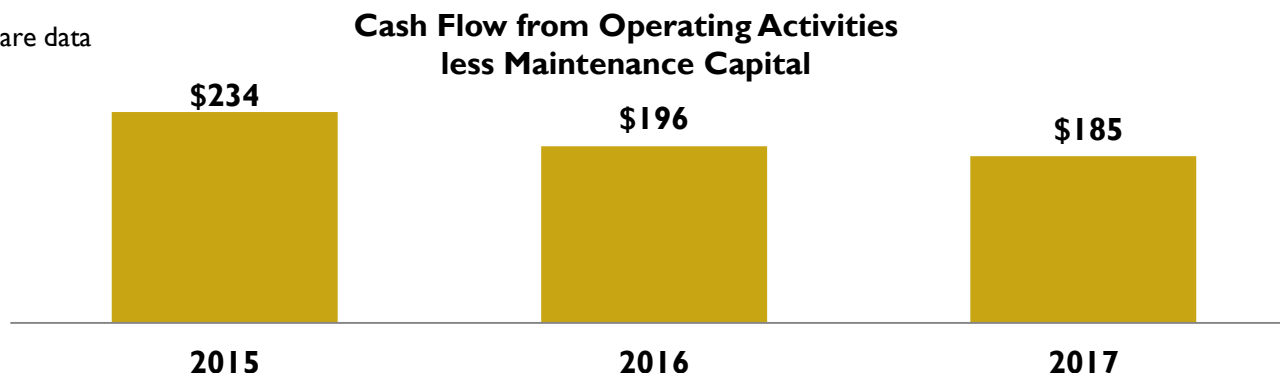
- Ongoing strategic investments in the Kentucky Derby
- Investments in Ocean Downs, Saratoga, and Saratoga Colorado casino joint ventures
- Organic investments to grow existing owned gaming properties
- Integrations of small acquisitions including BetAmerica
- Strong core organic growth from TwinSpires

Note: Audited financials excluding Big Fish Games, Revenues from Casino JV's excluded from total CDI Revenues,

## Cash Flow from Operating Activities Less Maintenance Capital

### Our operations generate strong cash flow

\$ in millions,  
except per share data



#### Other Key Financial Metrics

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Operating Cash Flow	\$ 265	\$ 227	\$ 218
Maintenance Cap-ex	\$ 31	\$ 31	\$ 33
Dividends Paid (per share)	\$1.00	\$1.15	\$1.32
Shares Repurchased	\$138	\$28	\$180

#### Key Observations

- Cash Flow from Operating Activities excluding Big Fish grew from 2015 to 2017
  - 2015 reflects \$40 million increase in deferred revenue and \$18 million of one-time tax refunds for Big Fish
  - 2017 includes \$29 million tax receivable related to estimated tax payments
- Paid dividend in January 2018 of \$1.52 per share, 15% increase and seventh consecutive year of dividend increases
- Repurchased 1.9 million shares for aggregate value of \$500 million shares in February 2018

## 2017 Tax Reform Impact

On December 22, 2017, Tax Cuts and Jobs Act (“Tax Act”) signed reducing federal tax rate from 35% to 21%

### Impact on 2017 Financial Results

As a result of the Tax Act, we recognized a **\$57.7 million benefit** in 4Q’17 related to the revaluation of our net deferred tax liability position.

### Impact 2018 and Beyond

	Historical Effective Tax Rate	New Effective Tax Rate
Federal Tax Rate	35%	21%
State & Local Tax Rate	2.3%	3.3%
Other Non-deductible Expense	0.2%	0.2%
Effective Corporate Tax Rate	37.5%	24.5%

The Company’s effective corporate tax rate may vary annually depending upon deductibility of executive compensation and tax windfall (shortfall) from vesting of stock compensation

### Other Provisions of the Tax Act

- Potential to immediately expense qualified property (generally non-real property) – phases out 20% per year beginning in 2023

## Adjusted 4Q 2017 and 2017 Net Income and Diluted EPS

### Adjusted Net Income and Adjusted Diluted EPS excluding Big Fish and unusuals

	Three Months Ended December 31,		Years Ended December 31,	
	2017	2016	2017	2016
GAAP net income	\$ 38.2	\$ 26.8	\$ 140.5	\$ 108.1
Adjustments, continuing operations:				
Impairment of tangible and other intangible assets	21.7	—	21.7	—
Loss on extinguishment of debt	20.7	—	20.7	—
Transaction and other expense	3.1	(1.0)	4.7	1.5
Gain on Calder land sale	—	(23.7)		(23.7)
Bluff contingency benefit	—	(2.3)	—	(2.3)
Income tax impact on net income adjustments <sup>(a)</sup>	(17.1)	10.3	(17.7)	9.1
Non-recurring non-cash income tax benefit of the Tax Act	(57.7)	—	(57.7)	—
Total adjustments, continuing operations	(29.3)	(16.7)	(28.3)	(15.4)
Big Fish Games net income <sup>(b)</sup>	(3.8)	(7.4)	(18.1)	(11.4)
Total adjustments	(33.1)	(24.1)	(46.4)	(26.8)
Adjusted net income	\$ 5.1	\$ 2.7	\$ 94.1	\$ 81.3
Adjusted diluted EPS	\$ 0.33	\$ 0.16	\$ 5.88	\$ 4.84
Weighted average shares outstanding - Diluted	15.5	16.8	16.0	16.8

(a) The income tax impact for each adjustment is derived by applying the effective tax rate, including current and deferred income tax expense, based upon the jurisdiction and the nature of the adjustment.

(b) Due to the Big Fish Transaction, the Big Fish Games segment is presented as a discontinued operation.

## Strong Financial Policies & Pristine Balance Sheet

### Free cash flow and leverage

- Ideal target is 3.0x – 4.0x net leverage ... willing to go slightly higher for a strategic acquisition
- Continue disciplined maintenance capital spending
- Cash from operations used for strategic organic investments, accretive acquisitions, dividends and debt repayment

### Balance sheet

- Maintain appropriate levels of operating cash on hand to run our gaming and racing operations
- Maintain significant availability under our secured revolving credit facility
- Protect the history of the Kentucky Derby

### M&A and investment criteria

- Strategic organic investments to expand offerings in high growth areas with returns above cost of capital
- Pursue strategic acquisitions that are accretive to Free Cash Flow per share and with returns above cost of capital

### Capital distribution philosophy

- Dividends are considered annually by the Board of Directors based on health of the Company
- Opportunistic share repurchases over the medium to longer term dependent upon free cash flow generation, leverage levels, and other investment opportunities to grow the business

### General

- Maintain broad and expedient access to the capital markets
- Engage in open and active dialogue with rating agencies and institutional investors