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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): November 2, 2018**

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**Churchill Downs Incorporated**

(Exact name of registrant as specified in its charter)

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**Kentucky**  
(State of incorporation)

**001-33998**  
(Commission  
file number)

**61-0156015**  
(IRS Employer  
Identification No.)

**600 North Hurstbourne Parkway, Suite 400, Louisville, Kentucky 40222**  
(Address of principal executive offices)  
(Zip Code)

**(502) 636-4400**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 7.01. Regulation FD Disclosure.**

Churchill Downs Incorporated is furnishing a copy of slides being presented at its Investor Day for institutional shareholders in Louisville, Kentucky on November 2, 2018, as Exhibit 99.1 hereto.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

99.1 [Slide presentation of Churchill Downs Incorporated at its Investor Day on November 2, 2018.](#)

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**CHURCHILL DOWNS INCORPORATED**

Date: November 2, 2018

By: /s/ Bradley K. Blackwell

Name: Bradley K. Blackwell

Title: Senior Vice President, General Counsel and Secretary



# CHURCHILL DOWNS

INCORPORATED

**Investor Conference**  
**November 2, 2018**

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- **Forward Looking Statements** **Nick Zangari**
- **Welcome and Introduction of Presenters** **Bill Carstanjen**
- **Company Overview and the Case for Investing** **Bill Carstanjen**
- **Segment Overviews and Growth Strategies**
  - **The Kentucky Derby** **Kevin Flanery**
  - **TwinSpires** **Bill Mudd**
  - **Casino Properties** **Austin Miller**
- **Additional Growth Opportunities** **Bill Carstanjen**
- **Financial Highlights and Insights** **Marcia Dall**
- **Questions and Answers**
- **Closing Remarks** **Bill Carstanjen**



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# Forward Looking Statements

Information set forth in this presentation contains various “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Act”), which provides certain “safe harbor” provisions. All forward-looking statements made in this presentation are made pursuant to the Act. Forward-looking statements are typically identified by the use of terms such as “anticipate,” “believe,” “could,” “should,” “would,” “estimate,” “may,” “project,” and similar words, although some forward-looking statements are expressed differently.

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. Such risks and uncertainties and other factors include, but are not limited to: economic conditions on discretionary spending; additional or increased taxes and fees; 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; catastrophic events and system failures disrupting our operations; security breaches and other security risks related to our technology, personal information, source code and other proprietary information; and other risks and uncertainties described in our reports on Form 10-K, Form 10-Q and Form 8-K filed with the Securities and Exchange Commission. 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.



**This presentation includes certain “non-GAAP financial measures” as defined in the Securities and Exchange Commission’s Regulation G. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures is included in the appendix of this presentation.**



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## **Welcome and Introduction of Presenters**

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

- Chief Executive Officer since Sept. 2014; Director since 2015
- President and COO, Mar. 2011 – Sept. 2014; COO, Jan. 2009 – Mar. 2011
- EVP, General Counsel & Chief Development Officer, July 2005 – Jan. 2009
- Former Executive of GE
- Began career as attorney with Cravath, Swaine, & Moore LLP in NYC
- Columbia Law School

**Bill Mudd**  
**President & Chief**  
**Operating Officer**

- Chief Operating Officer since Sept. 2015
- President and Chief Financial Officer, Aug. 2014 – Oct. 2015
- Chief Financial Officer from Oct. 2007 to Aug. 2014
- 15 year multi-industry, multi-business background with GE
- Former Captain in the U.S. Army Reserves
- B.A. in Mathematics from Bellarmine University; M.B.A

**Marcia Dall**  
**EVP & Chief**  
**Financial Officer**

- Chief Financial Officer since Oct. 2015
- Public company Chief Financial Officer for Erie Insurance Group / Erie Indemnity (Nasdaq: ERIE), Mar. 2009 to Oct. 2015
- 20+ year tenure with GE / GE Capital in finance / operational leadership roles
- B.S. in Accounting – Indiana University; Masters of Management – Kellogg School of Management at Northwestern University; CPA

**Kevin Flanery**  
**SVP, President**  
**Churchill Downs**  
**Racetrack**

- President of Churchill Downs Racetrack since July 2009 (13<sup>th</sup> in history)
- SVP – National Public Affairs and Communications from Mar. 2008 - July 2009
- Former President and COO of Hagan Properties
- Previously Secretary of Finance and Administration Cabinet of Kentucky and Deputy Secretary and Legislative Liaison for Kentucky's Transportation Cabinet
- B.A. from Bellarmine University; J.D. from University of Kentucky College of Law

**Austin Miller**  
**SVP, Casino**  
**Operations**

- SVP, Gaming Operations since Aug. 2013
- President of Calder Casino from 2010 - 2013 and Fair Grounds Race Course & Slots from 2007 - 2010
- 16 years of prior casino experience
- B.A. from University of Minnesota – Twin Cities

**Nick Zangari**  
**VP, Investor Relations,**  
**Treasury, and Risk**  
**Management**

- VP – Treasury, Investor Relations, and Risk Management since July 2017
- Sr. Director – Financial Planning and Analysis from Sept. 2016 - July 2017
- 12 year background with Morgan Stanley
- B.S. in Finance and International Business from Penn State; M.B.A. from New York University



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## **Strategy Overview and the Case for Investing**

## *The Kentucky Derby*



**The longest continuously held  
annual sporting event in the United States**

# TwinSpires.com

**BET ANYWHERE, ANYTIME**  
Bet on racetracks all around the world.

**TOP RACING DATA**  
Leading source of online data

**SIMPLE, FAST WAGERING**  
Place multiple bets at a time

**LIVE STREAMING**  
Be a part of the action

**BET LIKE A PRO**  
Get the inside edge with leading handicapping information

**EARN CASH**  
Earn cash bonuses to bet on the races



## The largest, legal online wagering platform in the U.S.

## Regional Casino Properties



**Seven casinos located in six states  
with ~8,000 gaming positions and three hotels  
14 off-track betting facilities (OTBs) with 12 offering video poker**



**Iconic asset - *The Kentucky Derby***

**Industry leading, diversified business platforms**

**Continuous organic growth opportunities**

**Ongoing expansion opportunities**

**Strong balance sheet and financial performance**

**Proven management team**

**Iconic asset - The Kentucky Derby**



***The magic and mystique of The Kentucky Derby is irreplicable  
– creating once-in-a-lifetime experiences for our guests***

**Industry leading, diversified business platforms**

**The Kentucky Derby**



**First of three Triple Crown events delivering:**

- highest attendance
- highest wagering
- consistent profitable growth over the past nine years

**TwinSpires**



**Largest legal online wagering platform in the U.S.**

**Multiple brands providing best in class betting experience**

**Casino Properties**



**Local focus provides growth delivering industry leading regional casino margins**

**Diverse regional portfolio in six states providing market access for sports betting and iGaming opportunities**

## Continuous organic growth opportunities

### **The Kentucky Derby**



Create and enhance guest experiences to enable greater pricing differentiation  
Capital investments to convert general admission guests to reserved seating  
Expand Derby Week offerings and attractions  
Leverage “Roads to the Derby” to attract additional sponsorships  
Expand Japan Road to the Derby and European Road to the Derby

### **TwinSpires**



Best in class racing content access and data driven marketing strategy capitalizes on major race dates, including *The Kentucky Derby*

### **Casino Properties**



Modest, disciplined capital investments to expand facilities and optimize return on invested capital

## Ongoing expansion opportunities

### Historical Racing Machines



Derby City Gaming – 900 machine facility opened in Louisville, KY on Sept. 14, 2018  
Oak Grove – Potential for up to 1,500 machine facility in Oak Grove, KY (~1 hour north of Nashville, TN) if approved by Kentucky Horse Racing Commission  
Potential to add 1,100+ additional machines at Derby City Gaming or Churchill Downs

### M&A



Targeting to close Presque Isle and Nemaquin acquisitions by Dec. 31, 2018  
Announced joint venture to acquire at least 50.1% of Rivers Casino Des Plaines in Chicago, Illinois  
Disciplined buyer of strategic brick-and-mortar gaming assets

### Sports Betting and iGaming



BetAmerica self service Sportsbooks opened Aug. 2018 at Riverwalk and Harlow's Casinos in Mississippi  
Targeting to launch mobile BetAmerica Sportsbook in New Jersey in 4Q'18  
Plan to launch mobile BetAmerica Sportsbook and iGaming in Pennsylvania in 2019

**Strong balance sheet and financial performance**

**Low leverage provides financial flexibility**

**Consistent growth in Adjusted EBITDA from continuing operations**

**Strong free cash flow**

**Disciplined project capital investment to generate industry leading return on invested capital**

## Proven management team

**Proven, results driven leadership team focused on creating shareholder value over the long-term**

**CDI team has unique combination of diverse, yet complementary strengths and talents**

- Average tenure at CDI is ~10 years
- Racing site leaders have an average of ~21 years of racing experience
- Gaming site leaders have an average of ~19 years of gaming industry experience
- Online gaming leaders have an average of ~13 years of real-money mobile and online gaming and sports betting experience

## Strong Board of Directors

### Alex Rankin

- Chairman, Independent
- Director since 2008
- Chairman of the Board of Sterling G. Thompson Company, LLC
- President of Upson Downs Farm, Inc.
- Chairman of James Graham Brown Foundation

### Bill Carstanjen

- Director since 2015
- CDI President and COO, 2011 – 2014; COO, 2009 - 2011
- CDI EVP, General Counsel & Chief Development Officer, 2005 - 2008
- Former Executive of GE
- Began career as attorney with Cravath, Swaine, & Moore LLP in NYC

### Robert Fealy

- Director since 2000
- Managing Director of Limerick Investments, LLC
- Previously President, COO, and Director of The Duchossois Group

### Richard Duchossois

- Director Since 2000
- Founder and former Chairman of The Duchossois Group, Inc.
- Managed diverse group of companies with >5,000 employees worldwide

### Daniel Harrington

- Director since 1998
- Chair of Audit Committee
- President and CEO of HTV Industries, Inc.
- Extensive financial, accounting, and Chief Executive experience

### Doug Grissom

- Director since 2017
- Managing Director and Head of Madison Dearborn Partners' Business & Government Software and Services team
- Previously with Bain Capital, McKinsey & Company and Goldman Sachs

### Ulysses Bridgeman, Jr.

- Director since 2012
- Owner and CEO of Heartland Coca-Cola Bottling Company,
- Previously owner & CEO of various companies operating over 450 restaurants in 20 states

### Karole Lloyd

- Director since 2018
- Retired Vice Chair and Southeast Regional Managing Partner for Ernst & Young LLP
- Handled mergers, IPOs, acquisitions, and divestures for EY



# ***The Kentucky Derby***

## The Kentucky Derby is an Iconic and Irreplaceable Asset

1875 - Opened by  
Meriwether Lewis Clark, Jr.



1895 -  
The Twin Spires are built



1902 - Matt Winn takes  
charge & makes a profit



**144 Years of evolving tradition!**

**The Kentucky Derby utilizes  
the mystique and magic of Churchill Downs  
to create unique experiences for our guests**

**Historic  
Americana**



**Sophisticated Luxury**



**Contagious  
Excitement**



## The Kentucky Derby Guest Profile

Attracts guests from across the U.S. and internationally

Attracts all demographics

	Reserved Seating	General Admission	Instagram and Facebook Followers
Average Age	53	35	Most Significant Age Cohort 25-44
Other Demographics	Household income ~\$140K/year Net Worth ~\$1.4 million	45% college degree 49% traveled >200 miles	~70% female

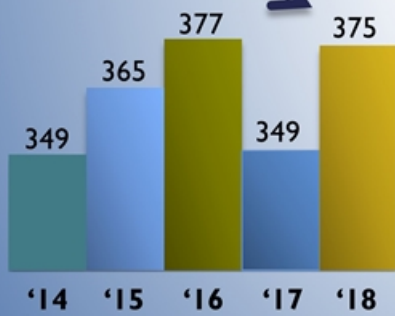
Source: 2018 Kentucky Derby Survey

## The Kentucky Derby Week continues to set records

### Derby Week Attendance

In thousands

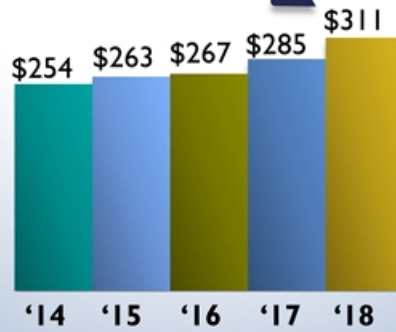
2<sup>nd</sup> all time high



### All Sources Wagering

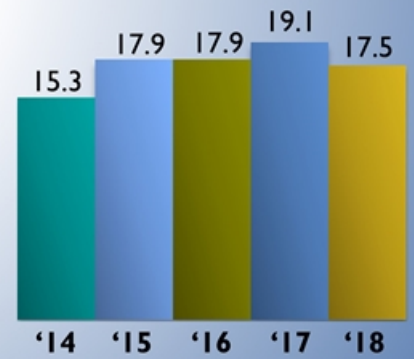
\$ in millions

4<sup>th</sup> consecutive all time high

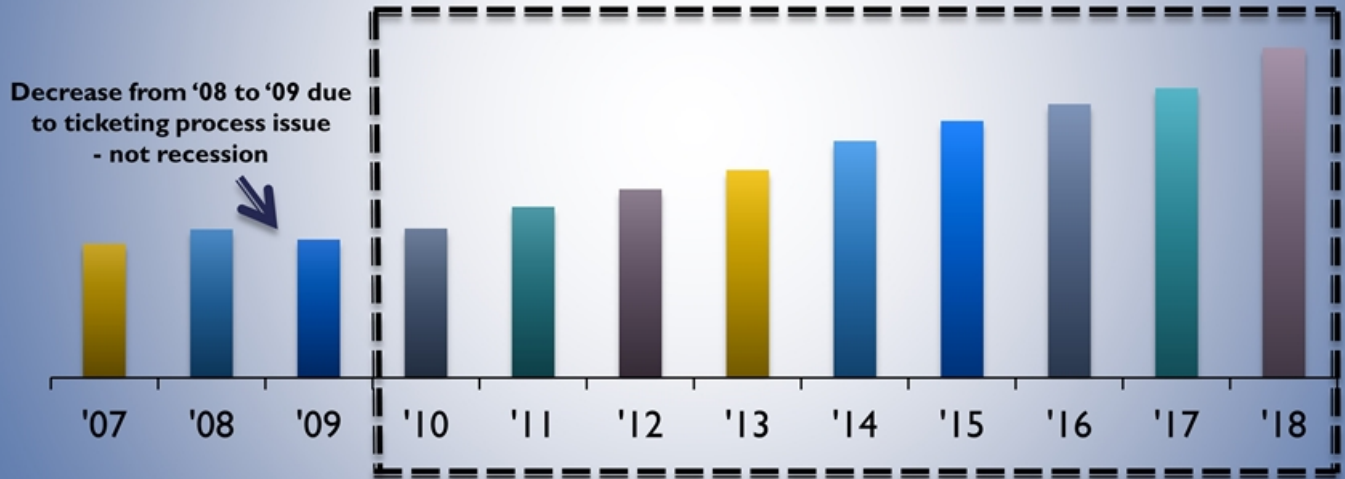


### NBC Viewership During Derby Race

In millions of viewers at Peak



## The Kentucky Derby Week has delivered 9 consecutive years of record Adjusted EBITDA



## ***The Kentucky Derby Growth Strategy***

### **Leverage unique experiences and make strategic capital investments**

- Enhance guest experience to enable pricing differentiation for ~60,000 reserved seats
- Execute capital investments to enable segmentation of ~110,000 guests who do not have a reserved seat
- Expand Derby Week offerings and attractions

### **Attract additional sponsorships**

### **Expand European Road to Derby and Japan Road to Derby**

## Nearly \$170 million in major capital improvements at Churchill Downs in past nine years

### Major Capital Improvements at Churchill Downs Since 2010

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
2018	Starting Gate Suites and Colonnade, Parking, and Transportation Project



## Future build-out of facility supports long-term growth of *The Kentucky Derby*



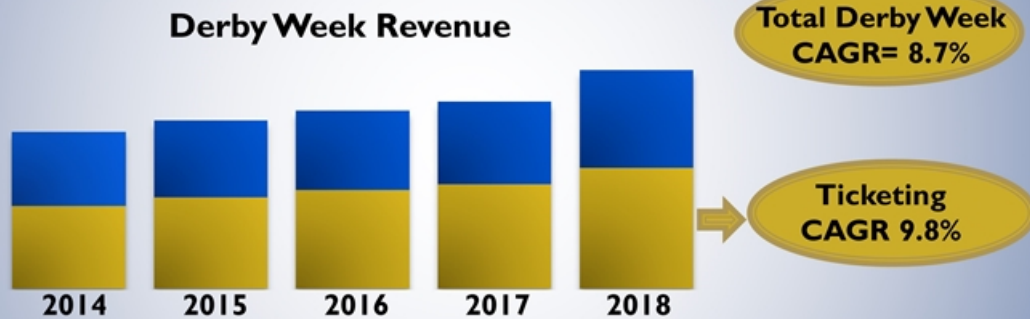
### 2019

- Rooftop Lounge
- Infield Gate
- Colonnade

### Future Concepts

- Hotel
- Premium renovations
- 1<sup>st</sup> Turn building
- Paddock
- Grandstand amenities
- Infield seating

## Ticketing remains significant driver of Derby Week revenue



Ongoing buildout of facility enhances guest experiences and enables greater pricing differentiation  
Adding additional capacity provides reserved seating for general admission guest conversion  
Monitoring the secondary market pricing provides insights into pricing elasticity

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

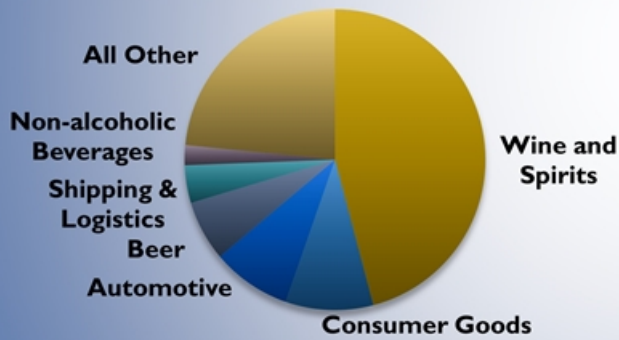


**Brown-Forman**  
Presenting sponsor of  
*The Kentucky Derby*  
**5-year agreement through 2022**



**Longines**  
Presenting sponsor of  
*The Kentucky Oaks*  
**5-year agreement through 2022**

Historically focused on single brand within diverse categories of sponsors



2018 Sponsors

Now successfully integrating complimentary brands within a category



## Multi-year sponsorships with staggered renewals supports long-term profitability and stability of earnings

### 2019 Sponsorship Update

- 99% of 2018 sponsorship revenue dollars is contractually committed for 2019
- Building relationships with new sponsors in the pipeline to grow sponsorship revenue for 2019



**RAM**



**INSPIRATO®**



**SENTIENT  
JET**

## Three unique Roads to the Derby for a horse to qualify in one of 20 coveted Derby starting positions

### United States

Started in 2012

Horses compete for a Derby starting position through 35 races from September through April

### Japan

Started in 2016

Horses compete for one Derby starting position through four Japanese races

### European

Announced in 3Q'17

Horses compete for one Derby starting position through seven European races

### Growth Potential

New customers for the Derby

Additional wagering

Provides extended marketing opportunity for sponsors

## **We have an experienced leadership team focused on *The Kentucky Derby***

**Proven, results driven leadership team focused on growing Adjusted EBITDA over the long-term**

**The Churchill Downs team has a diverse set of strengths and talents**

- President has a legal background, state government experience, and served as president and COO of a real estate company
- General Manager has prior experience with the PGA of America running major events including the PGA Championship
- Vice President – Ticketing Strategy has prior major league baseball ticketing strategy and execution experience
- Senior Director – Finance has 30+ years of experience

# TwinSpires



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

### Overview

Launched in 2007

Official mobile betting partner of the Kentucky Derby, the Breeders' Cup World Championships, and Churchill Downs Racetrack

Benefits from CDI ownership of United Tote and Brisnet



### Key metrics<sup>1</sup>

\$ in millions

Wagering \$1,386

Revenue \$287

Adj. EBITDA \$72

<sup>1</sup> 2018 TTM actuals as of 9/30/18; Includes BetAmerica and Velocity

### Multiple brands leverage infrastructure

twinspires BETAMERICA

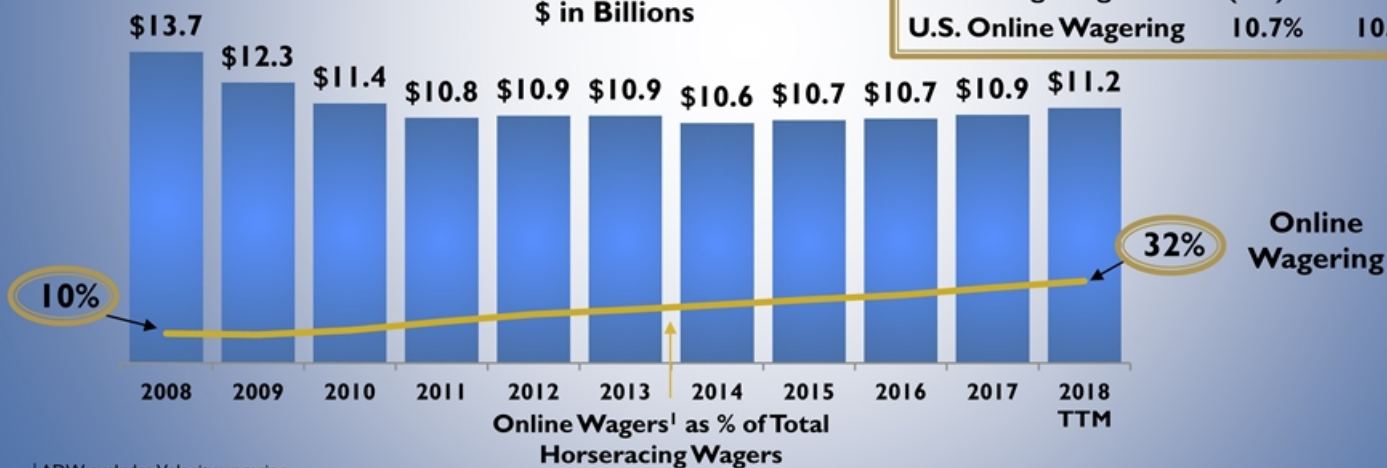
White label brands



## Online horseracing wagering has potential for additional market penetration

Total Horseracing Wagers in the United States  
\$ in Billions

U.S. Horseracing	CAGR	
	2008-18	2016-18
Total Wagering	(2.0)%	2.3%
U.S. Online Wagering	10.7%	10.0%



<sup>1</sup> ADW excludes Velocity wagering

## TwinSpires handle has grown significantly over the past decade



<sup>1</sup> Based on trailing twelve months ended September 30, 2018

## We are attracting new fans and younger fans to horseracing

### New Fans



Based on survey of August 2017 new customers

### Median New Player Age



## TwinSpires' strategic advantages

Linkage to *The Kentucky Derby* and the other Triple Crown / Breeders' Cup events



- Inexpensively acquire new customers each year with an affinity for horseracing
- Leverage premier content from *The Kentucky Derby* to acquire other horseracing content

Business intelligence analytics



- Utilize analytics on customer behavior to drive efficient customer acquisition, retention and activation

Customer relationships



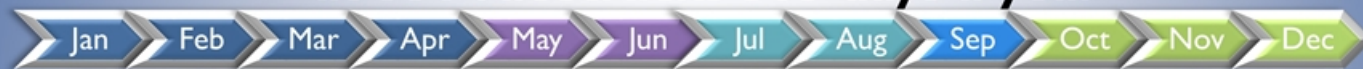
- Differentiate VIP relationships to build loyalty and retention
- Unique ability to create once in a lifetime experiences at *The Kentucky Derby*

Management team



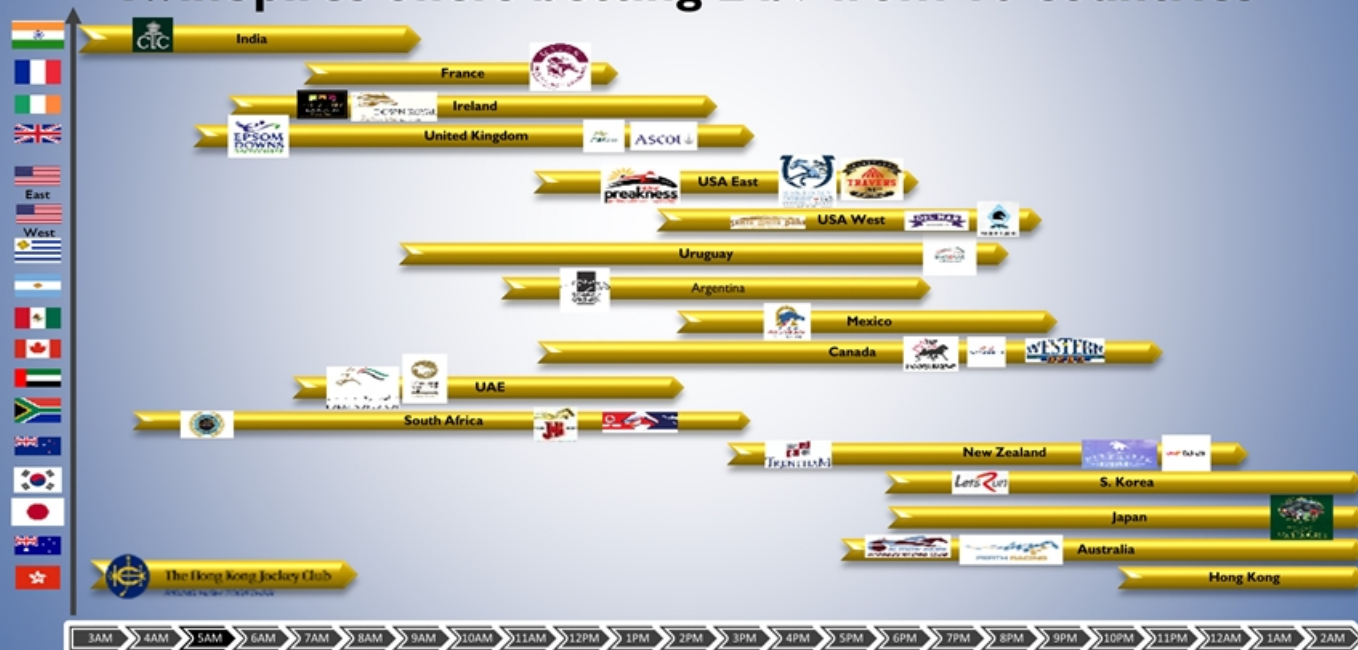
- Significant online wagering experience in Europe and the U.S.
- Deep technology expertise throughout core team

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



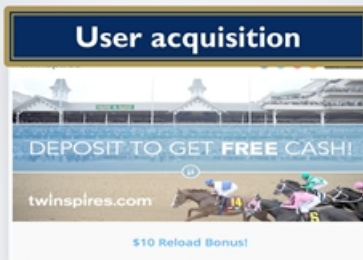
Road to Kentucky Derby	Triple Crown	Summer Season	Breeders' Cup Challenge Series & World Championships

# TwinSpires offers betting 24/7 from 16 countries



3AM 4AM 5AM 6AM 7AM 8AM 9AM 10AM 11AM 12PM 1PM 2PM 3PM 4PM 5PM 6PM 7PM 8PM 9PM 10PM 11PM 12AM 1AM 2AM  
Hours in EST

**We leverage data to drive user acquisition, retention and activation**



**We have the unique ability to create once in a lifetime experiences at The Kentucky Derby**





## We have a U.S.-based team with robust real-money online gaming experience

### VP Marketing

10+ years of experience across real money and social gaming

### President

19 years of experience in real money online gaming across sports betting, horse racing, casino, and poker verticals both B2C & B2B

Vast experience in Asia, Europe & North American gaming markets

### VP of Sportsbook

12 years experience in marketing, retention, and optimization in sports, casino, poker, and racing

### VP of Business Development – Online Gaming

10 years of experience across finance, corporate development, and investment banking roles

### VP of Product – Online Gaming

18 years of experience in real money mobile and online gaming

Formerly Founder and SVP of Product and Operations at a slot vendor and Senior Online Gaming Product Manager at largest lottery company in the world

### Sr. Director of Player Services

20 years of experience managing online gaming customer support centers

# Casino Properties

## Diverse portfolio of gaming properties

### Overview

#### Seven casinos and three hotels in six states

- Six wholly owned and one joint venture
- Local brands and community connection
- Smaller bets in diverse geographic and economic environments

**BetAmerica Sportbooks opened at two Mississippi properties in August 2018**

### Key metrics<sup>1</sup>

\$ in millions

<b>Gaming Positions</b>	<b>~8,000</b>
<b>Revenue</b>	<b>\$389</b>
<b>Adj. EBITDA</b>	<b>\$168</b>
<b>Wholly owned casino margin</b>	<b>30.5%</b>

**Industry leading margins for wholly owned casinos**

<sup>1</sup> 2018 TTM actuals as of 9/30/18

## Our casino properties' strategic advantages

Local approach	➔	<ul style="list-style-type: none"> <li>▪ Unique brands and marketing strategies</li> <li>▪ Menus and offerings reflect local tastes</li> <li>▪ Promotions catered to customer base</li> <li>▪ Loyal player base</li> </ul>
Business intelligence analytics	➔	<ul style="list-style-type: none"> <li>▪ Utilize analytics on customer behavior to optimize customer trips and casino / food &amp; beverage offerings</li> </ul>
Leverage corporate gaming expertise	➔	<ul style="list-style-type: none"> <li>▪ Gaming floor layout and game mix optimized</li> <li>▪ Central slot purchasing to leverage size</li> <li>▪ Disciplined reporting and communication strategy</li> <li>▪ Central marketing resource facilitates shared best practices</li> </ul>
Regional property gaming leaders	➔	<ul style="list-style-type: none"> <li>▪ Significant overall gaming experience</li> <li>▪ Stable executive leadership maintains local market focus</li> </ul>

## Local flavored brands create customer loyalty



- South Florida tropical theme
- Latin influence on menu and décor
- Employees engage customers in Spanish and English



- Maine mountain lodge motif
- Seafood and local beer focus
- Employee uniforms reflect more relaxed local atmosphere

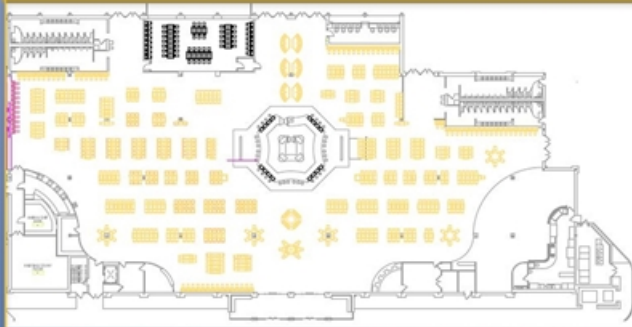


Corporate gaming expertise supports effective layout of gaming floors and selection of slot machines to enhance customer experience and optimize floor profitability



The Casino at Ocean Downs

Before



After



## **We have an experienced casino leadership team**

**Proven, results driven casino leadership team focused on growing Adjusted EBITDA over the long-term**

**Core Corporate casino leadership team has an average of ~26 years of gaming industry experience in multiple disciplines**

**Property leaders have an average of ~19 years of gaming industry experience**



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## **Additional Growth Opportunities**



## Organic Growth Opportunities

### **The Kentucky Derby strategic capital investments**

- Enhance guest experience to enable pricing differentiation for ~60,000 reserved seats
- Execute capital investments to enable segmentation of ~110,000 guests who do not have a reserved seat
- Expand Derby Week offerings and attractions

### **Historical Racing Machines**

- Derby City Gaming
- Potential Oak Grove, Kentucky facility

### **Sports Betting and iGaming**

- Existing brick-and-mortar casino properties and mobile
- Strategic market access deals

## Background on Historical Racing Machines in Kentucky

**In 2010, Kentucky’s Horse Racing Commission enacted regulations to permit wagering on historical horse races on historical racing machine (“HRM”) terminals in Kentucky**

- Permitted to have an HRM facility if awarded one of 9 horseracing licenses in Kentucky

**In October 2018, Kentucky state circuit court judge ruled that Exacta Systems historical racing machines qualify as pari-mutuel wagering and are legal in Kentucky**

**Four HRM facilities currently exist in Kentucky**

- Kentucky Downs opened the state’s first HRM facility in Sept. 2011
- Ellis Park opened an HRM facility in 2012
- Red Mile, a joint venture owned by Keeneland and Red Mile, opened an HRM facility in 2015
- Derby City Gaming, owned by Churchill Downs, opened on Sept. 14, 2018 in Louisville, KY

## What is a Historical Racing Machine?

A historical horse racing machine is a gaming device that uses a pari-mutuel math model to approximate the gaming experience of Class II and Class III machines

Existing Kentucky HRM facilities utilize HRM machines produced by PariMax Holdings and Exakta

Gross Commission / Day / Machine <sup>1</sup>				
Kentucky Historical Racing Machine Facilities	Avg. 2017	Avg. Sept. YTD 2018	% Change	# of Machines as of Sept. '18
Ellis Park	\$ 85	\$ 106	24.7%	179
Red Mile	\$ 64	\$ 66	3.1%	902
Kentucky Downs	\$ 211	\$ 235	11.4%	753

### Nearest casino to Derby City Gaming is Horseshoe Indiana

- ~ 30 to 40 minutes away from Derby City Gaming
- ~1,586 Class III slot machines
- Avg. Sept. YTD 2018 Gross Commission / Day / Machine<sup>2</sup> of \$319



<sup>1</sup> Based on Kentucky Horse Racing Commission Minutes from October 16, 2018 meeting

<sup>2</sup> Based on Indiana Gaming Commission Monthly Gaming Revenue Report for September 2018

## Derby City Gaming

**\$65 million 85,000 square feet historical racing machine (“HRM”) facility**

**900 historical racing machines at opening**

**Décor pays homage to Churchill Downs Racetrack’s deep history in horse racing**

**Center bar with large format televisions, two food venues, and outdoor gaming patio**

**CDI partnered with Ainsworth Game Technology to build world’s most advanced HRM machines**



## Derby City Gaming

### Gross Gaming Revenue (GGR) Per Machine Daily Trends Each Week Since Grand Opening

GGR Per Machine <sup>1</sup>	Avg.
Weekends <sup>2</sup>	\$200
Weekdays <sup>3</sup>	\$128



### Key Metrics Sept. 14, 2018 – Oct. 31, 2018

- Over 100,000 guests to-date
- Averaging over 3,300 guests per weekend day
- Served over 10,000 meals
- Over 750 new card sign-ups per day
- More than 38,000 customers in growing database

<sup>1</sup> GGR since Grand Opening

<sup>2</sup> Friday - Sunday

<sup>3</sup> Monday - Thursday

## **Applied for 2<sup>nd</sup> HRM license for Oak Grove, Kentucky facility**

**Up to \$150 million investment**

- Land
- Racetrack and enclosed grandstand / multi-purpose space
- 3,000 person capacity amphitheater and state-of-the art equestrian center
- HRM facility with up to 1,500 machines
- 125-room hotel with event center and dining options

**Kentucky Horse Racing Commission set to meet by November 30, 2018 to award racing license to one of three applicants**

## Sport Betting and iGaming Opportunity

In May 2018, the Supreme Court repealed the Professional and Amateur Sports Protection Act of 1992 (“PASPA”) – effectively allowing sports betting in the U.S. on professional and amateur sports, subject to state regulation

Six states having enacted sports betting regulations since the repeal<sup>1</sup>

States	Est. Adult Population <sup>2</sup>	Sports Betting Went Live In	iGaming Went Live in
Pennsylvania	~9.7 million	TBD	TBD
New Jersey	~ 6.8 million	June 2018	Nov. 2013
Mississippi	~ 2.2 million	Aug. 2018	N/A
New Mexico	~ 1.5 million	Oct. 2018	N/A
West Virginia	~1.4 million	Sept. 2018	N/A
Rhode Island <sup>3</sup>	~ 0.8 million	TBD	N/A

**We expect a number of additional states to enact legislation to allow sports betting**

<sup>1</sup> As of October 31, 2018; New Mexico agreement is a tribal pact

<sup>2</sup> Population Distribution by Age by The Henry J. Kaiser Family Foundation, 2016

<sup>3</sup> State has awarded license to single operator

## CDI is well positioned in key states

State	Adult Population <sup>1</sup> (million)	CDI Property or 3 <sup>rd</sup> Party Agreement	CDI Sports Betting	CDI iGaming
California	~29.5	Card room agreement to offer online gaming business if legislation is approved	TBD	TBD
Florida	~16.1	Calder Casino	TBD	TBD
New York	~15.1	Agreement with Saratoga Casino Holdings for rights to online sports betting & iGaming until 2033	TBD	TBD
Pennsylvania	~9.7	Acquisition of Presque Isle Downs & Casino in Erie, PA and Nemacolin management agreement from Eldorado expected to close in 4Q'18	TBD	TBD
Illinois	~9.6	Arlington International Race Course and OTBs and acquisition of interest in Rivers Casino Des Plaines	TBD	TBD
Ohio	~8.7	Miami Valley Gaming Joint Venture	TBD	TBD
New Jersey	~6.8	Agreement with Golden Nugget Atlantic City for Sports Betting & iGaming skin	Target 4Q'18	Target 4Q'18
Maryland	~4.5	The Casino at Ocean Downs	TBD	TBD
Colorado	~4.2	Agreement with Saratoga Casino Holdings for rights to online sports betting & iGaming until 2033	TBD	TBD
Louisiana	~3.4	Fair Grounds Slots and VSI and Fair Grounds Race Course	TBD	TBD
Kentucky	~3.3	Churchill Downs Racetrack	TBD	TBD
Mississippi	~2.2	<b>Harlow's and Riverwalk Casinos opened BetAmerica Sportsbooks in Aug. 2018</b>	<b>Aug. 2018</b>	<b>N/A</b>
Maine	~1.1	Oxford Casino	TBD	TBD



**We have demonstrated M&A is a core discipline of our team**

**Typical M&A Target Screen**

**Regional casino assets with future growth potential**  
**Well positioned competitively – existing gaming and future gaming expansion**  
**Strategic growth potential into sports betting and iGaming**  
**Accretive to free cash flow and earnings per share with returns above cost of capital**

**And, we have shown our ability to be a disciplined seller of assets**

**Calder Race Course  
Land Sale**

Sold 61 acres of excess land for \$26.5 million or \$434k per acre<sup>1</sup>  
 Used like-kind-exchange to permanently defer \$14 million of gain on sale through purchase of property at Churchill Downs

**Big Fish Games**

Purchased for \$835 million<sup>2</sup> Dec. 2014  
 Sold for \$990 million<sup>2</sup> Jan. 2018  
 > 50% levered IRR

**Saratoga – New York  
and Colorado**

Swapped 25% equity ownership in Saratoga – New York and Colorado for remaining 50% equity ownership in Ocean Downs Casino  
 Retained rights to online sports betting and iGaming if regulation allows in the future

<sup>1</sup> Excluding real estate commissions paid

<sup>2</sup> Gross, prior to settlement of working capital adjustments and transaction costs

## Targeting 1Q'19 close pending PA Gaming Commission Approval

### Presque Isle Casino

#### Purchase price of \$179 million

- 8.8x property TTM EBITDA<sup>1</sup>, net of cash acquired
- Immediately accretive to EPS

#### On a 272 acre site in Erie, Pennsylvania

- Opened in Feb. 2007
- Operates ~1,600 slot machines, 32 table games and a 7 table poker room in 153,400 sq. ft. facility
- Conducts ~100 live thoroughbred race dates each year

#### Potential sports betting / iGaming upside

- Applied for interactive gaming license on August 10, 2018

### Nemacolin

#### Agreed to pay \$100,000 for:

- Management agreement to operate casino until July 2023
- All fixed assets (e.g. slot machines and table games)

#### Located ~1 mile from Nemacolin Woodlands Resort's main entrance in Farmington, PA

- Opened in July 2013
- Operates ~600 slot machines, 29 table games and a casual dining restaurant and lounge

<sup>1</sup> Based on TTM EBITDA as of June 30, 2018

## Rivers Casino Transaction Transaction Summary

**Will acquire at least 50.1% of Midwest Gaming Holdings, LLC (“Midwest Gaming”), the parent company of Rivers Casino Des Plaines (“Rivers Casino”), in Des Plaines, Illinois**

- Property includes 44,000-square-foot single-level gaming floor with 1,000 slot machines and 55 table games (1,200 positions total); seven dining and entertainment options; and a multi-functional event center
- Favorably positioned for online sports betting / iGaming upside should Illinois permit those activities
- CDI and High Plains Gaming, LLC (“High Plains”), an affiliate of Rush Street Gaming, LLC, will share equally in the governance of Midwest Gaming

**Purchase price of ~\$326 million for 50.1% ownership**

- Based on enterprise-wide valuation of Midwest Gaming of \$1.45 billion
- Reflects a multiple of ~11.25x on the property’s trailing 12 months Adjusted EBITDA
- Transaction will be funded through CDI’s existing credit facility and / or additional Term Loan B or notes issuance in early 2019

**CDI will receive periodic distributions from Midwest Gaming**

- Annual priority distributions of 2% of Midwest Gaming’s annual gross revenue split 50/50 between CDI and High Plains
- Quarterly pro rata tax distributions at highest applicable U.S. individual federal tax rate plus the higher of California or New York individual state tax rates
- Other distributions (to extent allowed under new credit facility covenants) made pro rata based on ownership

**Expect to close in the 1st half of 2019**

## Rivers Casino Transaction

### Transaction Summary of Execution Steps

**CDI will purchase Clairvest Group Inc. (“Clairvest”) interests in Midwest Gaming for ~\$291 million. Equity holders of Casino Investors, LLC (“Casino Investors”) and High Plains have tag-along rights to sell their interests to CDI on the same terms between signing and closing, with CDI’s obligation to purchase capped at \$500 million**

**Immediately after closing Midwest Gaming will use ~\$300 million of proceeds of new debt funding to redeem interests held by Casino Investors and High Plains**

- New debt funding will be executed subject to Illinois Gaming Board approval
  - \$650 million amended and extended Revolving Credit and Term Loan Agreement (“Senior Credit Facility”) signed at announcement of transaction
  - \$200 million mezzanine debt placed between signing and closing
- Existing debt of ~\$500 million will be paid off and \$50 million of Senior Credit facility will remain unfunded
- ~\$300 million less new credit facility transaction costs will be used to redeem non-CDI interests and therefore increase CDI’s ownership interest

**If the interests purchased from Clairvest and interests purchased from other equity holders through the tag-along rights does not provide CDI at least 50.1% ownership of Midwest Gaming after giving proforma effect to the redemption, then High Plains and Casino Investors will sell CDI additional interests to get CDI to at least 50.1% ownership of Midwest Gaming**

## **Rivers Casino Transaction Strategic Rationale**

### **Investment in premier gaming property**

- With stable, predictable cash flows
- In unparalleled location in the Chicagoland market

### **Attractive return on investment and accretive to free cash flow and EPS**

### **Potential upside if Illinois ultimately grants access to online casino gaming and sports betting to brick-and-mortar casino license holders**

### **Strategic partner with successful track record of profitably investing in and managing gaming assets**

## Calder Race Course and Casino Opportunity

**170 acres of land remaining in Miami Gardens, Florida with casino and racetrack**

- Near the Hard Rock Stadium, home of the Miami Dolphins
- In Nov. 2016, we closed the sale of 61 acres of excess real estate at Calder Race Course for \$26.5 million or \$434k per acre<sup>1</sup>

**Agreement with The Stronach Group to operate and manage Calder's racetrack and live horseracing under Calder's racing permits until Dec. 31, 2020**

**Obtained Jai Alai license and 2019 event dates and are in process of building a Jai Alai facility on the property**

**In Oct. 2018, the Florida Department of Business and Professional Regulation's Division of Pari-Mutuel Wagering granted Calder's petition for a declaratory statement that it can maintain its "eligible facility" status to operate slot machine gaming by operating a full schedule of jai alai performances**

<sup>1</sup> Excluding real estate commissions paid

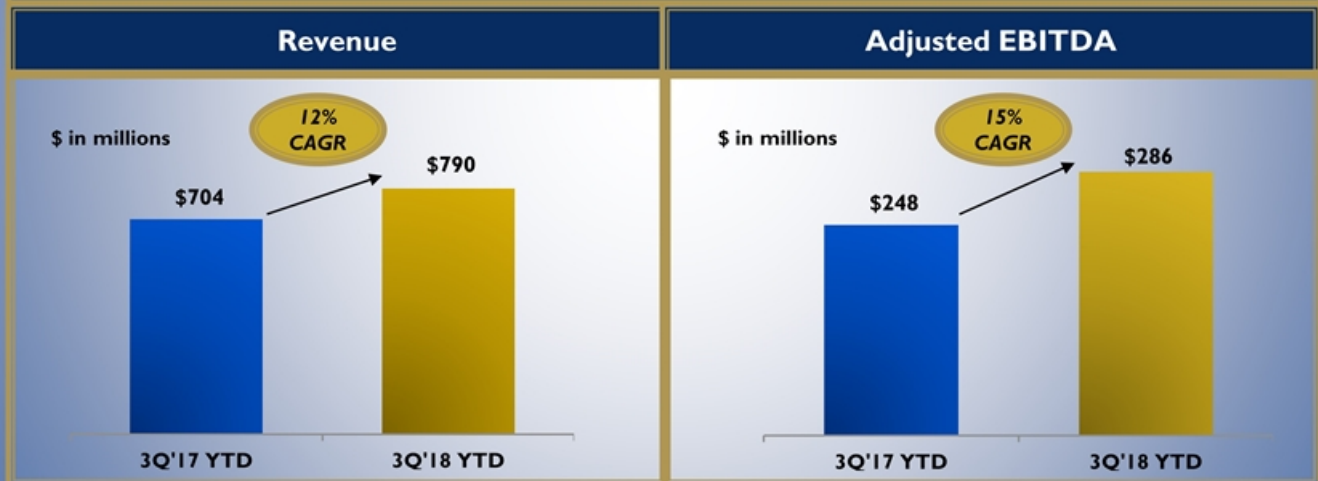


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## **Financial Highlights and Insights**

## Double-digit growth driven by organic investments and strategic acquisitions

### 3Q'18 YTD Financial Performance From Continuing Operations



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

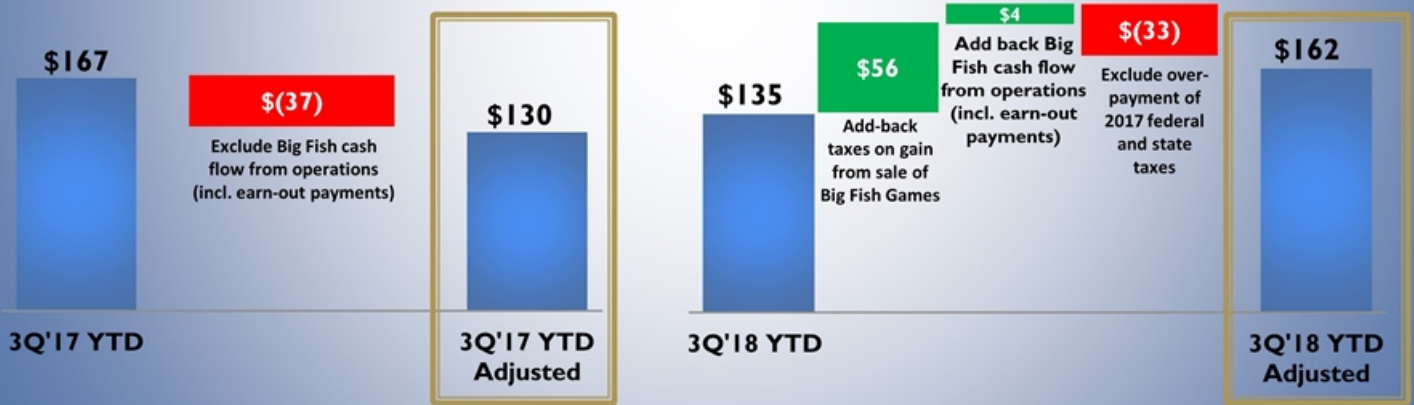


**CDI has generated \$32 million of growth in cash flow from operations excluding Big Fish / unusuals year-to-date 2018**

Cash Flow From Operations

2017

2018



## **Capital management philosophy based on creating long-term shareholder value**

**Maintain broad and expedient access to the capital markets**

**Engage in open and active dialogue with rating agencies and institutional investors**

**Investments focused on creating long-term shareholder value**

- Invest in organic investments to expand offerings in high growth areas with returns above cost of capital
- Pursue strategic acquisitions
- Dividends are considered annually by the Board of Directors based on the health of the Company
- Opportunistic share repurchases dependent upon free cash flow generation, leverage levels and other investment opportunities to grow the business

## Derby investments provide strong returns creating long-term shareholder value

### The Mansion



#### Return Profile

**Built in 2013**  
**\$4.6 million investment**  
**< 3 year payback**

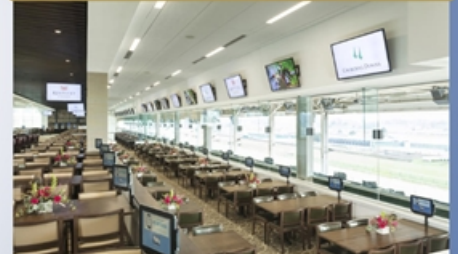
### Winners' Circle Suites and Courtyard



#### Return Profile

**Built in 2015**  
**\$4.3 million investment**  
**< 5 year payback**

### Turf Club / Stakes Room



#### Return Profile

**Renovated in 2016**  
**\$18.4 million investment**  
**< 5 year payback**

## Targeted casino investments enhance existing properties and provide favorable returns

Ocean Downs Expansion	Ocean Downs Slot Floor Purchase	Oxford Hotel & Floor Expansion	Miami Valley Gaming Expansion
			
Return Profile	Return Profile	Return Profile	Return Profile
<p>Opened Dec. 2017 \$18 million investment &lt; 3 year payback</p>	<p>Purchased Aug. 2017 \$13 million investment &lt; 2 year payback</p>	<p>Opened Nov. 2017 \$27 million investment &lt; 6 year payback</p>	<p>Opened Oct. 2017 \$5 million investment &lt; 2 year payback</p>

## CDI has returned nearly \$1 billion of capital to shareholders over the last 5 years

### Dividends

- 2019 will be the 8<sup>th</sup> consecutive increase in the dividend per share
- \$97 million paid to shareholders in dividends over the last 5 years

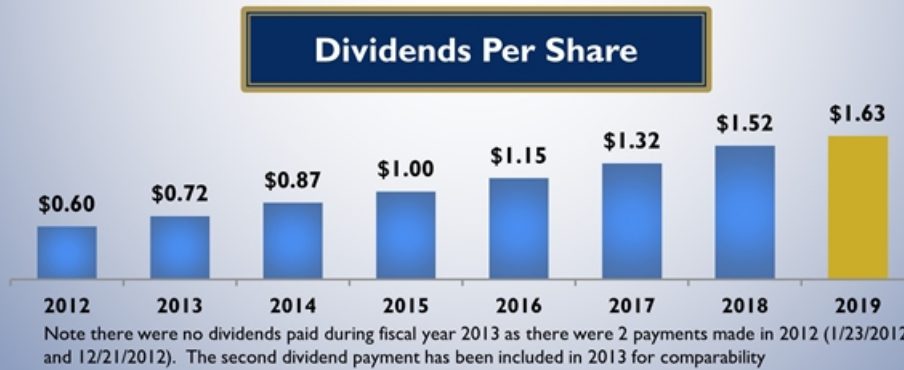
### Share Repurchases

- Returned \$899 million to shareholders through share repurchases over the last 5 years
  - Includes \$500 million repurchased with a portion of the Big Fish Games sale proceeds through a Dutch Auction in February 2018

## Eighth consecutive year of growth in dividends

Board of Directors declared dividend of \$1.63 per share (+ 7.2%) on October 30, 2018

- Record date of December 7, 2018
- Payment date of January 4, 2019



## **Reauthorized \$300 million share repurchase program**

**Includes \$78 million remaining on prior \$150 million share repurchase program from April 2017**

### **Rationale:**

- We believe in CDI's long term growth prospects and ability to finance its growth initiatives
- Viewed as tax efficient way to return capital to our shareholders
- Accretive to earnings per share
- Offsets dilution from equity compensation plans

**Reflects our commitment to efficiently return capital to shareholders unless there are other more attractive growth opportunities**

## Board of Directors has approved a 3-for-1 Stock Split and proportionate increase in the number of authorized shares

### Key Dates

Record Date – January 11, 2019

Distribution Date – January 25, 2019

Trade at new post-split price – January 28, 2019

### Rationale

- Enable CDI's stock to be more accessible to investors
- Potentially increase the transparency and liquidity of CDI's stock
- We believe in CDI's long-term growth prospects



# Questions and Answers

# Closing Remarks

# Appendix

The Company uses non-GAAP measures, including EBITDA (earnings before interest, taxes, depreciation and amortization) and Adjusted EBITDA. We believe that the use of Adjusted EBITDA as a key performance measure of results of operations enables management and investors to evaluate and compare from period to period our operating performance in a meaningful and consistent manner. Our chief operating decision maker utilizes Adjusted EBITDA to evaluate segment performance, develop strategy and allocate resources. Adjusted EBITDA is a supplemental measure of our performance that is not required by, or presented in accordance with, GAAP. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net income (as determined in accordance with GAAP) as a measure of our operating results.

**Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization, adjusted for the following:**

**Adjusted EBITDA includes our portion of the EBITDA from our equity investments.**

**Adjusted EBITDA excludes:**

- **Transaction expense, net which includes:**
  - **Acquisition and disposition related charges, including fair value adjustments related to earnouts and deferred payments; and**
  - **Other transaction expense, including legal, accounting and other deal-related expense;**
- **Stock-based compensation expense;**
- **Asset impairments;**
- **Gain on Ocean Downs/Saratoga Transaction;**
- **Gain on Calder land sale;**
- **Calder exit costs;**
- **Loss on extinguishment of debt;**
- **Pre-opening expense; and**
- **Other charges, recoveries and expenses**

## Reconciliation of Comprehensive Income to Adjusted EBITDA

	Nine months ended September 30, 2018		Nine months ended September 30, 2018
<p>(in millions)</p> <p><b>Comprehensive income</b></p> <p>Foreign currency translation, net of tax</p> <p>Net change in pension benefits, net of tax</p> <p><b>Net income</b></p> <p>Income from discontinued operations, net of tax</p> <p>Income from continuing operations, net of tax</p> <p>Additions - continuing operations:</p> <p>  Depreciation and amortization</p> <p>  Interest expense</p> <p>  Loss on extinguishment of debt</p> <p>  Income tax (benefit) provision</p> <p>EBITDA</p> <p>Adjustments to EBITDA - continuing operations:</p> <p>  Selling, general and administrative:</p> <p>    Stock-based compensation expense</p> <p>    Other charges</p> <p>  Pre-opening expense</p> <p>  Other income, expense:</p> <p>    Interest, depreciation and amortization expense related to equity investments</p> <p>    Other charges and recoveries, net</p> <p>  Gain on Ocean Downs/ Saratoga transaction</p> <p>  Impairment of tangible and other intangible assets</p> <p>  Transaction expense, net</p> <p>  Other, net</p> <p>    Total adjustments to EBITDA</p> <p>Adjusted EBITDA from continuing operations</p>	<p>\$ 341.8</p> <p>(0.4)</p> <p>-</p> <p><u>341.4</u></p> <p><u>(166.1)</u></p> <p>175.3</p> <p>45.8</p> <p>29.2</p> <p>-</p> <p>52.1</p> <p><u>\$ 302.4</u></p> <p>13.1</p> <p>0.2</p> <p>3.9</p> <p>12.2</p> <p>-</p> <p>(54.9)</p> <p>-</p> <p>8.9</p> <p>-</p> <p><u>(16.6)</u></p> <p><u>\$ 285.8</u></p>	<p>(in millions)</p> <p>Adjusted EBITDA by Segment</p> <p>  Racing</p> <p>  TwinSpires</p> <p>  Casino</p> <p>  Other Investments</p> <p>  Corporate</p> <p>Adjusted EBITDA from continuing operations</p>	<p>98.5</p> <p>58.9</p> <p>133.9</p> <p>2.5</p> <p>(8.0)</p> <p><u>\$ 285.8</u></p>

## Reconciliation of Comprehensive Income to Adjusted EBITDA

	LTM September 30, 2018		LTM September 30, 2018
<i>(in millions)</i>		<i>(in millions)</i>	
	<b>September 30, 2018</b>	<b>Adjusted EBITDA by Segment</b>	<b>September 30, 2018</b>
Comprehensive income	\$ 379.7	Racing	92.3
Foreign currency translation, net of tax	(0.2)	TwinSpires	72.0
Net change in pension benefits, net of tax	0.1	Casino	167.6
<b>Net income</b>	<b>379.6</b>	Other Investments	3.2
Income from discontinued operations, net of tax	(169.9)	Corporate	(11.7)
Income from continuing operations, net of tax	209.7	<b>Adjusted EBITDA from continuing operations</b>	<b>\$ 323.4</b>
<b>Additions - continuing operations:</b>			
Depreciation and amortization	59.8		
Interest expense	42.5		
Loss on extinguishment of debt	20.7		
Income tax (benefit) provision	(25.7)		
<b>EBITDA</b>	<b>\$ 307.0</b>		
<b>Adjustments to EBITDA - continuing operations:</b>			
Selling, general and administrative:			
Stock-based compensation expense	17.4		
Other charges	0.9		
Pre-opening expense	3.9		
Other income, expense:			
Interest, depreciation and amortization expense related to equity investments	18.3		
Other charges and recoveries, net	-		
Gain on Ocean Downs/ Saratoga transaction	(54.9)		
Impairment of tangible and other intangible assets	21.7		
Transaction expense, net	8.9		
Other, net	0.2		
Total adjustments to EBITDA	16.4		
<b>Adjusted EBITDA from continuing operations</b>	<b>\$ 323.4</b>		

## Reconciliation of Comprehensive Income to Adjusted EBITDA

	Nine Months Ended September 30, 2017		Nine Months Ended September 30, 2017
<i>(in millions)</i>		<i>(in millions)</i>	
<b>Comprehensive income</b>	<b>\$ 102.5</b>	Adjusted EBITDA by segment:	
Foreign currency translation, net of tax	(0.1)	Racing	90.7
Change in pension benefits, net of tax	(0.1)	TwinSpires	51.3
<b>Net income</b>	<b>102.3</b>	Casino	112.3
Income from discontinued operations, net of tax	(14.3)	Other Investments	3.0
Income from continuing operations, net of tax	88.0	Corporate(a)	(8.9)
Additions:		Adjusted EBITDA from continuing operations	<b>\$ 248.4</b>
Depreciation and amortization	42.0		
Interest expense	36.0		
Income tax provision	57.9		
EBITDA	<b>\$ 223.9</b>		
Adjustments to EBITDA - continuing operations:			
Selling, general and administrative:			
Stock-based compensation expense	11.7		
Other charges	-		
Pre-opening expense	0.3		
Other income, expense:			
Interest, depreciation and amortization expense related to	10.6		
Other charges and recoveries, net	-		
Gain on Calder land sale	-		
Transaction expense, net	1.1		
Calder exit costs	0.8		
Other, net	-		
Total adjustments to EBITDA	24.5		
Adjusted EBITDA from continuing operations	<b>\$ 248.4</b>		



## Reconciliation of Comprehensive Income to Adjusted EBITDA

(in millions)	LTM September 30, 2017	(in millions)	LTM September 30, 2017
<b>Comprehensive income</b>	<b>\$ 128.5</b>	Adjusted EBITDA by segment:	
Foreign currency translation, net of tax	(0.1)	Racing	86.1
Change in pension benefits, net of tax	0.7	TwinSpires	61.9
<b>Net income</b>	<b>129.1</b>	Casino	140.1
Income from discontinued operations, net of tax	(19.4)	Other Investments	2.8
Income from continuing operations, net of tax	109.7	Corporate(s)	(12.0)
Adjustments:		Adjusted EBITDA from continuing operations	<b>\$ 278.9</b>
Depreciation and amortization	56.8		
Interest expense	46.9		
Income tax provision	62.1		
EBITDA	<b>\$ 275.5</b>		
Adjustments to EBITDA - continuing operations:			
Selling, general and administrative:			
Stock-based compensation expense	14.9		
Other charges	(0.9)		
Pre-opening expense	0.3		
Other income, expense:			
Interest, depreciation and amortization expense related to	13.1		
Other charges and recoveries, net	0.1		
Gain on Calder land sale	(23.7)		
Transaction expense, net	1.1		
Calder exit costs	0.9		
Other, net	(2.4)		
Total adjustments to EBITDA	3.4		
Adjusted EBITDA from continuing operations	<b>\$ 278.9</b>		