




CHURCHILL Downs

INCORPORATED

Jefferies Non-Deal Roadshow
New York, NY

September 17-18, 2018



Forward-Looking Statements

Information set forth in this press release 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; 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 and sports wagering in the United States, and our ability to capitalize on and predict such legalization; the number of people attending and wagering on live horse races; 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; compliance with payment processing and payment transmission 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; the cost and possibility for delay, cost overruns and other uncertainties associated with the development and expansion of casinos; 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, sports wagering, or online gaming businesses; increase in competition in the advanced deposit wagering, sports wagering, or online gaming businesses; inability to retain current customers or attract new customers to our advanced deposit wagering, sports wagering, or online gaming businesses; uncertainty and changes in the legal landscape relating to our advanced deposit wagering, sports wagering, or online gaming businesses; 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, sports wagering, or online gaming.

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 ... seven casinos¹ and three hotels with ~8,000 gaming positions² located in six states



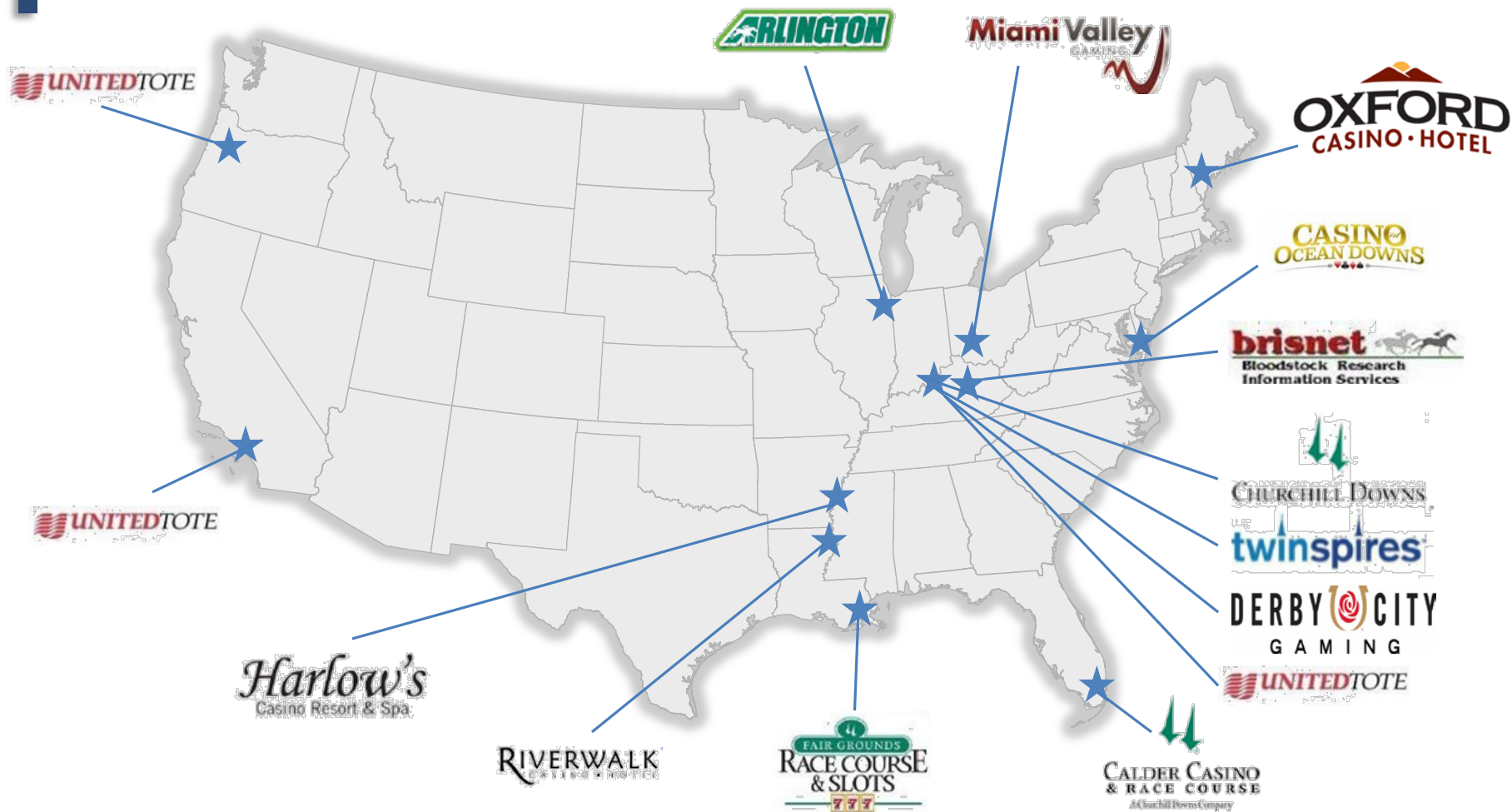
TwinSpires ... the largest³, legal online wagering platform for horseracing in the U.S., **TwinSpires.com**

¹ Includes MVG, 50% owned Ohio joint venture

² Includes MVG; Includes slots, video poker and table games at owned properties

³ Based on annual / quarterly figures released by Oregon Racing Commission for 6/30/18

National Footprint of Diversified Assets



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

Key Investment Highlights

1

Industry-leading, diversified business model with iconic assets

- Iconic Kentucky Derby continues to set all-time records
- TwinSpires is the largest¹ legal online wagering platform for horseracing in the U.S.
- Seven casinos² and three hotels with ~8,000 gaming positions³ in six states and 26 off-track betting facilities (OTBs) with 12 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
- Sports Betting / iGaming – potential expansion opportunities 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

¹ Based on annual / quarterly figures released by Oregon Racing Commission for 6/30/18

² Includes MVG, 50% owned Ohio joint venture

³ Includes MVG; Includes slots, video poker and table games at owned properties

Experienced, Proven Management Team



Bill Carstanjen
Chief Executive Officer

- Named CDI's 12th CEO in Aug. 2014
- Served as COO from Jan. 2009 to Mar. 2011, President & COO from Mar. 2011 to Aug. 2014, 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 from Oct. 2007 to Oct. 2015
- 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

- Named Chief Financial Officer in Oct. 2015
- Leads finance, accounting, FP&A, treasury, risk management, IR and capital management
- 30+ year multi-industry background
- Formerly with GE / GE Capital 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

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

Racing / Kentucky Derby Segment

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
- 144 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 2018 delivered the 9th consecutive year of record Adjusted EBITDA
- Strong 2018 Derby Week attendance of 375,346, was the 2nd highest all-time despite challenging weather
- 2018 Derby Week all sources wagering of \$311 million represented 4th consecutive all-time high



CHURCHILL DOWNS
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The Kentucky Derby Guest Profile

Attracts guests from across the U.S. and internationally¹

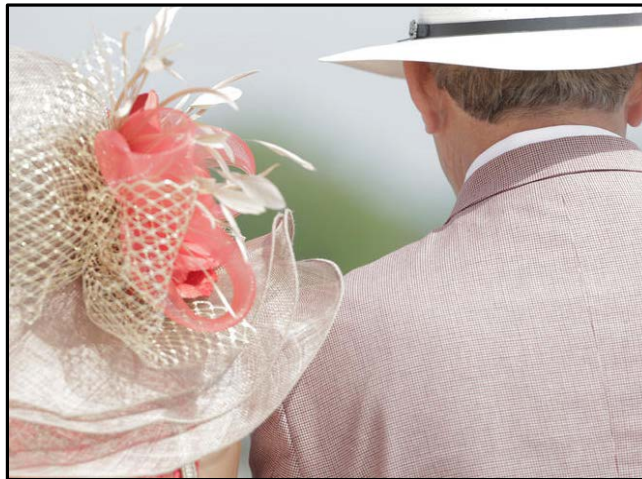
- 58% of our 2018 customers were from outside of Kentucky
- Attracted customers from all 50 states, DC, and 16 different countries

Attracts interest from all demographics²

- 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 fans²

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

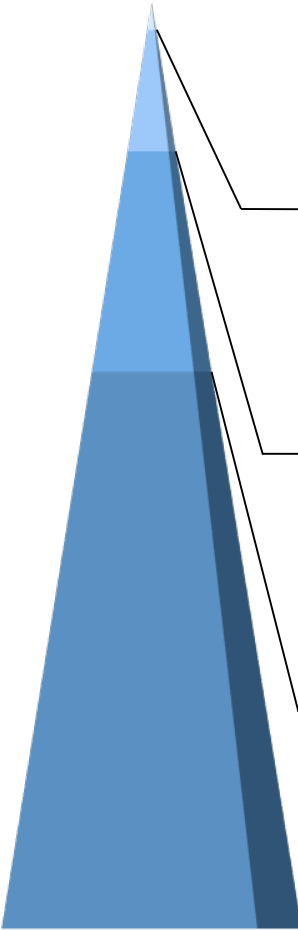


¹ Excludes General Admission Customers on the Day of Derby

² 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)

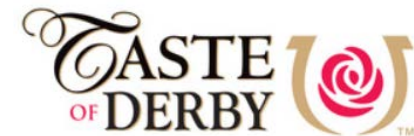
Dining: Guests enjoy a broad range of experiences from multi-course plated offerings in the Turf Club to a chef's buffet all with premium bar options (~10% of attendance and ~28% ticket revenue)

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 (over 60% 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

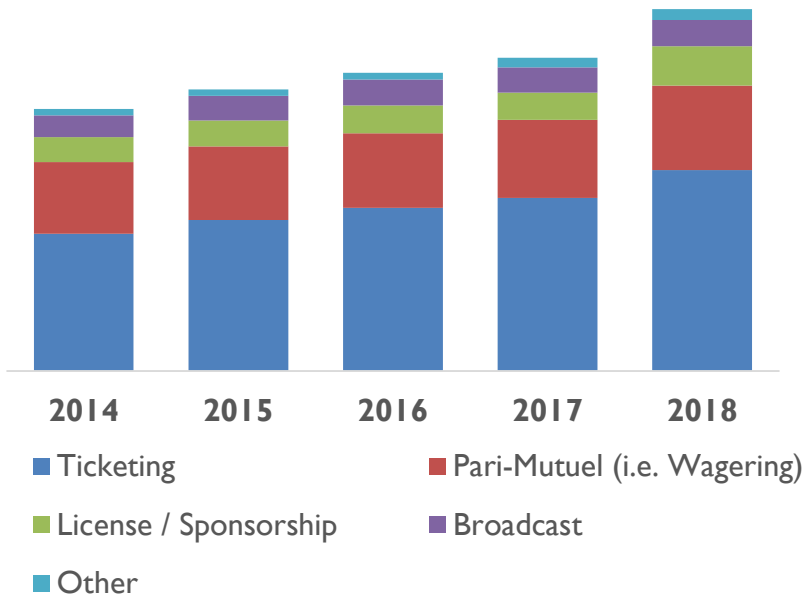


A non-affiliated 501c3, the KY Derby Festival, "stretches the fastest two minutes in sports into a month long party" complete with 70 events attended by over 1.5 million people including one of America's largest firework shows, a Marathon, and steamboat and hot air balloon races.

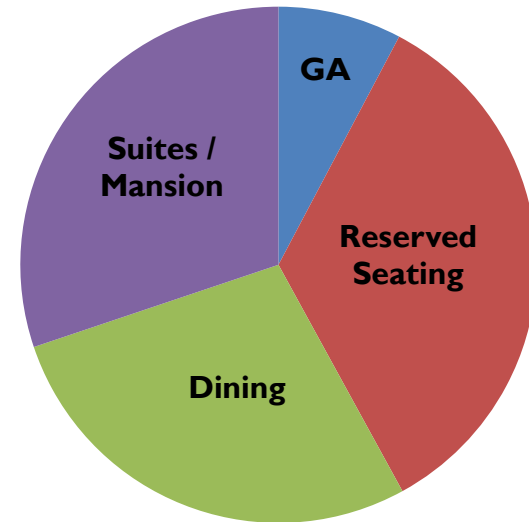
The Kentucky Derby - Sources of Growth and Profitability

Derby Week Revenue

5-year CAGR for Revenue Growth → 9.4%



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 for 2010 to 2017 Derbys

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
2nd 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
completed for 2018 Derby & Oaks**

New Seats

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



The Kentucky Derby – Colonnade, Parking, and Transportation Project

Phase I of \$32 million investment completed ... Phase II 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

- 2018 Kentucky Derby delivered 15 million viewers marking the sixth consecutive year and eighth time in 10 years that viewership averaged at least 15 million viewers
- The broadcast was shown in 199 international territories with an international TV household reach of 318 million
- NBC Sports Digital's presentation of the Kentucky Derby ranks as the most-streamed Kentucky Derby ever, delivering 11.7 million minutes, up 27% from last year. The stream also delivered a record 337,000 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 3Q'17
- Horses compete for one Derby starting position through seven European races
- European Road winner participated in the 2018 Derby

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 12 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

Fair Grounds Race Course

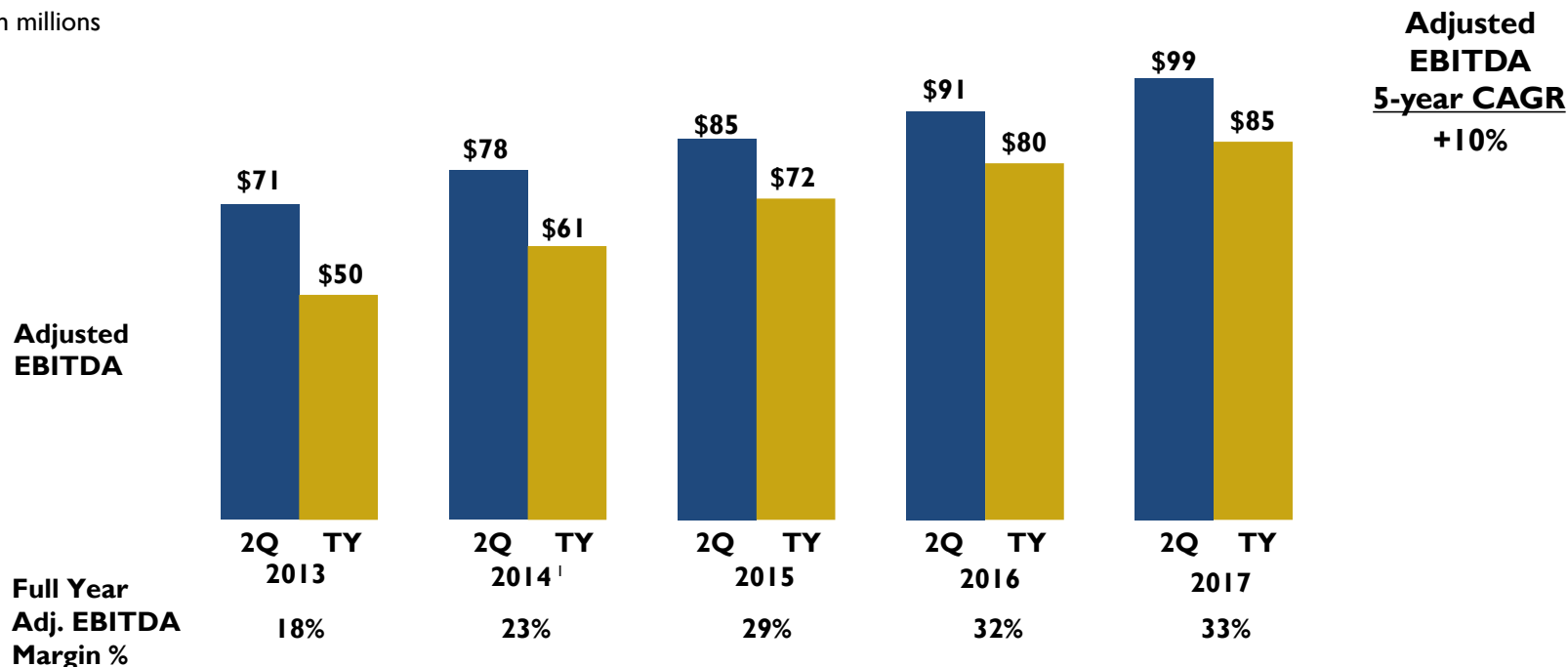


- 145 acres in New Orleans
- VSI is the owner and operator of 14 OTB's of which 12 have video poker machines
- Home of the "Louisiana Derby" & runs a quarter horse race meet
- New Orleans Jazz Festival host since 1972

Racing Segment Financial Performance

Kentucky Derby, which is held in the 2nd quarter, is primary driver of annual growth

\$ in millions



2Q'18 Racing Segment Adj. EBITDA of \$109 million, up \$10 million from 2017
2018 Kentucky Derby Week – Another Record Year of Growth with Adj. EBITDA up \$12 million²

¹ Beginning in July 2014, the Calder Racing Operations were leased to the Stronach Group which significantly improved the Racing Segment total year Adj. EBITDA

² Includes \$2.5 million of favorability related to the adoption of the new revenue accounting standard ASC606

TwinSpires Segment

TwinSpires Overview

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

- Launched in 2007
- Accepts wagers from residents of 40 states
- Official 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

BET ANYWHERE, ANYTIME
Bet on race tracks all over the world anywhere and anytime.

TOP RACING DATA
Leading source of online horse racing data.

LIVE STREAMING
Be a part of the action!

SIMPLE, FAST WAGERING
Place multiple bets at a time.

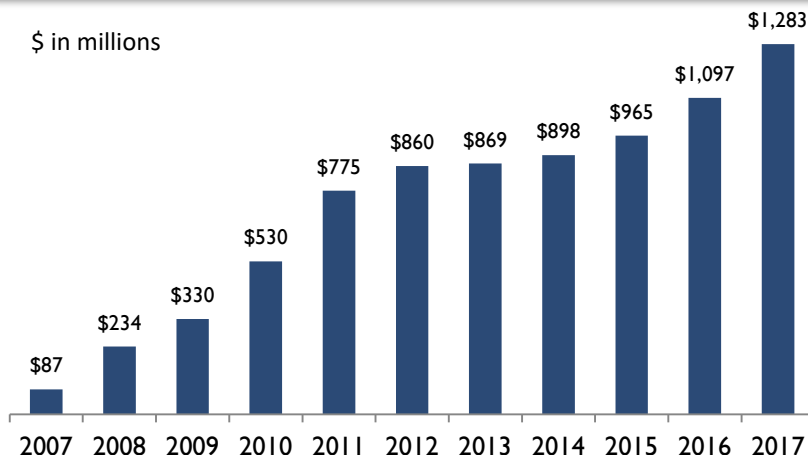
BET LIKE A PRO
Get the inside edge on horse racing with the leading handicapping information.

EARN CASH
Earn cash bonuses to bet on the races.

Bet Anywhere

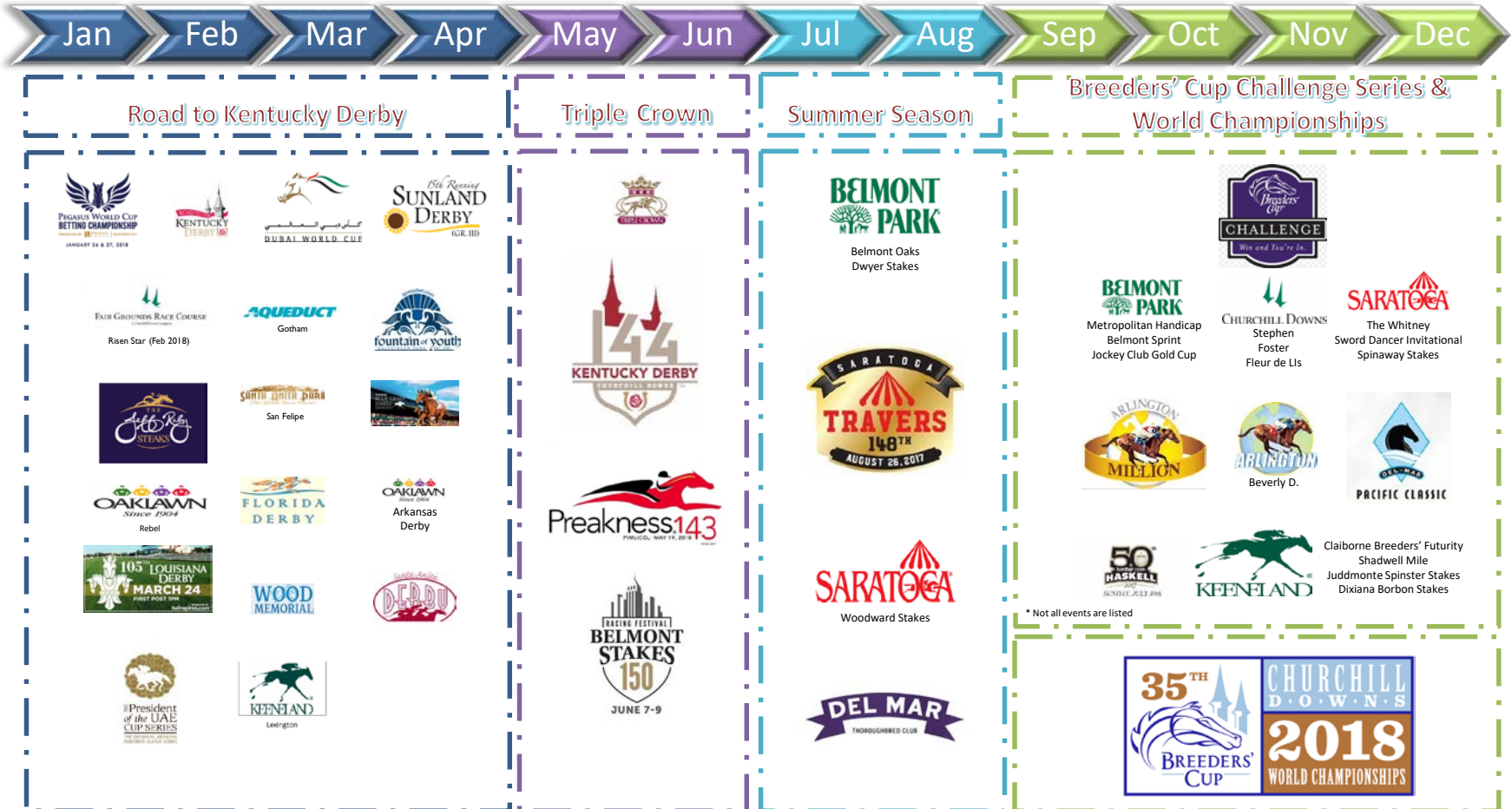
TwinSpires Handle

\$ in millions



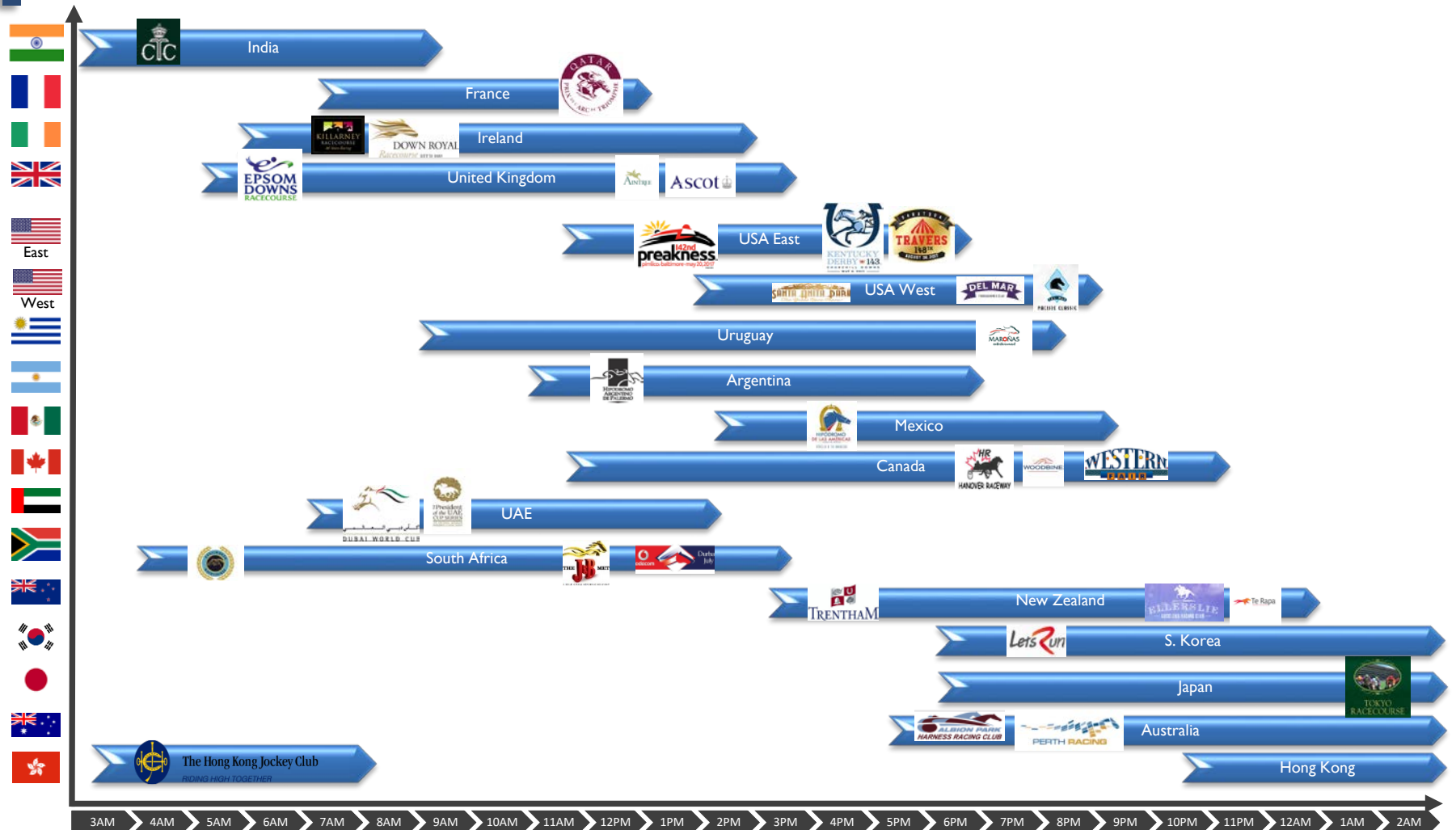
TwinSpires Racing Content

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



* Not all events are listed

TwinSpires offers betting 24/7 from 16 countries



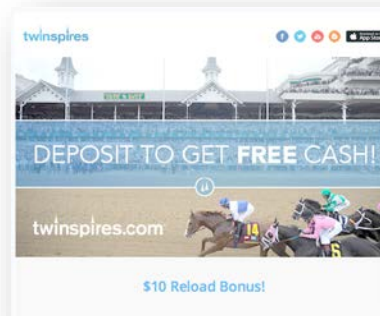
TwinSpires Growth Enhanced by Data and Linkage to Derby

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

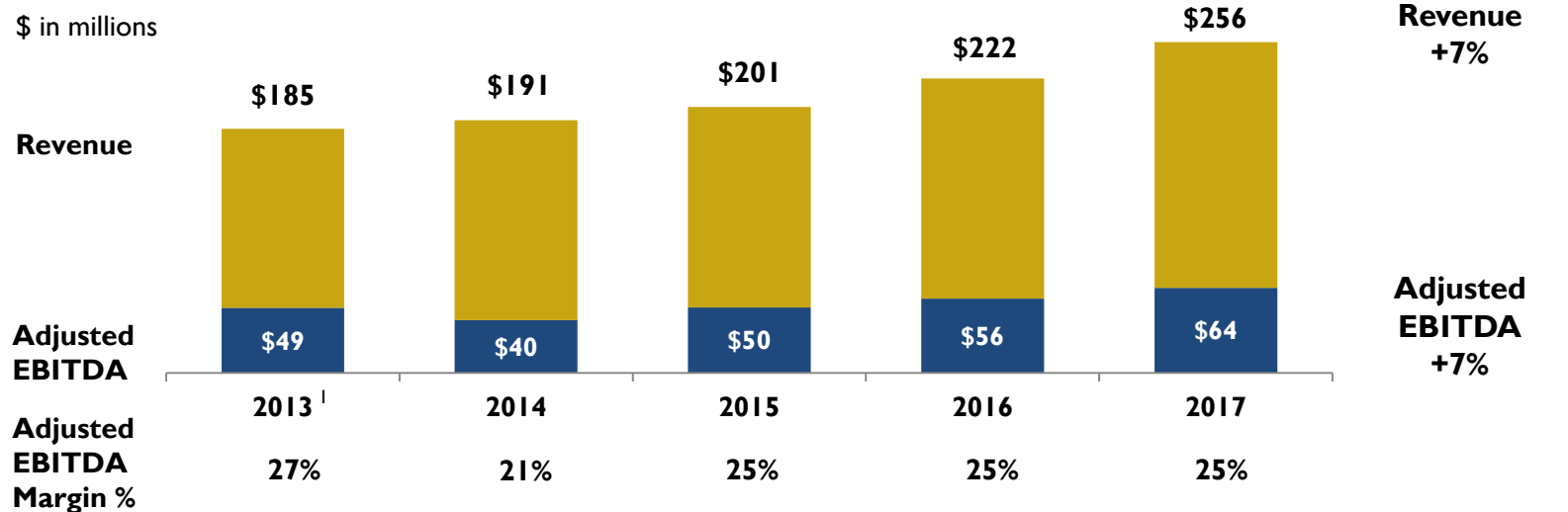


Behind-the-Scene Tours



TwinSpires Segment Financial Performance

TwinSpires delivers strong growth in Adj. EBITDA



IH'18 Adj. EBITDA \$40 million, up \$7 million (+22%)

¹ In IH'13, TwinSpires stopped taking wagers from Illinois residents until June 2013 when Illinois resident wagering resumed with passage of new law. In Sept. 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

Florida and Louisiana Casinos & Video Poker

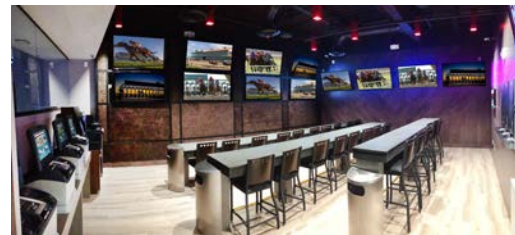
Calder Casino – Miami Gardens, Florida

- **Property:**
 - Located in Miami Gardens, FL, near Hard Rock Stadium (home of the Miami Dolphins)
 - Facility opened in Jan. 2010
 - 170 acres of land with casino and racetrack
 - Approximately 1,090 slot machines
- Agreement with The Stronach Group to operate and manage Calder's racetrack and live horseracing under Calder's racing permits until Dec. 31, 2020
- In Nov. 2016, we sold 61 acres of excess real estate at Calder for \$434k per acre¹
- Expanded smoking patio opened May 2018
- Received jai alai permit in Feb. 2018 with event dates beginning in May 2019



Fair Grounds Slots & Video Poker - Louisiana

- **Property:**
 - Racetrack and slots facility located in New Orleans, LA
 - Slots facility opened in Oct. 2008
 - ~620 slot machines
 - Fair Grounds operates 14 OTB's across southeast LA of which 12 have ~940 video poker machines
- Opened Destrehan OTB in May 2018
 - 65 video poker machines
 - Pari-mutuel horseracing self-service
 - 16 large screen 4K high-definition televisions
- Opened Meraux OTB in Aug. 2018
 - 60 video poker machines
 - Pari-mutuel horseracing self-service
 - 8 large screen 4K high-definition televisions



¹ Excluding real estate commissions paid

Maine and Maryland Casinos

Oxford Casino – Oxford, Maine

- Property:
 - Located in Oxford, Maine
 - ~970 slot machines, 28 table games and 3 dining facilities
 - 97 acres of land
- Purchased in July 2013
- In Nov. 2017, opened new \$25 million expansion
 - Attached 107-room hotel
 - Expanded gaming floor to add 100 slot machines
 - Added new pub restaurant



The Casino at Ocean Downs – Berlin, Maryland

- Property:
 - Located near Ocean City
 - Harness racetrack opened in 1949
 - Casino opened in 2010
 - ~880 video lottery terminals and 18 table games
- Ownership history
 - Purchased 50% equity stake in Jan. 2017
 - Acquired remaining 50% equity stake in Aug. 2018 through swap of 25% ownership interest in Saratoga New York and Colorado with Saratoga Casino Holdings
- Realized an effective 10 percentage point tax reduction starting Aug. 2017 by purchasing 800 slot machines from the state of Maryland
- Added 10 table games and 100 VLTs in Dec. 2017 and an additional 8 tables in July 2018



Mississippi Casinos

Harlow's Casino Resort & Spa

- Property:
 - Located in Greenville, Mississippi
 - Facility opened in 2007
 - ~730 slot machines, 15 table games
 - 4 dining facilities
 - 105-room attached hotel
 - Located on ~85 acres of leased land
- Purchased in Dec. 2010
- Opened BetAmerica Sportsbook in Aug. 2018
 - 25 self-service betting terminals
 - 16 big screen displays broadcasting over 100 different HD channels of sporting events and information

Harlow's
Casino Resort & Spa



Riverwalk Casino Hotel

- Property:
 - Located in Vicksburg, Mississippi
 - Facility opened in 2008
 - ~650 slot machines, 15 table games
 - 2 dining areas
 - 5-story, 80-room attached hotel
 - 22 acres of land
- Purchased in Oct. 2012
- Opened BetAmerica Sportsbook in Aug. 2018
 - 24 self-service betting terminals
 - 50 big screen displays broadcasting over 100 different HD channels of sporting events and information


RIVERWALK
CASINO • HOTEL



Guests can bet on major professional sports including NFL, NBA, NHL, MLB and collegiate sports as well as sporting events happening all over the world

Ohio Casino

Miami Valley Gaming (50% Equity Investment)

- Property:
 - Located in Lebanon, Ohio (North of Cincinnati, Ohio; South of Dayton)
 - Facility opened in Dec. 2013
 - ~1,830 video lottery terminals and racing simulcast center
 - 5/8-mile harness racetrack
 - 4 dining facilities
 - 120 acres
- CDI joint venture (50/50) with Delaware North
- Added smoking patio, high limit area, and expanded gaming in 4Q'17



Smoking Patio



High Limit Area

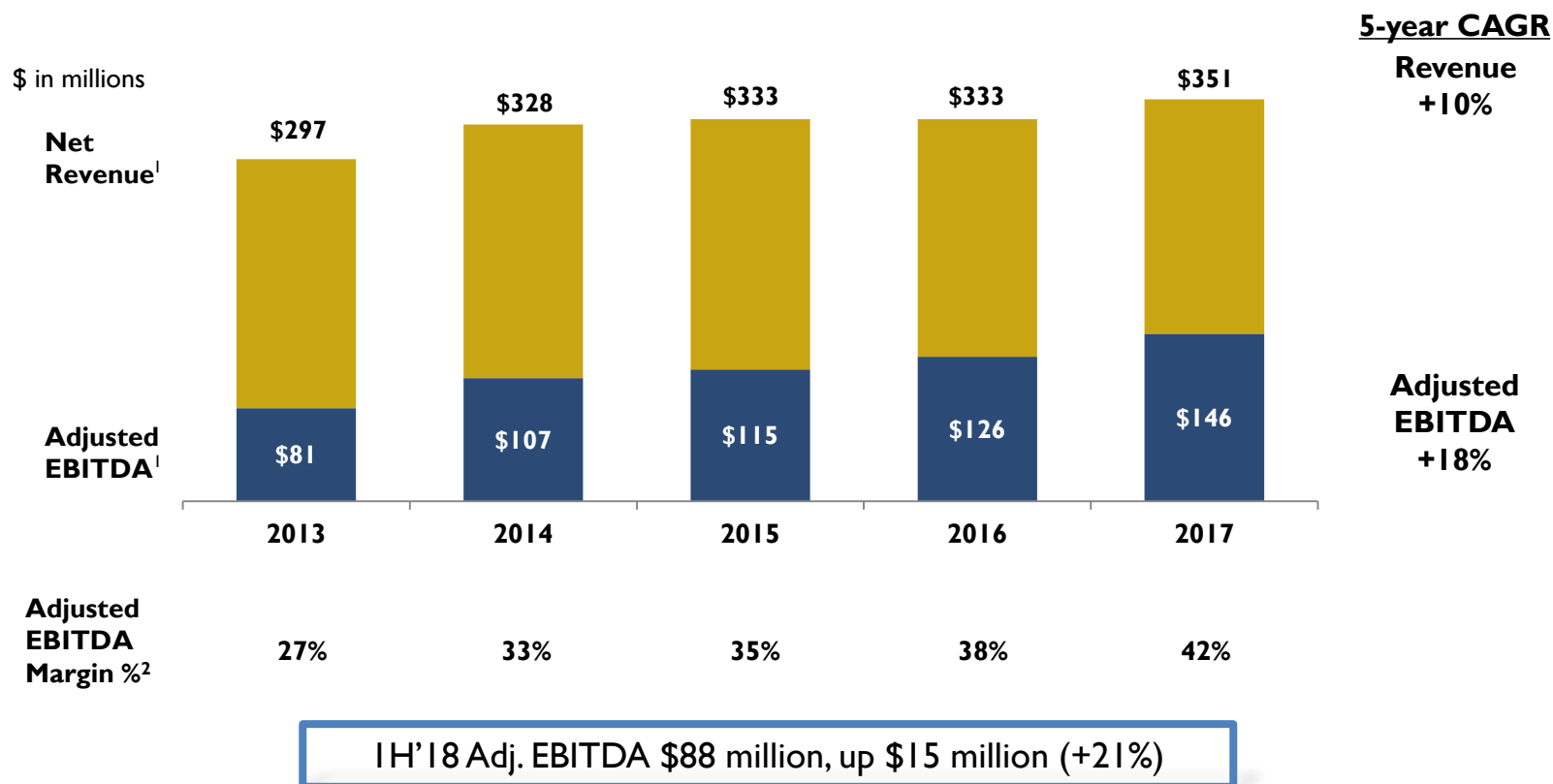


Expanded Gaming



Casino Segment Financial Overview

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



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

² Our Adjusted EBITDA margins excluding corporate overhead are 29.5%, 29.8%, 31.1%, 31.5% and 31.5% for 2013, 2014, 2015, 2016 and 2017, respectively, when our equity investments in casino properties are excluded from Adj. EBITDA.

Acquisition of Presque Isle Downs & Casino and Management of Nemacolin

Acquiring Presque Isle in Erie, PA and management agreement for Nemacolin in Farmington, PA from Eldorado



- Property:
 - Located in Erie, Pennsylvania on a 272 acre site
 - 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
- Agreed to pay Eldorado \$179 million for property
 - 8.8x property TTM EBITDA¹, net of cash acquired
 - Immediately accretive to EPS
 - Opportunity to scale gaming portfolio
- Potential sports betting / iGaming upside
- Expect to close 4Q'18²



- Property:
 - 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
- Management Agreement to operate casino until July 2023
 - Agreed to pay \$100,000 to Eldorado for management agreement and all fixed assets including slot machines and table games
- Potential sports betting / iGaming upside
- Expect to close 4Q'18²

¹ Based on TTM EBITDA as of June 30, 2018

² Pending Pennsylvania Gaming Commission approval

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Historical Racing Gaming Opportunities 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

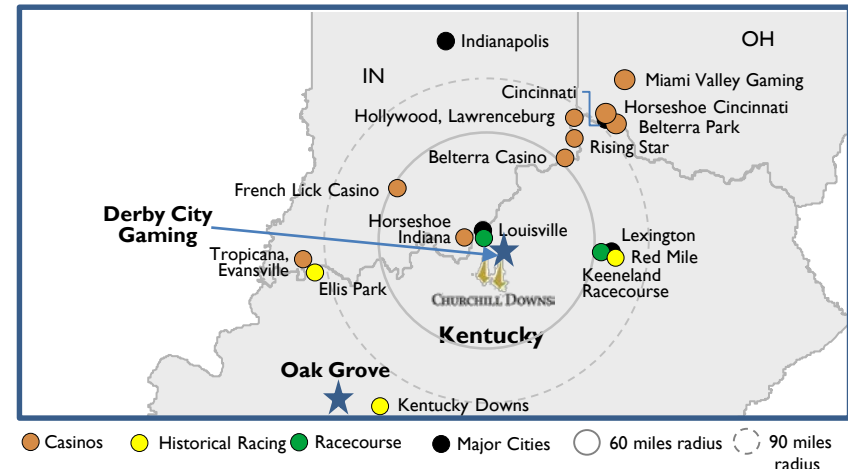
- Permitted to have an HRM facility if awarded one of 9 horseracing licenses in Kentucky

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 in Sept. 2018

CDI, in a joint venture with Keeneland, has applied for:

- A second horseracing license and approval to operate a second HRM facility in Oak Grove, Kentucky (near the Tennessee border)
 - \$125 million investment
 - HRM facility with up to 1,500 machines
 - 125-room hotel with event center and dining options
 - 1,200 person grandstand and 3,000 person capacity amphitheater
 - State-of-the art equestrian center



What is a Historical Horse 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

- Math models based on historical horse races

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



Gross Commission / Day / Machine¹				
Kentucky Historical Racing Machine Facilities	Avg. 2017	Avg. July YTD 2018	% Change	# of Machines as of July '18
Ellis Park	\$ 85	\$ 105	23.6%	179
Red Mile	\$ 64	\$ 66	3.3%	902
Kentucky Downs	\$ 211	\$ 232	10.0%	753



Nearest casino to Derby City Gaming is Horseshoe Indiana

- ~ 30 to 40 minutes away from Derby City Gaming
- ~1,588 Class III slot machines
- Avg. July YTD 2018 Gross Commission / Day / Machine of \$317

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

- Innovative historical racing games on a variety of cabinets
- Leverages CDI's significant volume of historical horseracing data within BRIS (owned by CDI / TwinSpire)
- Long-term, mutually beneficial agreement

¹ Based on Kentucky Horse Racing Commission Minutes from August 21, 2018 meeting

² Based on Indiana Gaming Commission Monthly Gaming Revenue Report for August 2018

Ainsworth HRMs at Derby City Gaming



Derby City Gaming

CDI opened the first HRM facility in Louisville on Sept. 14, 2018

- Conveniently located off I-264 and close to I-65, about 5 miles east of Churchill Downs Racetrack
- Louisville metropolitan area has a population of ~1.3 million

Derby City Gaming facility

- \$65 million historical racing machine (“HRM”) facility
- 85,000 square feet
- 900 historical racing machines at opening
 - Have approval to expand to 2,000; would require expansion
- Décor pays homage to Churchill Downs Racetrack’s deep history in horse racing with references to Oaks and Derby
- 2 food venues, including a center bar with large format televisions, and an outdoor gaming patio



Sports Betting / 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

- PASPA had effectively outlawed sports betting in the U.S. except for in Nevada, Oregon, Delaware, and Montana
- New Jersey was the leader in challenging PASPA

Adoption of state regulations has begun – with 5 states having enacted sports betting regulations since the repeal¹

States	Est. Adult Population ²	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
West Virginia	~1.4 million	Sept. 2018	N/A
Rhode Island ³	~ 0.8 million	TBD	N/A

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

¹ As of Sept. 14, 2018

² Population Distribution by Age by The Henry J. Kaiser Family Foundation, 2016

³ State has awarded license to single operator

CDI Sports Betting / iGaming Opportunity

CDI is well positioned to enter sports betting and iGaming markets with brick and mortar casinos and racetracks or third party agreements in numerous key states

State	Adult Population ¹ (million)	CDI Property or 3 rd Party Agreement	CDI Sports Betting	CDI iGaming
California	~29.5	Card room agreement to offer online poker 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 for 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	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 for 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	Harlow's and Riverwalk Casinos opened BetAmerica Sportsbooks in Aug. 2018	Aug. 2018	N/A
Maine	~1.1	Oxford Casino	TBD	TBD

¹ Population Distribution by Age by The Henry J. Kaiser Family Foundation, 2016

CDI Sports Betting / iGaming Technology and Risk Management Approach

Leverage our expertise as largest legal online horse race wagering business in the U.S.

- Sophisticated team with strong technology expertise and European sports betting experience
- Demonstrated ability to organically grow online wagering business through use of business analytics and targeted marketing

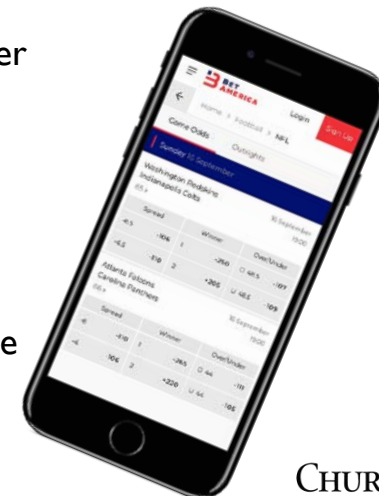
CDI recently announced a strategic partnership with SBTech to provide CDI with a Sports Betting / iGaming platform

- Provides CDI with an industry leading technology platform to offer integrated Sports Betting / iGaming products
- Economically efficient infrastructure requiring limited upfront investment
- Scalable platform with ability to deploy rapidly into new states
- SBTech provides odds and risk management services



CDI progress to date:

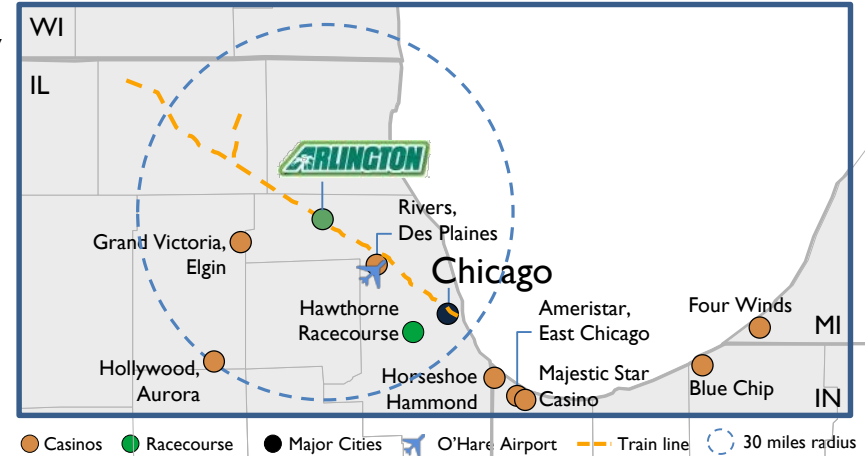
- In Aug. 2018, deployed 49 self-service betting terminals in Mississippi under BetAmerica brand in our Harlow's and Riverwalk Casinos
 - In-game betting and cash out functionality available
- Will enable CDI to rapidly launch as pending applications are approved:
 - Mobile sportsbook and iGaming in New Jersey
 - Brick and Mortar, online and mobile sportsbook and iGaming in Pennsylvania
- Will launch in additional states where / when legalized and where we have the ability to participate



Illinois and Florida Opportunities

Illinois

- 336 acres with Metra commuter train stop on property
- Attractive location – Arlington Heights is a suburb of Chicago, the commercial hub of the Midwest and 3rd largest metro area in U.S. (population of 2.7 million)
- Very strong casino market
- Legislature discussing expanded gaming and sports betting 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 Dec. 31, 2020
- In Nov. 2016, we closed the sale of 61 acres of excess real estate at Calder for \$26.5 million or \$434k per acre¹

¹ Excluding real estate commissions paid

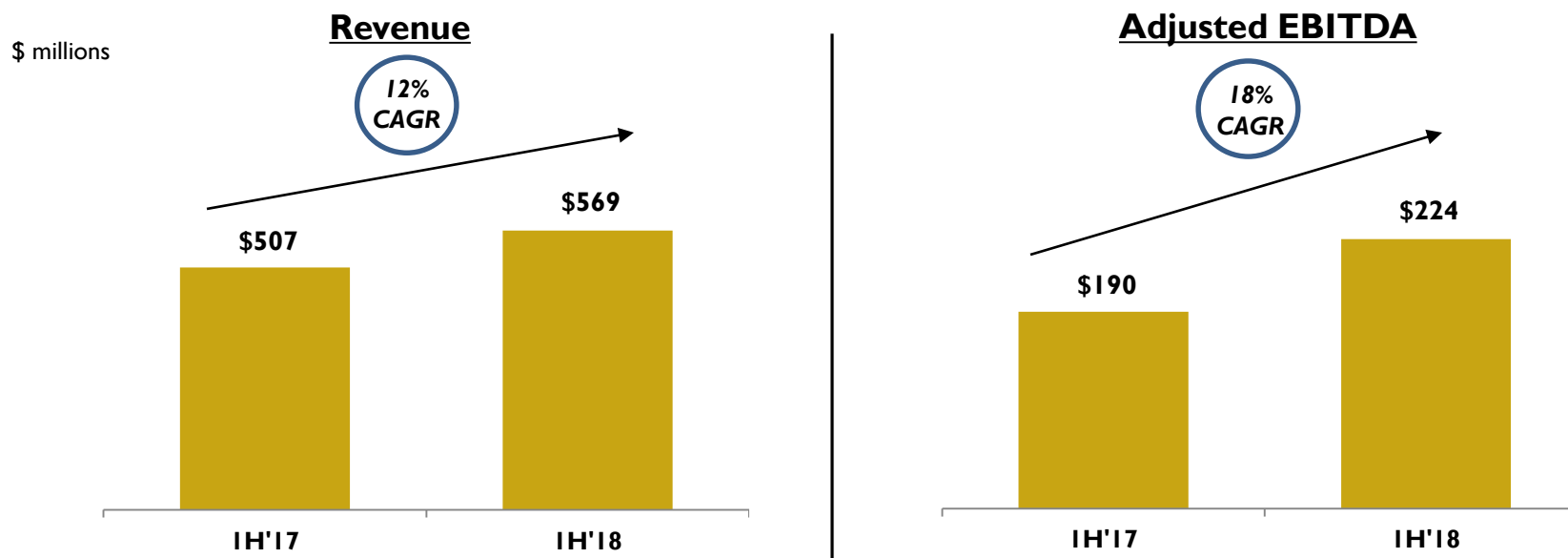


Agenda

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

IH'18 Financial Performance From Continuing Operations

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



Key Drivers of Growth

- Ongoing strategic investments in the Kentucky Derby
- Organic investments in 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,

YTD '18 Highlights

CDI delivered strong financial results in 1H'18

- Net revenue from continuing operations of \$568.7 million, up 12% over prior year
- \$121.0 million of Adjusted Net Income from continuing operations, up \$45.2 million
- \$8.60 Adjusted Diluted EPS from continuing operations, up \$4.01 per share
- \$223.7 million of Adjusted EBITDA from continuing operations, up 18% over prior year

Successful Kentucky Derby Week

- Derby Week set records for net revenue, Adjusted EBITDA, and all sources wagering
- Adjusted EBITDA was up over \$12 million from 2017 despite challenging weather on Derby Day

Strong 1H'18 performance from our Casino portfolio

- Net revenue of \$196.3 million, up 12% over prior year
- \$88.2 million of Adjusted EBITDA, up 21% over prior year
- All properties grew their Adjusted EBITDA compared to prior year

Our TwinSpires platform outpaced industry handle growth in 1H'18

- Net revenue of \$156.9 million, up 18% over prior year
- \$39.6 million of Adjusted EBITDA, up 22% over prior year

Executed on a number of strategic initiatives

- Successfully closed Big Fish sale in Jan. 2018
- Seamlessly executed \$500 million Dutch Auction tender offer with proceeds from Big Fish sale in Feb. 2018
- Entered agreement to purchase Presque Isle Downs in Erie, Pa., and Lady Luck Nemacolin in Farmington, PA, from Eldorado
- Launched BetAmerica Sportsbooks at Harlow's and Riverwalk Casinos in Mississippi
- Acquired remaining 50% of Ocean Downs Casino in exchange for 25% interest in Saratoga New York and Colorado; Retained rights for online sports betting and iGaming in New York and Colorado

Capital projects progressed on time and on budget

- Finished \$37 million Starting Gate Suites and Phase I of \$32 million Parking Lot Upgrade project in time for 2018 Derby
- Opened "Derby City Gaming" facility in Louisville in Sept. 2018

Maintained significant financial flexibility with net leverage of 2.0x at June 30, 2018

2017 Tax Reform Impact

On Dec. 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.

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



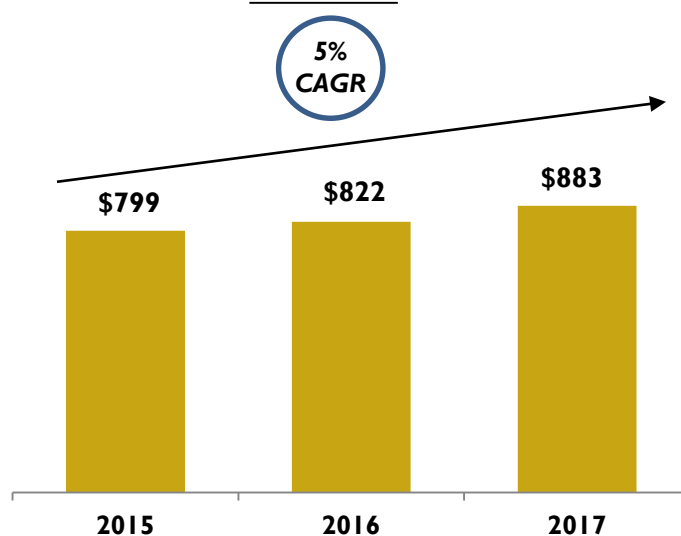
Appendix

Historical Financial Performance excluding Big Fish

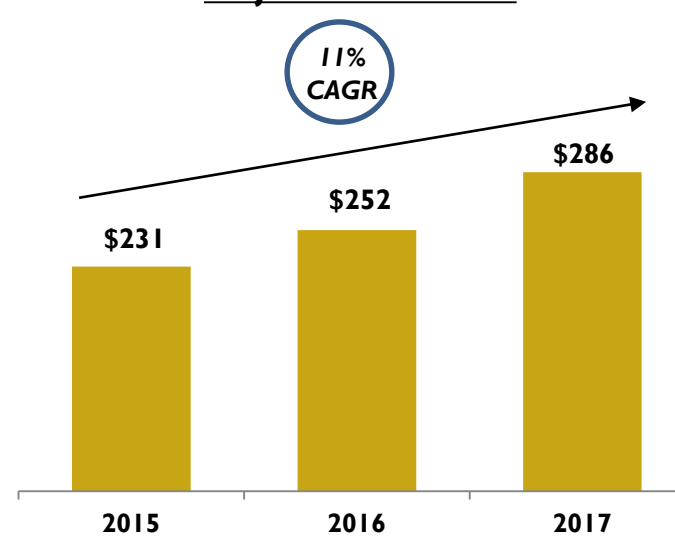
Strong growth driven by organic growth, strategic investment in core assets, and opportunistic acquisitions

\$ millions

Revenue



Adjusted EBITDA



Key Drivers of Growth

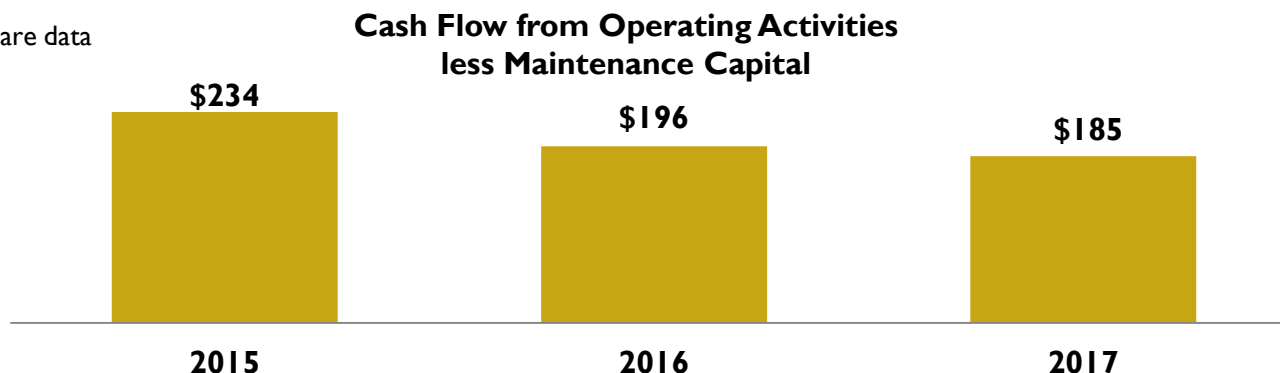
- Ongoing strategic investments in the Kentucky Derby
- Investment in Ocean Downs, Saratoga New York, and Miami Valley Gaming casino joint ventures
- Organic investments to grow existing owned gaming properties
- Integrations of small acquisitions including BetAmerica
- Strong core organic growth from 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 \$33 million tax receivable related to estimated tax payments
- Paid dividend in Jan. 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 Feb. 2018

2017 Highlights

CDI delivered strong financial results¹ 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

Our TwinSpires team outpaced the industry growth by 15 percentage points

Strong performance from our casino properties

- All of our wholly owned casino properties produced solid revenue growth
- 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

Announced the sale of Big Fish Games for \$990 million

CDI strengthened its financial position

- Net leverage of 2.9X reflecting strength of free cash flow at 12/31/17
- Refinanced all of our outstanding debt creating additional revolver capacity (upsized from \$500 million to \$700 million – currently undrawn), and issuing \$400 million of 7-year term loan B at L+200bps and \$500 million of 10-year senior unsecured notes at 4.75%

¹ 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

Adjusted 2017 Net Income and Diluted EPS

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

	Years Ended December 31,	
	2017	2016
GAAP net income	\$ 140.5	\$ 108.1
Adjustments, continuing operations:		
Impairment of tangible and other intangible assets	21.7	—
Loss on extinguishment of debt	20.7	—
Transaction and other expense	4.7	1.5
Gain on Calder land sale		(23.7)
Bluff contingency benefit	—	(2.3)
Income tax impact on net income adjustments ^(a)	(17.7)	9.1
Non-recurring non-cash income tax benefit of the Tax Act	(57.7)	—
Total adjustments, continuing operations	(28.3)	(15.4)
Big Fish Games net income ^(b)	(18.1)	(11.4)
Total adjustments	(46.4)	(26.8)
Adjusted net income	\$ 94.1	\$ 81.3
Adjusted diluted EPS	\$ 5.88	\$ 4.84
Weighted average shares outstanding - Diluted	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.

Adjusted 1H'18 Net Income and Diluted EPS

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

	Six Months Ended June 30,	
	2018	2017
GAAP net income	\$ 285.1	\$ 85.6
Adjustments, continuing operations:		
Transaction expense, net	3.5	0.5
Calder exit costs	—	0.6
Pre-opening expense included in other investments	1.3	0.2
Income tax impact on net income adjustments ^(a)	(1.1)	(0.4)
Total adjustments, continuing operations	3.7	0.9
Gain on Big Fish Transaction, net of tax ^(b)	(168.3)	—
Big Fish Games net income ^(b)	0.5	(10.7)
Total adjustments	(164.1)	(9.8)
Adjusted net income	<u>\$ 121.0</u>	<u>\$ 75.8</u>
Adjusted diluted EPS	<u>\$ 8.60</u>	<u>\$ 4.59</u>
Weighted average shares outstanding - Diluted	14.1	16.5

(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.