



# CHURCHILL DOWNS

INCORPORATED

JP Morgan Non-Deal Roadshow  
New York, NY

June 4, 2019

## 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.

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

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

\$ in millions

Segment	2018 Adj. EBITDA		Description
	\$	% of total	
Churchill Downs	\$102	31%	<b>Churchill Downs Racetrack</b> <ul style="list-style-type: none"> <li>Home of <i>The Kentucky Derby</i></li> </ul> <b>Derby City Gaming</b>
Online Wagering	\$79	24%	<b>TwinSpires</b> <ul style="list-style-type: none"> <li>Largest<sup>1</sup>, legal online wagering platform for horseracing in U.S.</li> </ul> <b>Online Sports Betting and iGaming</b>
Gaming	\$174	53%	<b>Gaming</b> <ul style="list-style-type: none"> <li>7 owned casinos with 3 hotels</li> <li>2 casino joint ventures</li> <li>Located in 8 states</li> <li>~11,000 slot machines/VLTs and ~200 table games</li> </ul>
Corporate/Other	\$(26)	(8)%	<ul style="list-style-type: none"> <li>Arlington, United Tote, Corporate</li> </ul>
<b>Total</b>	<b>\$329</b>	<b>100%</b>	

<sup>1</sup> Based on annual / quarterly figures released by Oregon Racing Commission for 3/31/19

## Case for Investing

### **The Kentucky Derby**

- An iconic and irreplaceable asset generating significant cash flow
- Continues to set all-time financial records
- Future capital investment provides additional growth opportunities
- Growing international engagement through our Japan and Europe Roads to the Derby

### **Diverse organic growth opportunities with disciplined investment spending**

- Kentucky Derby – capital investments to enhance guest experience and improve economics
- Online Gaming / 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
- Gaming – Multiple, smaller bets in various geographies provides for solid growth with opportunities for additional tuck-in acquisitions
- Potential Sports Betting / iGaming expansion as states liberalize laws
- Expansion into historical racing machines provides new organic growth
- Valuable Florida and Illinois real estate

### **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

### **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 and earnings growth



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# **Churchill Downs Segment**

## Overview

### Churchill Downs Racetrack



- Home of *The Kentucky Derby*
- Longest continuously held annual sporting event in the **United States**

**DERBY CITY**  
G A M I N G

- Historical racing machine facility
- ~ 1,000 machines
- Operates under CDRT's pari-mutuel racing license at its ancillary training facility in Louisville, KY

**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 - By The Numbers**

- The economic impact made on the Louisville area over Derby Weekend ➡ \$356 million<sup>1</sup>
- Mint Juleps served over Derby weekend ➡ 127,000
- First leg of the Triple Crown ➡ only 13 triple crown winners since inception

<sup>1</sup> From the Destination International and Tourism Economics Event Impact Calculator (EEI)



## 2019 Derby Week Results

### 2019 Kentucky Derby Week – Another Record Year with Adjusted EBITDA growth of \$4.5 to 6 million

#### Handle

- All-sources handle for Opening Night (April 27) through Derby Day (May 4) set a new record of \$343.0 million, up 10% from the previous record of \$311.2 million in 2018
  - Includes \$4.1 million of handle wagered in Japan - the first year *The Kentucky Derby* has ever been offered for wagering in Japan
- Wagering from all-sources on *The Kentucky Derby* day program totaled \$250.9 million, up 11% from the previous record of \$225.7 million in 2018
- TwinSpires recorded \$48.4 million in handle on Derby Day 2019, up 20% from 2018

#### Attendance

- Derby Day attendance totaled 150,729, down 4% compared to 2018
  - The threat of an all-day rain forecast impacted 2019 attendance
  - 2015 attendance was the all-time high of 170,513
- Derby Week attendance totaled 360,237, down 4% compared to 2018
  - 2016 attendance was the all-time high of 376,980

#### Television Ratings

- *The 145<sup>th</sup> Kentucky Derby* on NBC delivered a 10.9/25<sup>1</sup> overnight rating, the highest for *The Kentucky Derby* since 1992
- 18.5 million – peak viewership of the NBC telecast of the 145<sup>th</sup> *Kentucky Derby*

<sup>1</sup> 10.9% of all television-equipped households tuned in to *The Kentucky Derby* and among those households watching TV at the time, 25% of those households watched *The Kentucky Derby* 9

## ***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**

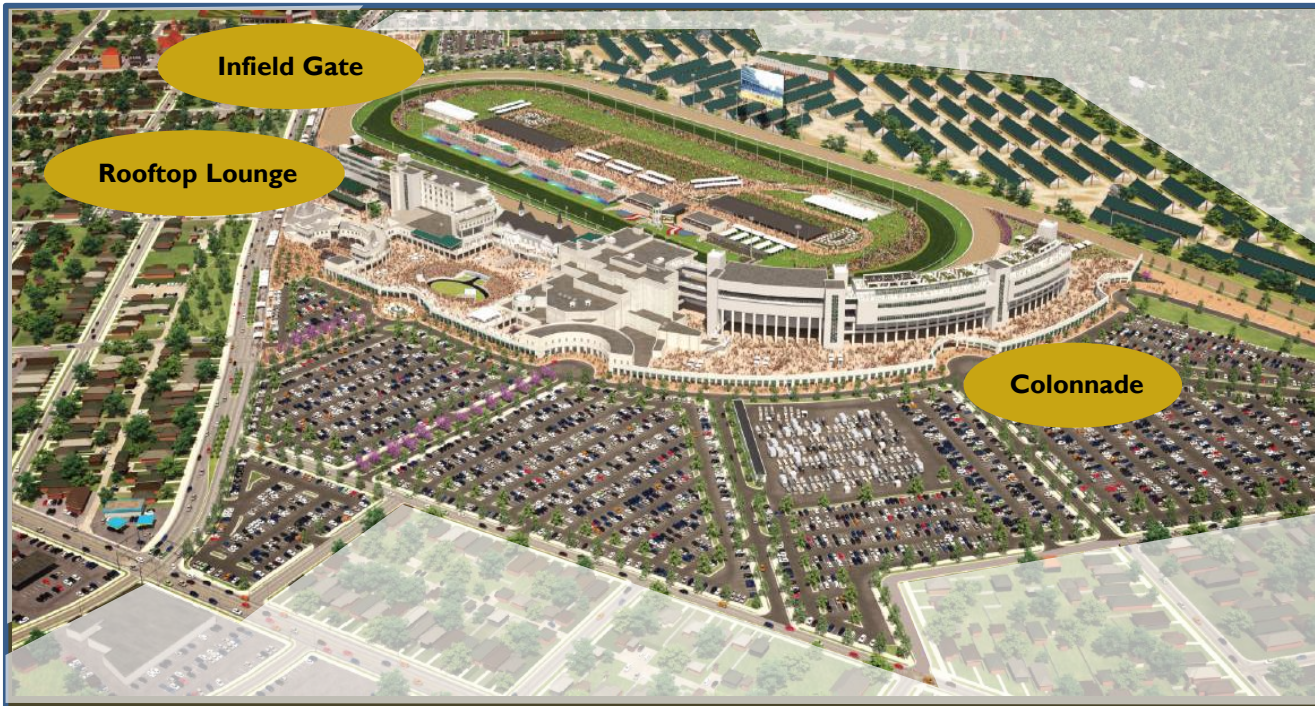
### **Expand European Road to Derby and Japan Road to Derby**

## Nearly \$190 million in major capital improvements at Churchill Downs since 2010

### 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
2019	Rooftop Lounge, Infield Gate, and Finished Colonnade

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



### 2019

- Rooftop Lounge
- Infield Gate
- Colonnade

### Future Concepts

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

## Multi-year sponsorships with staggered renewals support long-term growth strategy

### 2019 Sponsorship Update

- 99% of 2018 sponsorship revenue dollars were contractually committed 6 months in advance of 2019 Derby Week
- Built relationships with new sponsors and grew sponsorship revenue for 2019

### Examples of Continuing Partnerships



### Examples of New 2019 Partnerships



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

### United States

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

Started in 2018  
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



## Derby City Gaming

**\$65 million investment, 85,000 square feet HRM facility... contributed \$7.6 million of Adjusted EBITDA in 1Q'19**

**900 historical racing machines at opening ... adding additional 100 machines in 2Q'19**

**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**



# Background on Historical Racing Machines in Kentucky

**In 2010, Kentucky's Horse Racing Commission enacted regulations to permit wagering on historical horse races on 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 HRM's 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

Gross Commission / Day / Machine <sup>1</sup>				
Kentucky Historical Racing Machine Facilities	TTM Apr. 2018	TTM Apr. 2019	% Change	# of Machines as of Apr. '19
Ellis Park	\$ 96	\$ 114	19.5%	179
Red Mile	\$ 65	\$ 70	8.6%	902
Kentucky Downs	\$ 214	\$ 258	20.8%	753

Gross Commission / Day / Machine <sup>1</sup>								
Property	2018				2019			
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Derby City Gaming	\$ 138	\$ 157	\$ 179	\$ 198	\$ 203	\$ 284	\$ 311	\$ 284

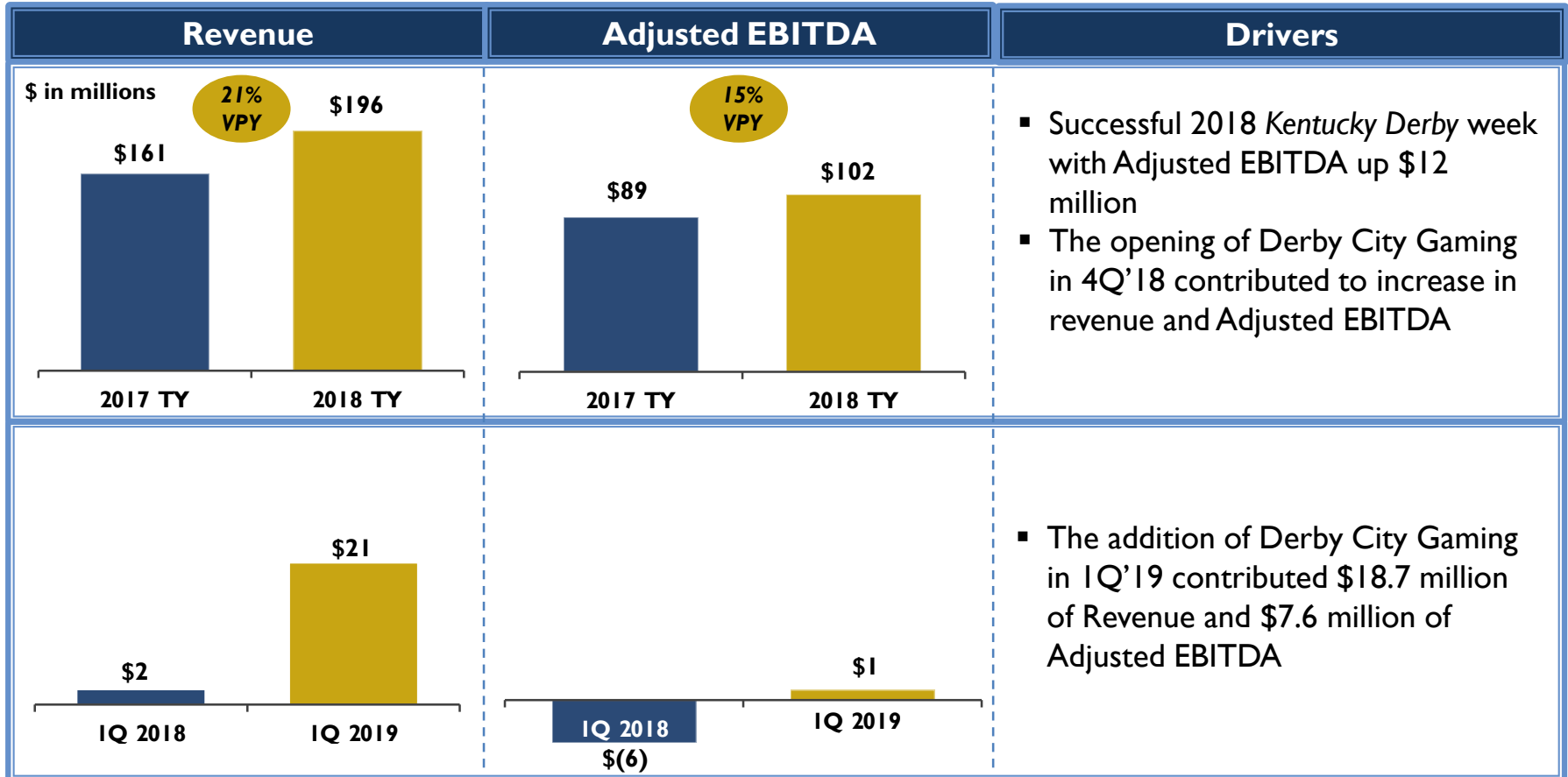
### Nearest casino to Derby City Gaming is Horseshoe Southern Indiana

- ~ 30 to 40 minutes away from Derby City Gaming
- ~1,580 Class III slot machines
- TTM Apr. 2019 Gross Win / Day / Machine<sup>2</sup> of \$307

<sup>1</sup> Based on Kentucky Horse Racing Commission Monthly Wagering Report for April 2019; Derby City Gaming includes September 2018 (which includes partial month of September, Derby City's Grand Opening was on 9/14/2018).

<sup>2</sup> Based on Indiana Gaming Commission Monthly Gaming Revenue Report for April 2019

## Financial Overview





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# **Online Wagering Segment**

## Overview

### TwinSpires



- Largest<sup>1</sup>, legal online horseracing wagering platform in the U.S.
- Linkage to *The Kentucky Derby* is a key advantage

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### Online Sports Betting and iGaming



- Active in New Jersey
- Plan to launch in Pennsylvania in 2H'19
- Strong geographic footprint in key states for expansion

<sup>1</sup> Based on annual / quarterly figures released by Oregon Racing Commission for 3/31/19

# 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**



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



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



The largest<sup>1</sup>, legal online horseracing wagering platform in the U.S.

<sup>1</sup> Based on annual / quarterly figures released by Oregon Racing Commission for 3/31/19 21

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

### Overview

Launched in 2007

Official mobile betting partner of:

- *The Kentucky Derby*
- **Breeders' Cup World Championships**
- **Churchill Downs Racetrack**

Benefits from CDI ownership of:

- **United Tote** - provides totalisator services
- **Brisnet** - provides historical handicapping data



### 2018 Key metrics

\$ in millions	2018	VPY %
<b>TwinSpires Handle<sup>1</sup></b>	<b>\$1,390</b>	<b>8%</b>
<b>Revenue</b>	<b>\$292</b>	<b>14%</b>
<b>Adjusted EBITDA</b>	<b>\$79</b>	<b>13%</b>

<sup>1</sup> TwinSpires handle excludes Velocity

### Multiple brands leverage infrastructure



White label brands



## 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
- Access to premier content because of ownership of *The Kentucky Derby*

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

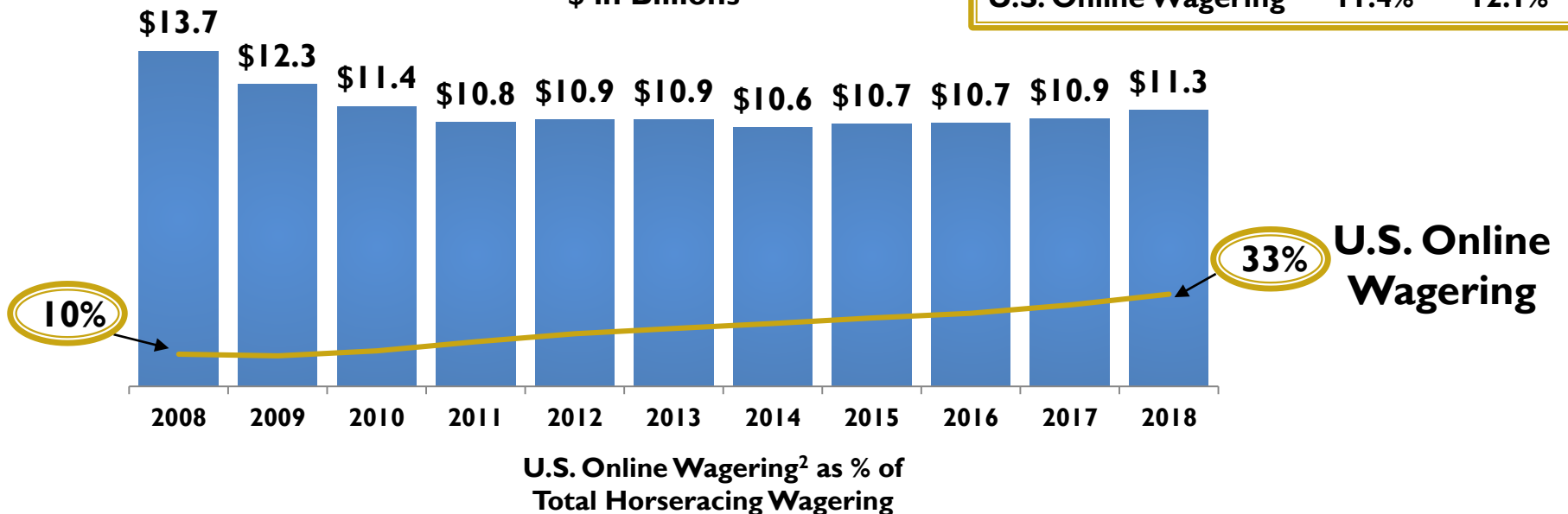


- Significant online wagering experience in Europe and U.S.
- Deep technology expertise throughout core team
- Team's experience positions us well for growth in online sports betting and iGaming markets

# Online horseracing wagering has potential for additional market penetration

**Total Horseracing Wagering<sup>1</sup>  
in the United States  
\$ in Billions**

U.S Horseracing	CAGR	
	2008-15	2016-18
Total Wagering	(3.5)%	2.4%
U.S. Online Wagering	11.4%	12.1%

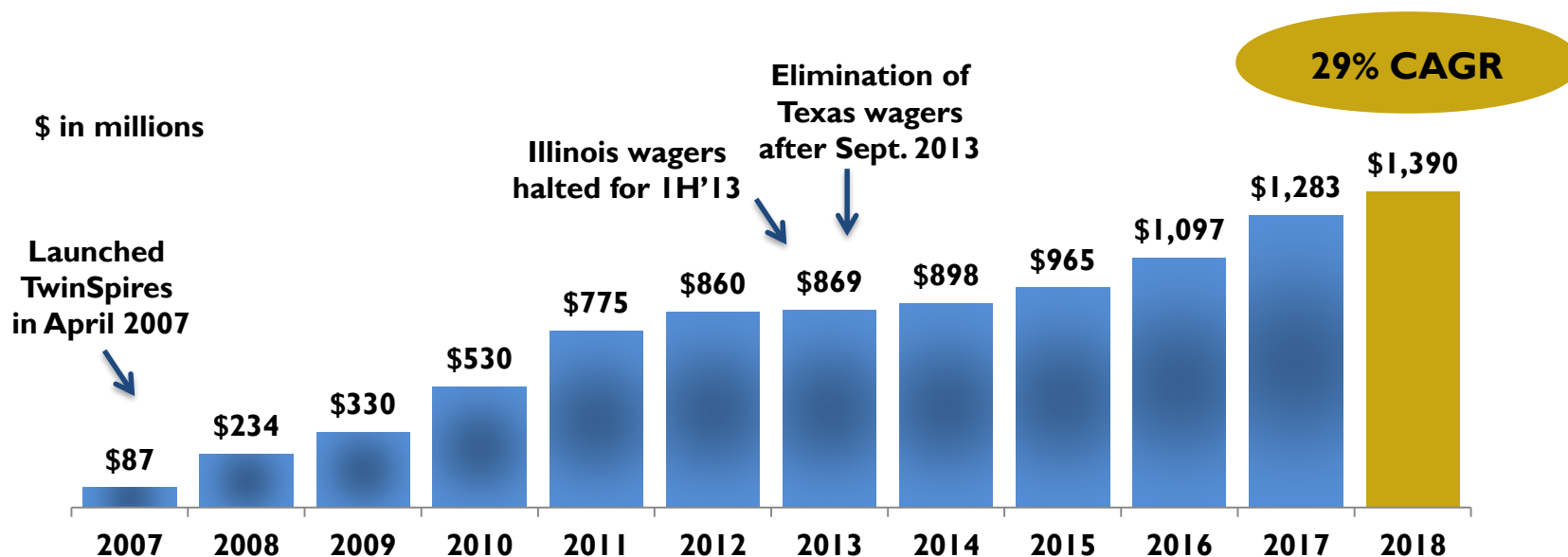


<sup>1</sup> Source: Equibase

<sup>2</sup> Online Wagering excludes Velocity



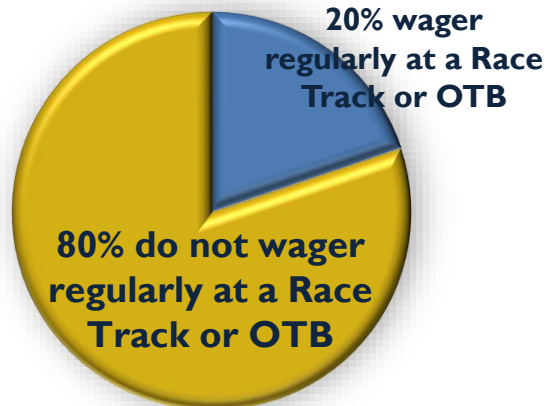
# TwinSpires handle<sup>1</sup> has grown significantly over the past decade



<sup>1</sup> TwinSpires handle excludes Velocity

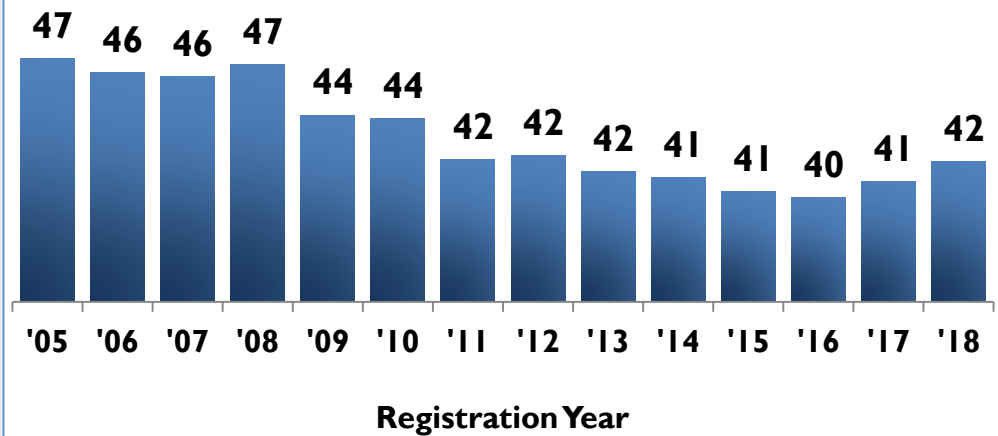
## We are attracting new fans and younger fans to horseracing

### New Fans



Based on survey of August 2017 new customers

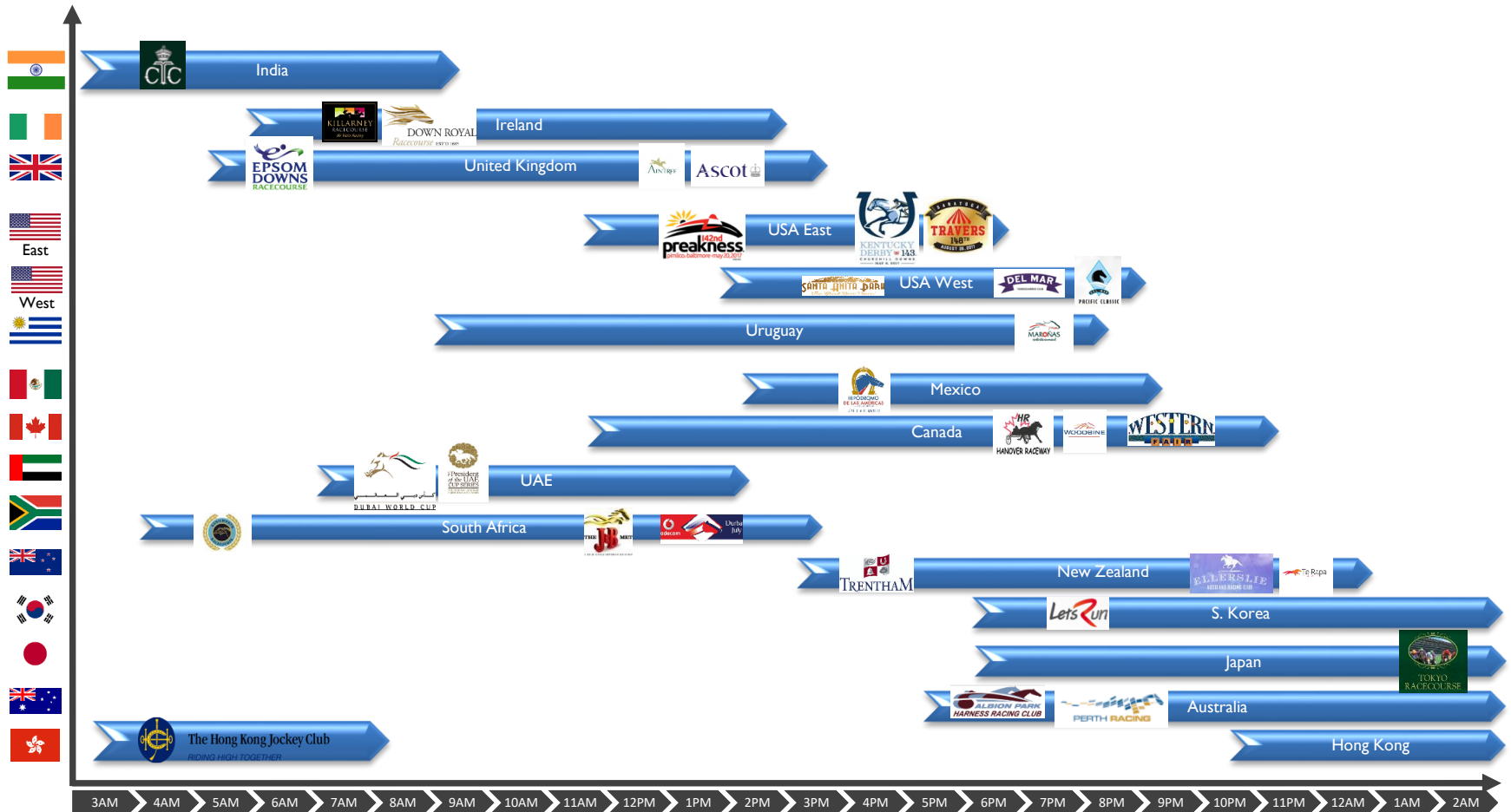
### Median New Player Age



TwinSpires offers betting on ~186,000 races at 350 racetracks 365 days a year



## TwinSpires offers betting 24/7 from 14 countries



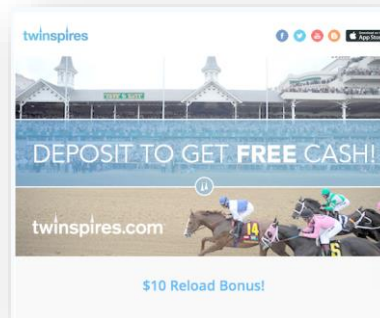
Hours in EST

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

**User Acquisition**



**User Retention**



**User Activation**



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

**Winner's Toasts**



**Trophy Presentations**



**VIP Events**



**Behind-the-Scene Tours**



## Sports Betting and iGaming – Near-term Opportunities

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

CDI branded its betting platform  

Current / near-term retail and online BetAmerica sports betting and iGaming operations:

State	Adult Population <sup>1</sup> (million)	CDI Property or 3 <sup>rd</sup> Party Agreement	Type	CDI Sports Betting	CDI iGaming
Mississippi	~2.2	Harlow’s and Riverwalk Casinos <sup>2</sup>	Retail Only	Aug. 2018	N/A
New Jersey	~6.8	Agreement with Golden Nugget Atlantic City for Sports Betting & iGaming skin	Online Only	Launched 1Q’19	Launched 1Q’19
Pennsylvania	~9.7	Presque Isle Downs & Casino in Erie, PA	Retail and Online	2H’19	2H’19

<sup>1</sup> Population Distribution by Age by The Henry J. Kaiser Family Foundation, 2016

<sup>2</sup> Retail betting results at Harlow’s and Riverwalk Casinos are reported in the Gaming Segment

## Future Expansion of Sports Betting and iGaming

### CDI is well positioned in key states if sports betting and iGaming are approved

State	Adult Population <sup>1</sup> (million)	CDI Property or 3 <sup>rd</sup> Party Agreement
California	~29.4	Card room agreement to offer online poker if legislation is approved
Florida	~16.2	Calder Casino
New York	~15.1	Agreement with Saratoga Casino Holdings for rights to online sports betting & iGaming until 2033
Illinois	~9.5	Arlington International Race Course and OTBs and Rivers Joint Venture
Ohio	~8.6	Miami Valley Gaming Joint Venture
Tennessee	~5.0	Open market access
Maryland	~4.5	The Casino at Ocean Downs
Colorado	~4.2	Agreement with Saratoga Casino Holdings for rights to online sports betting & iGaming until 2033
Louisiana	~3.4	Fair Grounds Slots and VSI and Fair Grounds Race Course
Kentucky	~3.3	Churchill Downs Racetrack and Derby City Gaming
Maine	~1.0	Oxford Casino
Washington, D.C.	~0.5	Open market access

<sup>1</sup> Population Distribution by Age by The Henry J. Kaiser Family Foundation, 2017

## Financial Overview

Revenue	Adjusted EBITDA	Drivers												
<p>\$ in millions</p> <table border="1"> <tr> <th>Year</th> <th>Revenue (\$ in millions)</th> </tr> <tr> <td>2017 TY</td> <td>\$256</td> </tr> <tr> <td>2018 TY</td> <td>\$290</td> </tr> </table> <p>14% VPY</p>	Year	Revenue (\$ in millions)	2017 TY	\$256	2018 TY	\$290	<table border="1"> <tr> <th>Year</th> <th>Adjusted EBITDA (\$ in millions)</th> </tr> <tr> <td>2017 TY</td> <td>\$70</td> </tr> <tr> <td>2018 TY</td> <td>\$79</td> </tr> </table> <p>13% VPY</p>	Year	Adjusted EBITDA (\$ in millions)	2017 TY	\$70	2018 TY	\$79	<ul style="list-style-type: none"> <li>Handle grew 8.3% in 2018                             <ul style="list-style-type: none"> <li>Outpaced industry performance by 5.0%</li> <li>Reflects full year of BetAmerica</li> </ul> </li> <li>Adjusted EBITDA growth consistent with handle increase</li> </ul>
Year	Revenue (\$ in millions)													
2017 TY	\$256													
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<p>\$ in millions</p> <table border="1"> <tr> <th>Quarter</th> <th>Revenue (\$ in millions)</th> </tr> <tr> <td>IQ 2018</td> <td>\$63</td> </tr> <tr> <td>IQ 2019</td> <td>\$63</td> </tr> </table> <p>0% VPY</p>	Quarter	Revenue (\$ in millions)	IQ 2018	\$63	IQ 2019	\$63	<table border="1"> <tr> <th>Quarter</th> <th>Adjusted EBITDA (\$ in millions)</th> </tr> <tr> <td>IQ 2018</td> <td>\$18</td> </tr> <tr> <td>IQ 2019</td> <td>\$17</td> </tr> </table> <p>(5)% VPY</p>	Quarter	Adjusted EBITDA (\$ in millions)	IQ 2018	\$18	IQ 2019	\$17	<ul style="list-style-type: none"> <li>Handle grew 0.1% in IQ'19                             <ul style="list-style-type: none"> <li>Outpaced industry performance by 3.5%</li> </ul> </li> <li>Online Sports Betting and iGaming operations decreased Adjusted EBITDA by ~ \$1 million in IQ'19</li> </ul>
Quarter	Revenue (\$ in millions)													
IQ 2018	\$63													
IQ 2019	\$63													
Quarter	Adjusted EBITDA (\$ in millions)													
IQ 2018	\$18													
IQ 2019	\$17													





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# **Gaming Segment**

## Regional Gaming Properties



**We are a leader in brick-and-mortar casino gaming with ~11,000 slot machines and VLTs and ~200 table games in eight states**

## Diverse portfolio of gaming properties

### Overview

#### Ten casinos and three hotels in eight states

- Seven wholly owned, two joint ventures, and one management contract
- Local brands and community connection
- Smaller bets in diverse geographic and economic environments

**Retail self service BetAmerica Sportbooks opened at two Mississippi properties in August 2018**

### 2018 Key metrics

\$ in millions	<u>2018</u>	<u>VPY %</u>
<b>Revenue</b>	<b>\$450</b>	<b>15%</b>
<b>Adjusted EBITDA</b>	<b>\$174</b>	<b>17%</b>
<b>Wholly owned casino margin<sup>1</sup></b>	<b>33.2%</b>	<b>170 pts</b>

**Industry leading margins for wholly owned casinos**

<sup>1</sup> Excludes corporate overhead, Ocean Downs, joint ventures, and racetracks

## Our gaming properties' strategic advantages

Local approach



- Unique brands and marketing strategies
- Menus and offerings reflect local tastes
- Promotions catered to customer base
- Loyal player base

Business intelligence analytics



- Utilize analytics on customer behavior to optimize customer trips and casino / food & beverage offerings

Leverage corporate gaming expertise



- Gaming floor layout and game mix optimized
- Central slot purchasing to leverage size
- Disciplined reporting and communication strategy
- Central marketing resource facilitates shared best practices

Regional property gaming leaders



- Significant overall gaming experience
- Stable executive leadership maintains local market focus

## 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)
  - Gaming facility opened in Jan. 2010
  - 170 acres of land with casino and racetrack
  - ~1,150 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 acre<sup>1</sup>
- Expanded smoking patio opened May 2018
- Jai Alai permit received in Feb. 2018 and began play 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



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

## Maine and Maryland Casinos

### Oxford Casino – Oxford, Maine

- Property:
  - Located in Oxford, Maine
  - ~940 slot machines, 30 table games and 2 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
  - Casino opened in 2010
  - Harness racetrack opened in 1949
  - ~900 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 100VLTs 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 retail BetAmerica Sportsbook in Aug. 2018

- 39 self-service betting terminals
- 21 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, 16 table games
- 2 dining areas
- 5-story, 80-room attached hotel
- 22 acres of land

#### Purchased in Oct. 2012

#### Opened retail BetAmerica Sportsbook in Aug. 2018

- 38 self-service betting terminals
- 55 big screen displays broadcasting over 100 different HD channels of sporting events and information

**RIVERWALK**  
CASINO • HOTEL





## Pennsylvania Casinos

### Presque Isle Casino

- Property:
  - Located in Erie, Pennsylvania
  - ~1,600 slot machines, 32 table games and a 7 table poker room in 153,400 sq. ft. facility
  - ~100 live thoroughbred race dates each year
  - Located on ~270 acres of land
- Purchased in January 2019
- Potential sports betting / iGaming upside
  - Approved for sports betting and iGaming;
  - Have begun construction of new retail BetAmerica Sportsbook and plan to open in 3Q'19



### Lady Luck Nemacolin

- Property:
  - Located in Farmington, PA
  - ~1 mile from Nemacolin Woodlands Resort's main entrance
  - ~ 600 slot machines, 27 table games and a casual dining restaurant and lounge
- Purchased in March 2019; Paid \$100,000 for:
  - Management agreement to operate casino until July 2023
  - All fixed assets (e.g. slot machines and table games)





## Casino Joint Ventures

### Two of our casinos are joint ventures

#### MiamiValley Gaming (50% Equity Investment)

- Opened in December 2013
- Located in Lebanon, OH (North of Cincinnati, south of Dayton)
- ~1,870 video lottery terminals
- Joint venture (50/50) with Delaware North
- Added smoking patio, high limit area, and expanded gaming in 4Q'17



#### Rivers Casino Des Plaines (61% Equity Investment)

- Opened in July 2011
- CDI investment closed on March 5, 2019
- Located in Des Plaines, IL
- ~980 slot machines and ~58 table games<sup>1</sup>
- Joint venture with High Plains Gaming, LLC, an affiliate of Rush Street Gaming, LLC
- Favorably positioned for online sports betting / iGaming upside should Illinois permit those activities



<sup>1</sup> The Illinois Gaming Board limits the number of Gaming positions to 1,200. For purposes of statutory requirements, slot machines are counted as 0.9 positions and table games are determined based on type of game (Craps tables have 10 positions, all others have 5 positions).

## Financial Overview

Revenue		Adjusted EBITDA		Drivers												
\$ in millions																
<p>15% VPY</p> <table border="1"> <tr><th>Year</th><th>Revenue (\$ millions)</th></tr> <tr><td>2017 TY</td><td>\$389</td></tr> <tr><td>2018 TY</td><td>\$450</td></tr> </table>		Year	Revenue (\$ millions)	2017 TY	\$389	2018 TY	\$450	<p>17% VPY</p> <table border="1"> <tr><th>Year</th><th>Adjusted EBITDA (\$ millions)</th></tr> <tr><td>2017 TY</td><td>\$149</td></tr> <tr><td>2018 TY</td><td>\$174</td></tr> </table>		Year	Adjusted EBITDA (\$ millions)	2017 TY	\$149	2018 TY	\$174	<ul style="list-style-type: none"> <li>▪ Ocean Downs/Saratoga transaction resulted in consolidation of Ocean Downs in 3Q'18</li> <li>▪ Addition of the hotel and expanded gaming floor at Oxford in December 2017</li> <li>▪ Capital improvements made at Calder during 2018</li> </ul>
Year	Revenue (\$ millions)															
2017 TY	\$389															
2018 TY	\$450															
Year	Adjusted EBITDA (\$ millions)															
2017 TY	\$149															
2018 TY	\$174															
<p>51% VPY</p> <table border="1"> <tr><th>Quarter</th><th>Revenue (\$ millions)</th></tr> <tr><td>IQ 2018</td><td>\$112</td></tr> <tr><td>IQ 2019</td><td>\$169</td></tr> </table>		Quarter	Revenue (\$ millions)	IQ 2018	\$112	IQ 2019	\$169	<p>40% VPY</p> <table border="1"> <tr><th>Quarter</th><th>Adjusted EBITDA (\$ millions)</th></tr> <tr><td>IQ 2018</td><td>\$46</td></tr> <tr><td>IQ 2019</td><td>\$65</td></tr> </table>		Quarter	Adjusted EBITDA (\$ millions)	IQ 2018	\$46	IQ 2019	\$65	<ul style="list-style-type: none"> <li>▪ IQ'19 additions of Presque Isle, Lady Luck Nemaquin management contract, and equity investment in Rivers Des Plaines</li> <li>▪ Increase at Ocean Downs due to VLT performance</li> <li>▪ Addition of BetAmerica Sportsbooks at our Mississippi properties</li> </ul>
Quarter	Revenue (\$ millions)															
IQ 2018	\$112															
IQ 2019	\$169															
Quarter	Adjusted EBITDA (\$ millions)															
IQ 2018	\$46															
IQ 2019	\$65															



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# **Additional Growth Opportunities**

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

**Kentucky Horse Racing Commission awarded racing license in November 2018 for  
12 Standardbred racing dates beginning in October 2019**

**Up to \$200 million investment in a joint venture owned by CDI (95% owner) and  
Keeneland Association Inc. (5% owner)**

- Racetrack and enclosed grandstand / multi-purpose space
- HRM facility with up to 1,500 machines
- 3,000 person capacity amphitheater and state-of-the-art equestrian center including indoor arena
- 125-room hotel with event center and dining options
- Broke ground on April 9, 2019 with full property opening expected in the first half of 2020



**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

## 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 in February 2018**

**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**

**Began jai alai play in May 2019**

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



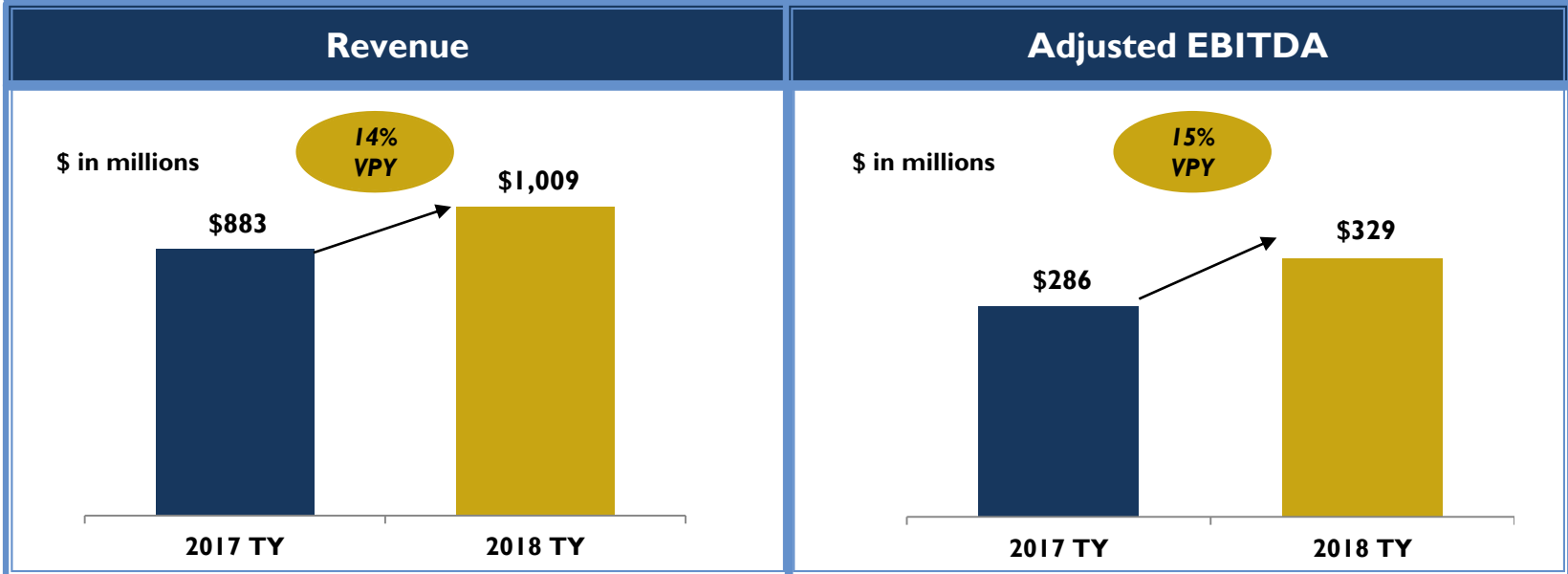
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# Financial Highlights and Insights

**Double-digit growth driven by investment in *The Kentucky Derby*, and organic growth from TwinSpires and the Gaming Segment**

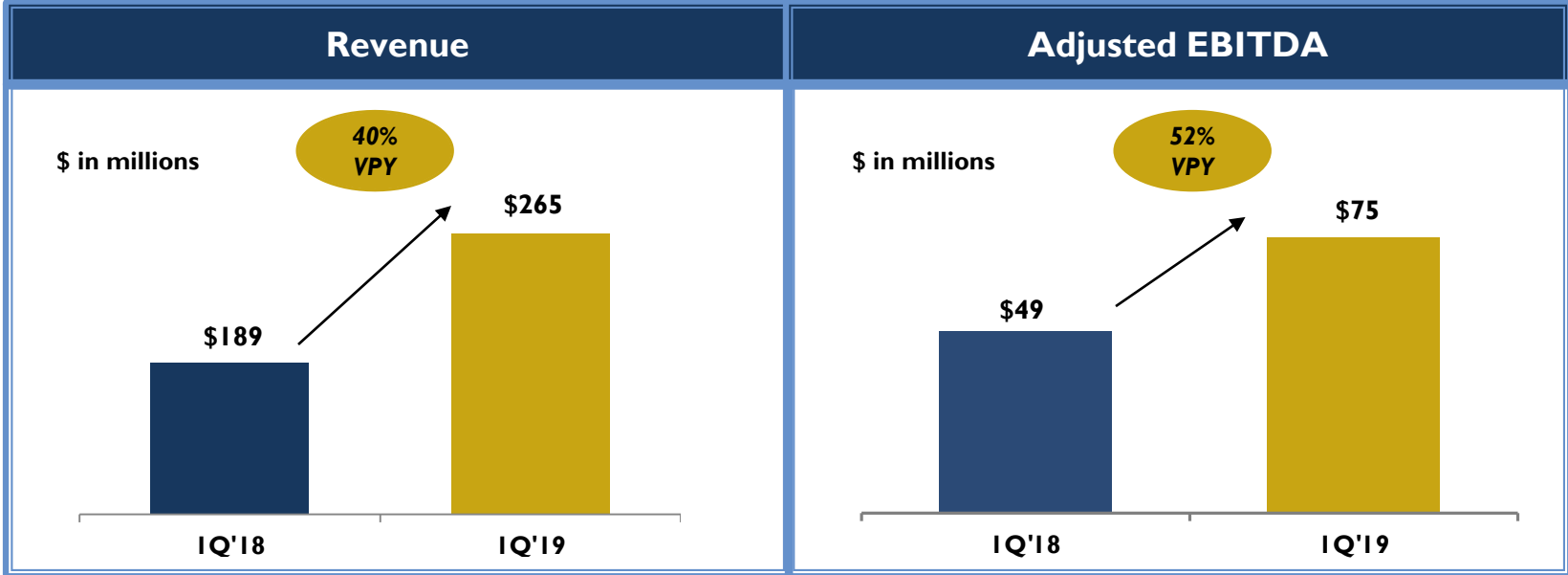
**2018 Financial Performance From Continuing Operations**





## Strong growth driven by Derby City Gaming, organic growth, and strategic acquisitions

### IQ'19 Financial Performance From Continuing Operations



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

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

- Ideal target is 3.0x-4.0x net leverage...willing to go higher for a strategic investment

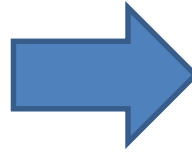
### **Engage in open and active dialogue with rating agencies and institutional investors**

### **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

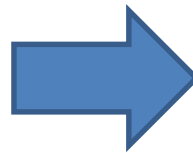
## 2019 Projected Capital Investments as of 3/31/19

**Maintenance  
Capital**



**\$45 – 55 million**

**Project Capital**



**\$110 – 130 million**

- **Oak Grove**
- **Churchill Downs Racetrack**
- **Calder Jai Alai**

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

### The Mansion



#### Return Profile

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

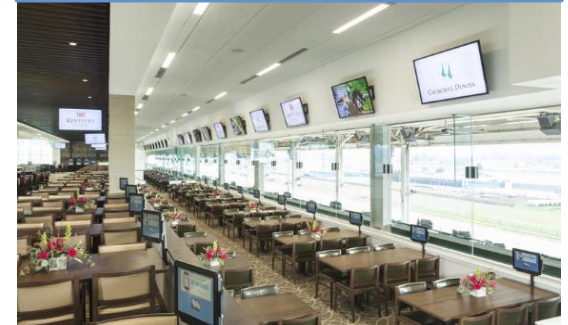
### Winners' Circle Suites and Courtyard



#### 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



#### Return Profile

Opened Dec. 2017  
 \$18 million investment  
 < 3 year payback

### Ocean Downs Slot Floor Purchase



#### Return Profile

Purchased Aug. 2017  
 \$13 million investment  
 < 2 year payback

### Oxford Hotel & Floor Expansion



#### Return Profile

Opened Nov. 2017  
 \$27 million investment  
 < 6 year payback

### Miami Valley Gaming Expansion



#### Return Profile

Opened Oct. 2017  
 \$5 million investment  
 < 2 year payback

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

### Dividends

- 2019 dividend paid was the 8<sup>th</sup> consecutive increase in the dividend per share
- \$104 million paid to shareholders in dividends over the last 5 years

### Share Repurchases

- **Returned \$956 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
- **\$300 million share repurchase program authorized on October 30, 2018**
  - \$25 million repurchased on 1Q'19
  - \$243 million of capacity remaining at March 31, 2019

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

**Board of Directors 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**



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# *Appendix*



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

- Chief Executive Officer since Aug. 2014; Director since 2015
- President and COO, Mar. 2011 – Aug. 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; MBA

### **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

## Definition of Non-GAAP Financial Measures

The Company uses non-GAAP measures, including EBITDA (earnings before interest, taxes, depreciation and amortization) and Adjusted EBITDA, as key performance measures of the results of the operations for purposes of evaluating performance internally. 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 or operating income (as determined in accordance with GAAP) as a measure of our operating results, as an alternative to cash flows from operating activities as a measure of liquidity, or as an alternative to any other measure provided in accordance with GAAP. Our calculation of Adjusted EBITDA may be different from the calculation used by other companies and, therefore, comparability may be limited.

**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
  - Calder Racing exit costs; and
  - Other transaction expense, including legal, accounting and other deal-related expense;
- Stock-based compensation expense;
- Recapitalization costs related to the Midwest Gaming transaction;
- Asset impairments;
- Gain on Ocean Downs/Saratoga Transaction;
- Loss on extinguishment of debt;
- Pre-opening expense; and
- Other charges, recoveries and expenses

## Reconciliation from GAAP to Non-GAAP Financial Measures

### Reconciliation of Comprehensive Income to Adjusted EBITDA

<i>(in millions)</i>	Year Ended December 31,		Three Months Ended
	2017	2018	March 31, 2019
<b>Comprehensive income</b>	\$ 140.4	\$ 353.2	\$ 11.6
Foreign currency translation, net of tax	0.1	(0.6)	-
Net change in pension benefits, net of tax	-	0.2	-
<b>Net income</b>	140.5	352.8	11.6
(Income) loss from discontinued operations, net of tax	(18.1)	(170.2)	0.3
Income from continuing operations, net of tax	122.4	182.6	11.9
<b>Additions:</b>			
Depreciation and amortization	56.0	63.6	20.8
Net interest expense	49.3	40.1	13.7
Loss on extinguishment of debt	20.7	-	-
Income tax provision (benefit)	(19.9)	51.3	6.5
<b>EBITDA</b>	\$ 228.5	\$ 337.6	\$ 52.9
<b>Adjustments to EBITDA:</b>			
Selling, general and administrative:			
Stock-based compensation expense	\$ 16.0	\$ 17.7	\$ 4.7
Other, net	0.5	(0.6)	0.5
Pre-opening expense	0.5	4.8	1.3
Other income, expense:			
Interest, depreciation and amortization expense related to equity investments	16.7	13.9	3.5
Recapitalization costs related to Midwest Gaming	-	-	8.2
Gain on Ocean Downs/Saratoga transaction	-	(54.9)	-
Transaction expense, net	2.3	10.3	3.5
Impairment of tangible and intangible assets	21.7	-	-
Total adjustments to EBITDA	57.7	(8.8)	21.7
<b>Adjusted EBITDA</b>	\$ 286.2	\$ 328.8	\$ 74.6
<b>Adjusted EBITDA by segment:</b>			
Churchill Downs	\$ 89.0	\$ 102.3	\$ 1.4
Online Wagering	69.9	79.0	16.9
Gaming	148.6	174.1	64.8
Total segment Adjusted EBITDA	307.5	355.4	83.1
All Other	(21.3)	(26.6)	(8.5)
<b>Adjusted EBITDA</b>	\$ 286.2	\$ 328.8	\$ 74.6