

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K

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

Date of Report (Date of earliest event reported): April 25, 2018

CHURCHILL DOWNS
INCORPORATED
(Exact name of registrant as specified in its charter)

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)

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.

Item 2.02. Results of Operations and Financial Condition.

A copy of the news release issued by Churchill Downs Incorporated (the "Company") on April 25, 2018 announcing the results of operations and financial condition for the quarter ended March 31, 2018 is attached hereto as Exhibit 99.1 and incorporated by reference herein.

The information provided pursuant to this Item 2.02, including Exhibit 99.1, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities under that Section and shall not be deemed incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1 Press Release dated April 25, 2018 issued by Churchill Downs Incorporated

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.

April 25, 2018

CHURCHILL DOWNS INCORPORATED

/s/ Marcia A. Dall

By: Marcia A. Dall

Title: Executive Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)

CHURCHILL DOWNS

INCORPORATED

FOR IMMEDIATE RELEASE

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CHURCHILL DOWNS INCORPORATED REPORTS 2018 FIRST QUARTER RESULTS

LOUISVILLE, Ky. (April 26, 2018) - Churchill Downs Incorporated (Nasdaq: CHDN) ("CDI" or the "Company") today reported business results for the first quarter ended March 31, 2018.

First Quarter 2018 Highlights

- Net revenue of \$189.3 million, 13% increase over the prior year
- Net income of \$182.0 million compared to \$7.3 million in the prior year
 - Adjusted net income of \$15.8 million compared to \$2.2 million in the prior year
- Diluted earnings per share ("EPS") of \$12.55 compared to \$0.44 in the prior year
 - Adjusted diluted EPS of \$1.09 compared to \$0.13 in the prior year
- Adjusted EBITDA of \$49.2 million, 36% increase over the prior year

CONSOLIDATED RESULTS

(in millions, except per share data):

	First Quarter	
	2018	2017
Net revenue	\$ 189.3	\$ 167.5
Net income	\$ 182.0	\$ 7.3
Adjusted net income ^(a)	\$ 15.8	\$ 2.2
Diluted EPS	\$ 12.55	\$ 0.44
Adjusted diluted EPS ^(a)	\$ 1.09	\$ 0.13
Adjusted EBITDA ^(a)	\$ 49.2	\$ 36.3

(a) This is a non-GAAP measure. See explanation of non-GAAP measures below.

"Our adjusted EBITDA for the first quarter was up 36% compared to prior year on the strength of our Casino and TwinSpires segments," said Bill Carstanjen, Chief Executive Officer of the Company. "Looking forward, we are a little over a week away from the 144th running of the Kentucky Derby and are excited to show our guests the myriad of improvements to our facility that we have made over the last year."

On January 9, 2018, the Company closed the sale of its mobile gaming subsidiary, Big Fish Games Inc. ("Big Fish Games"), to Aristocrat Technologies, Inc. for aggregate consideration of approximately \$990 million in cash ("Big Fish Transaction"). For purposes of our consolidated financial statements and information included in this release prepared in conformity with U.S. generally accepted accounting principles ("GAAP"), the Big Fish Games segment is classified as held for sale and discontinued operations. Therefore, Big Fish Games is excluded from GAAP net revenue, operating income and adjusted EBITDA. Net income and diluted EPS include the results from Big Fish Games' discontinued operations. For purposes of our condensed consolidated statements of cash flows, the Company has included the results of Big Fish Games. See explanation of Non-GAAP measures below.

Net revenue and adjusted EBITDA will be discussed in more detail below by Operating Segment.

The Company's first quarter 2018 net income of \$182.0 million compared to \$7.3 million for the prior year. Income from continuing operations, net of tax was \$14.1 million for the first quarter 2018, compared to \$2.2 million for the prior year. Income from discontinued operations, net of tax was \$167.9 million, compared to \$5.1 million for the prior year.

The \$11.9 million increase in income from continuing operations, net of tax was due to:

- \$11.2 million increase in operating income primarily driven by our Casino and TwinSpires segments;
- \$2.2 million decrease in net interest expense associated with lower outstanding debt balances; and
- \$0.5 million increase in equity income of our casino equity investments and miscellaneous income, net of tax.
- Partially offsetting these increases was a \$2.0 million increase in our income tax provision.

The \$162.8 million increase in income from discontinued operations, net of tax includes the \$168.3 million after-tax gain on the Big Fish Transaction. Partially offsetting this increase was a \$5.5 million decrease in Big Fish Games net income.

The Company's first quarter 2018 adjusted net income was \$15.8 million compared to \$2.2 million for the first quarter of 2017, and our adjusted diluted EPS was \$1.09 in the first quarter of 2018 compared to \$0.13 in the first quarter of 2017. The adjustments remove transaction expenses, pre-opening expenses included in Other Investments, the gain on the Big Fish Transaction, and Big Fish Games net income, as described in our supplemental information to this press release.

OPERATING SEGMENT RESULTS:

We use adjusted EBITDA to evaluate segment performance, develop strategy and allocate resources. We utilize the adjusted EBITDA metric because we believe the inclusion or exclusion of certain recurring items is necessary to provide a more accurate measure of our core operating results and enables management and investors to evaluate and compare from period to period our operating performance in a meaningful and consistent manner. Adjusted EBITDA should not be considered as an alternative to operating income as an indicator of performance, 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.

The operating segment summaries below present net revenue from external customers and intercompany revenue from each of our operating segments:

Racing	First Quarter	
	2018	2017
<i>(in millions):</i>		
Net revenue	\$ 26.2	\$ 26.1
Adjusted EBITDA	(9.4)	(9.7)

For the first quarter of 2018, net revenue and adjusted EBITDA increased primarily due to the first quarter 2017 impact of a contagious disease outbreak at Fair Grounds Race Course which quarantined horses causing limited field sizes which did not recur in first quarter 2018, as well as the shift in the Louisiana Derby timing from April 2017 to March 2018.

TwinSpires

(in millions):

	First Quarter	
	2018	2017
Net revenue	\$ 63.6	\$ 52.3
Adjusted EBITDA	16.5	13.2

For the first quarter of 2018, net revenue increased \$11.3 million and adjusted EBITDA increased \$3.3 million primarily due to an increase in handle of 20.2%, which outpaced the U.S. thoroughbred industry performance by 14.0 percentage points.

Casino

(in millions):

	First Quarter	
	2018	2017
Net revenue	\$ 98.1	\$ 87.5
Adjusted EBITDA	44.3	35.3

For the first quarter of 2018, net revenue increased \$10.6 million from the prior year primarily driven by a \$3.3 million increase at Oxford, a \$2.9 million increase at Calder, a \$2.7 million increase at our Mississippi properties, and a \$1.7 million increase at our Louisiana properties, all of which resulted from successful marketing and promotional activities.

Adjusted EBITDA increased \$9.0 million primarily driven by:

- \$7.8 million increase from our wholly-owned Casino properties, including a \$3.4 million increase at our Mississippi properties, a \$2.1 million increase at Calder, a \$1.3 million increase at Oxford, and a \$1.0 million increase at our Louisiana properties, and
- \$1.2 million increase in our Casino equity investments, driven by solid performance at Ocean Downs and Miami Valley Gaming.

Treasury Management

As previously announced, the Company's Board of Directors authorized \$500.0 million of the proceeds from the Big Fish Transaction to repurchase shares of the Company through a "modified Dutch auction" tender offer. The Company completed the tender offer on February 12, 2018 by repurchasing 1,886,792 shares at a purchase price of \$265 per share with an aggregate cost of \$500 million, excluding fees and expenses related to the tender offer.

Conference Call

A conference call regarding this news release is scheduled for Thursday, April 26, 2018 at 9 a.m. ET. Investors and other interested parties may listen to the teleconference by accessing the online, real-time webcast and broadcast of the call at <http://ir.churchilldownsincorporated.com/events.cfm>, or by dialing (877) 372-0878 and entering the pass code 2276838 at least 10 minutes before the appointed time. International callers should dial (253) 237-1169. An online replay will be available at approximately noon ET on Thursday, April 26, 2018 and will continue to be available for two weeks. A copy of the Company's news release announcing quarterly results and relevant financial and statistical information about the period will be accessible at www.churchilldownsincorporated.com.

Use of Non-GAAP Measures

In addition to the results provided in accordance with GAAP, the Company also uses non-GAAP measures, including adjusted net income, adjusted diluted EPS, EBITDA (earnings before interest, taxes, depreciation and amortization) and adjusted EBITDA.

Adjusted net income and adjusted diluted EPS exclude impairment of tangible and intangible assets; gain or loss on disposal of assets; discontinued operations net income; loss on modification or extinguishment of debt; certain non-recurring income tax items; transaction expense, which includes acquisition and disposition related charges as well as legal, accounting, and other deal-related expense; pre-opening expense; and certain other charges, recoveries, and expenses.

Adjusted EBITDA includes CDI's 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 Calder land sale;
- Calder exit costs;
- Loss on extinguishment of debt; and
- Other charges, recoveries and expenses

For purposes of segment reporting, adjusted EBITDA includes intercompany revenue and expense totals that are eliminated in the condensed consolidated statements of comprehensive income. Refer to the reconciliation of comprehensive income to adjusted EBITDA included herewith for additional information.

The Company uses non-GAAP measures as a key performance measure of the results of operations for purposes of evaluating performance internally. The measure facilitates comparison of operating performance between periods and helps investors to better understand the operating results of CDI by excluding certain items that may not be indicative of the Company's core business or operating results. The Company believes the use of this measure enables management and investors to evaluate and compare, from period to period, the Company's operating performance in a meaningful and consistent manner. The non-GAAP measures are a supplemental measure of our performance that is not required by, or presented in accordance with GAAP, and should not be considered as an alternative to, or more meaningful than, net income or diluted EPS (as determined in accordance with GAAP) as a measure of our operating results.

Due to the Big Fish Transaction, the Company has presented Big Fish Games as held for sale and discontinued operations in the condensed consolidated financial statements and related notes in our Quarterly Report on Form 10-Q. The Company has not allocated corporate and other certain expenses to Big Fish Games consistent with the discontinued operations presentation in the accompanying consolidated statements of comprehensive income. Accordingly, the prior year amounts were reclassified to conform to this presentation.

About Churchill Downs Incorporated

Churchill Downs Incorporated ("CDI") (Nasdaq: CHDN), headquartered in Louisville, Ky., is an industry-leading racing, gaming and online entertainment company anchored by our iconic flagship event - *The Kentucky Derby*. We are a leader in brick-and-mortar casino gaming with approximately 10,000 gaming positions in eight states, and we are the largest legal online account wagering platform for horseracing in the U.S., through our ownership of TwinSpires.com. Additional information about CDI can be found online at www.churchilldownsincorporated.com.

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; the effect of changes in tax laws on the Company or an investment in our shares, including as a result of changes made pursuant to recently enacted U.S. tax legislation; public perceptions or lack of confidence in the integrity of our business; loss of key or highly skilled personnel; restrictions in our debt facilities limiting our flexibility to operate our business; general risks related to real estate ownership, including fluctuations in market values and environmental regulations; catastrophic events and system failures disrupting our operations, including the impact of natural and other disasters on our operations and our ability to obtain insurance recoveries in respect of such losses; inability to identify and complete acquisition, expansion or divestiture projects, on time, on budget or as planned; difficulty in integrating recent or future acquisitions into our operations; legalization of online real money gaming in the United States, and our ability to capitalize on and predict such legalization; 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; work stoppages and labor issues; difficulty in attracting a sufficient number of horses and trainers for full field horseraces; inability to negotiate agreements with industry constituents, including horsemen and other racetracks; personal injury litigation related to injuries occurring at our racetracks; the inability of our totalisator company, United Tote, to maintain its processes accurately, keep its technology current or maintain its significant customers; weather conditions affecting our ability to conduct live racing; increased competition in the horseracing business; changes in the regulatory environment of our racing operations; declining popularity in horseracing; seasonal fluctuations in our horseracing business due to geographic concentration of our operations; increased competition in our casino business; changes in regulatory environment of our casino business; development and expansion of casinos is costly and susceptible to delays, cost overruns and other uncertainties; concentration and evolution of slot machine manufacturing and other technology conditions that could impose additional costs; impact of further legislation prohibiting tobacco smoking; geographic concentration of our casino business; changes in regulatory environment for our advanced deposit wagering business; increase in competition in the advanced deposit wagering business; inability to retain current customers or attract new customers to our advanced deposit wagering business; uncertainty and changes in the legal landscape relating to our advanced deposit wagering business; and failure to comply with laws requiring us to block access to certain individuals could result in penalties or impairment in our ability to offer advanced deposit wagering.

CHURCHILL DOWNS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March, 31	
	2018	2017
<i>(in millions, except per common share data)</i>		
Net revenue:		
Racing	\$ 23.7	\$ 23.9
TwinSpires	63.2	52.0
Casino	98.1	87.5
Other Investments	4.3	4.1
Total net revenue	189.3	167.5
Operating expense:		
Racing	35.9	36.4
TwinSpires	44.0	36.4
Casinos	64.8	62.7
Other Investments	4.6	3.9
Corporate	0.5	0.6
Selling, general and administrative expense	18.4	18.6
Calder exit costs	—	0.4
Transaction expense, net	1.4	—
Total operating expense	169.6	159.0
Operating income	19.7	8.5
Other income (expense):		
Interest expense, net	(9.6)	(11.8)
Equity in income of unconsolidated investments	6.5	6.1
Miscellaneous, net	0.1	—
Total other expense	(3.0)	(5.7)
Income from continuing operations before provision for income taxes	16.7	2.8
Income tax provision	(2.6)	(0.6)
Income from continuing operations, net of tax	14.1	2.2
Income from discontinued operations, net of tax	167.9	5.1
Net income	\$ 182.0	\$ 7.3
Net income per common share data - basic:		
Continuing operations	\$ 0.98	\$ 0.13
Discontinued operations	\$ 11.63	\$ 0.31
Net income per common share data - basic:	\$ 12.61	\$ 0.44
Net income per common share data - diluted:		
Continuing operations	\$ 0.97	\$ 0.13
Discontinued operations	\$ 11.58	\$ 0.31
Net income per common share data - diluted:	\$ 12.55	\$ 0.44
Weighted average shares outstanding:		
Basic	14.4	16.3
Diluted	14.5	16.8
Other comprehensive income (loss):		
Foreign currency translation, net of tax	—	(0.1)
Other comprehensive income (loss)	—	(0.1)
Comprehensive income	\$ 182.0	\$ 7.2

CHURCHILL DOWNS INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(in millions)</i>	March 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 202.7	\$ 51.7
Restricted cash	31.5	31.2
Accounts receivable, net	34.6	49.6
Income taxes receivable	—	35.6
Other current assets	26.0	18.9
Current assets of discontinued operations held for sale	—	69.1
Total current assets	294.8	256.1
Property and equipment, net	634.9	608.0
Investment in and advances to unconsolidated affiliates	173.4	171.3
Goodwill	317.6	317.6
Other intangible assets, net	167.8	169.4
Other assets	12.5	13.6
Long-term assets of discontinued operations held for sale	—	823.4
Total assets	\$ 1,601.0	\$ 2,359.4
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 59.8	\$ 54.1
Purses payable	8.4	12.5
Account wagering deposit liabilities	28.7	24.0
Accrued expense	75.6	75.8
Income taxes payable	21.4	—
Current deferred revenue	91.5	70.9
Current maturities of long-term debt	4.0	4.0
Dividends payable	—	23.7
Current liabilities of discontinued operations held for sale	—	188.2
Total current liabilities	289.4	453.2
Long-term debt, net of current maturities and loan origination fees	390.1	632.9
Notes payable, net of debt issuance costs	492.5	492.3
Non-current deferred revenue	25.0	29.3
Deferred income taxes	43.8	40.6
Other liabilities	16.6	16.0
Non-current liabilities of discontinued operations held for sale	—	54.8
Total liabilities	1,257.4	1,719.1
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, no par value; 0.3 shares authorized; no shares issued or outstanding	—	—
Common stock, no par value; 50.0 shares authorized; 13.5 shares issued and outstanding at March 31, 2018 and 15.4 shares at December 31, 2017	—	7.3
Retained earnings	344.5	634.3
Accumulated other comprehensive loss	(0.9)	(1.3)
Total shareholders' equity	343.6	640.3
Total liabilities and shareholders' equity	\$ 1,601.0	\$ 2,359.4

CHURCHILL DOWNS INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(unaudited)

<i>(in millions)</i>	Three Months Ended March, 31	
	2018	2017
Cash flows from operating activities:		
Net income	\$ 182.0	\$ 7.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	13.8	24.5
Game software development amortization	0.4	4.4
Gain on sale of Big Fish Games	(219.5)	—
Distributed earnings from equity investments	4.5	4.3
Earnings from equity investments, net	(6.5)	(6.1)
Stock-based compensation	6.1	4.9
Deferred income taxes	2.1	—
Big Fish Games earnout payment	(2.4)	(2.5)
Big Fish Games deferred payment	(2.0)	—
Other	0.9	0.5
Increase (decrease) in cash resulting from changes in operating assets and liabilities, net of business acquisitions and dispositions:		
Game software development	(0.3)	(5.3)
Income taxes	52.4	6.6
Deferred revenue	35.8	42.4
Other assets and liabilities	(11.4)	(15.7)
Net cash provided by operating activities	55.9	65.3
Cash flows from investing activities:		
Capital maintenance expenditures	(7.5)	(10.2)
Capital project expenditures	(26.5)	(27.3)
Proceeds from sale of Big Fish Games	970.7	—
Receivable from escrow	—	10.1
Investment in unconsolidated affiliates	—	(24.0)
Net cash provided by (used in) investing activities	936.7	(51.4)
Cash flows from financing activities:		
Borrowings on bank line of credit	100.9	239.1
Repayments of bank line of credit	(343.9)	(192.7)
Big Fish Games earnout payment	(31.8)	(31.7)
Big Fish Games deferred payment	(26.4)	—
Payment of dividends	(23.7)	(21.8)
Repurchase of common stock	(514.4)	(8.6)
Common stock issued	—	0.1
Other	(4.5)	(1.4)
Net cash used in financing activities	(843.8)	(17.0)
Net increase (decrease) in cash, cash equivalents and restricted cash	148.8	(3.1)
Effect of exchange rate changes on cash	(0.1)	—
Cash, cash equivalents and restricted cash, beginning of period	85.5	83.0
Cash, cash equivalents and restricted cash, end of period	\$ 234.2	\$ 79.9

CHURCHILL DOWNS INCORPORATED
SUPPLEMENTAL INFORMATION
(Unaudited)

	Three Months Ended March, 31	
	2018	2017
GAAP net income	\$ 182.0	\$ 7.3
Adjustments, continuing operations:		
Transaction expense, net	1.4	—
Pre-opening expense included in other investments	0.6	—
Income tax impact on net income adjustments ^(b)	(0.3)	—
Total adjustments, continuing operations	1.7	—
Gain on Big Fish Transaction, net of tax ^(c)	(168.3)	—
Big Fish Games net income ^(c)	0.4	(5.1)
Total adjustments	(166.2)	(5.1)
Adjusted net income	\$ 15.8	\$ 2.2
Adjusted diluted EPS	\$ 1.09	\$ 0.13
Weighted average shares outstanding - Diluted	14.5	16.8

(b) 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.

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

CHURCHILL DOWNS INCORPORATED
SUPPLEMENTAL INFORMATION BY OPERATING UNIT
(Unaudited)

<i>(in millions)</i>	Three Months Ended March, 31	
	2018	2017
Net revenue from external customers:		
Racing:		
Churchill Downs	\$ 2.0	\$ 2.3
Arlington	8.3	8.5
Fair Grounds	12.8	12.5
Calder	0.6	0.6
Total Racing	23.7	23.9
TwinSpires	63.2	52.0
Casino:		
Oxford Casino	24.2	20.9
Riverwalk Casino	14.4	11.5
Harlow's Casino	13.3	13.5
Calder Casino	24.3	21.4
Fair Grounds Slots	10.6	10.2
VSI	11.0	9.7
Saratoga	0.3	0.3
Total Casino	98.1	87.5
Other Investments	4.3	4.1
Net revenue from external customers	\$ 189.3	\$ 167.5
Intercompany net revenue:		
Racing:		
Churchill Downs	\$ 0.3	\$ 0.3
Arlington	1.2	1.0
Fair Grounds	1.0	0.9
Total Racing	2.5	2.2
TwinSpires	0.4	0.3
Other Investments	1.2	1.4
Eliminations	(4.1)	(3.9)
Intercompany net revenue	\$ —	\$ —

CHURCHILL DOWNS INCORPORATED
SUPPLEMENTAL INFORMATION BY OPERATING UNIT
(Unaudited)

Adjusted EBITDA by segment is comprised of the following:

Three Months Ended March 31, 2018

<i>(in millions)</i>	Racing	TwinSpires	Casino	Other Investments	Corporate	Eliminations	Total
Net revenue	\$ 26.2	\$ 63.6	\$ 98.1	\$ 5.5	\$ —	\$ (4.1)	\$ 189.3
Taxes & purses	(10.3)	(3.4)	(32.4)	—	—	—	(46.1)
Marketing & advertising	(0.8)	(0.8)	(3.2)	—	—	0.1	(4.7)
Salaries & benefits	(8.6)	(2.1)	(13.5)	(3.2)	—	—	(27.4)
Content expense	(3.1)	(32.2)	—	—	—	3.3	(32.0)
Selling, general & administrative expense	(4.0)	(2.8)	(5.4)	(0.7)	(2.4)	0.3	(15.0)
Other operating expense	(8.8)	(5.8)	(10.1)	(1.3)	(0.2)	0.4	(25.8)
Other income	—	—	10.8	—	0.1	—	10.9
Adjusted EBITDA	<u>\$ (9.4)</u>	<u>\$ 16.5</u>	<u>\$ 44.3</u>	<u>\$ 0.3</u>	<u>\$ (2.5)</u>	<u>\$ —</u>	<u>\$ 49.2</u>

Three Months Ended March 31, 2017

<i>(in millions)</i>	Racing	TwinSpires	Casino	Other Investments	Corporate^(d)	Eliminations	Total
Net revenue	\$ 26.1	\$ 52.3	\$ 87.5	\$ 5.5	\$ —	\$ (3.9)	\$ 167.5
Taxes & purses	(10.2)	(3.0)	(29.1)	—	—	—	(42.3)
Marketing & advertising	(0.7)	(1.0)	(3.0)	—	—	0.1	(4.6)
Salaries & benefits	(8.6)	(2.2)	(13.1)	(2.9)	—	—	(26.8)
Content expense	(3.2)	(25.4)	—	—	—	2.8	(25.8)
Selling, general & administrative expense	(3.8)	(2.7)	(5.2)	(0.8)	(2.9)	0.3	(15.1)
Other operating expense	(9.3)	(4.8)	(11.4)	(1.3)	(0.2)	0.7	(26.3)
Other income	—	—	9.6	0.1	—	—	9.7
Adjusted EBITDA	<u>\$ (9.7)</u>	<u>\$ 13.2</u>	<u>\$ 35.3</u>	<u>\$ 0.6</u>	<u>\$ (3.1)</u>	<u>\$ —</u>	<u>\$ 36.3</u>

(d) The Corporate segment includes corporate and other certain expenses of \$0.7 million for the three months ended March 31, 2017 that have not been allocated to Big Fish Games as a result of the Big Fish Transaction. The Big Fish Games segment is reported as held for sale and discontinued operations in the condensed consolidated financial statements and the notes in our Quarterly Report on Form 10-Q.

CHURCHILL DOWNS INCORPORATED
SUPPLEMENTAL INFORMATION BY OPERATING UNIT
(Unaudited)

<i>(in millions)</i>	Three Months Ended March, 31	
	2018	2017
Reconciliation of Comprehensive Income to Adjusted EBITDA:		
Comprehensive income	\$ 182.0	\$ 7.2
Foreign currency translation, net of tax	—	0.1
Net income	182.0	7.3
Income from discontinued operations, net of tax	(167.9)	(5.1)
Income from continuing operations, net of tax	14.1	2.2
Additions:		
Depreciation and amortization	13.8	14.2
Interest expense	9.6	11.8
Income tax provision	2.6	0.6
EBITDA	\$ 40.1	\$ 28.8
Adjustments to EBITDA:		
Selling, general and administrative:		
Stock-based compensation expense	2.8	3.4
Other charges	—	0.2
Pre-opening expense	0.6	—
Other income, expense:		
Interest, depreciation and amortization expense related to equity investments	4.3	3.5
Transaction expense, net	1.4	—
Calder exit costs	—	0.4
Total adjustments to EBITDA	9.1	7.5
Adjusted EBITDA	\$ 49.2	\$ 36.3
Adjusted EBITDA by segment:		
Racing	\$ (9.4)	\$ (9.7)
TwinSpires	16.5	13.2
Casinos	44.3	35.3
Other Investments	0.3	0.6
Corporate ^(d)	(2.5)	(3.1)
Adjusted EBITDA	\$ 49.2	\$ 36.3

(d) The Corporate segment includes corporate and other certain expenses of \$0.7 million for the three months ended March 31, 2017 that have not been allocated to Big Fish Games as a result of the Big Fish Transaction. The Big Fish Games segment is reported as held for sale and discontinued operations in the condensed consolidated financial statements and the notes in our Quarterly Report on Form 10-Q.

CHURCHILL DOWNS INCORPORATED
SUPPLEMENTAL INFORMATION BY OPERATING UNIT
(Unaudited)

<i>(in millions)</i>	Three Months Ended March, 31	
	2018	2017
Corporate allocated expense:		
Racing	\$ (1.5)	\$ (1.4)
TwinSpires	(1.4)	(1.2)
Casinos	(2.0)	(1.7)
Other Investments	(0.3)	(0.3)
Corporate allocated expense	5.2	4.6
Total Corporate allocated expense	\$ —	\$ —

CHURCHILL DOWNS INCORPORATED
UNCONSOLIDATED AFFILIATES' FINANCIAL RESULTS
(Unaudited)

Summarized below are the financial results for our unconsolidated affiliates:

<i>(in millions)</i>	Three Months Ended March, 31	
	2018	2017
Net revenue	\$ 77.0	\$ 72.2
Operating and SG&A expense	53.6	49.8
Depreciation and amortization	6.6	5.7
Total operating expense	60.2	55.5
Operating income	16.8	16.7
Interest and other expense, net	(2.9)	(3.5)
Net income	\$ 13.9	\$ 13.2
<i>(in millions)</i>		
	March 31, 2018	December 31, 2017
Assets		
Current assets	\$ 74.5	\$ 64.5
Property and equipment, net	233.9	234.6
Other assets, net	237.1	236.5
Total assets	\$ 545.5	\$ 535.6
Liabilities and Members' Equity		
Current liabilities	\$ 101.2	\$ 100.3
Long-term debt, excluding current portion	114.7	110.1
Other liabilities	—	0.1
Members' equity	329.6	325.1
Total liabilities and members' equity	\$ 545.5	\$ 535.6

CHURCHILL DOWNS INCORPORATED
UNCONSOLIDATED AFFILIATES' FINANCIAL RESULTS
(Unaudited)

Summarized below are the results for our unconsolidated affiliate, Miami Valley Gaming, LLC:

	Three Months Ended March, 31	
	2018	2017
<i>(in millions)</i>		
Net revenue	\$ 43.3	\$ 41.4
Operating and SG&A expense	29.7	28.6
Depreciation and amortization	3.4	3.1
Total operating expense	33.1	31.7
Operating income	10.2	9.7
Interest and other expense, net	(0.5)	(0.7)
Net income	\$ 9.7	\$ 9.0
<i>(in millions)</i>		
	March 31, 2018	December 31, 2017
Assets		
Current assets	\$ 19.6	\$ 18.1
Property and equipment, net	102.0	103.5
Other assets, net	107.2	106.6
Total assets	\$ 228.8	\$ 228.2
Liabilities and Members' Equity		
Current liabilities	\$ 20.7	\$ 19.0
Long-term debt	5.4	7.1
Other liabilities	—	0.1
Members' equity	202.7	202.0
Total liabilities and members' equity	\$ 228.8	\$ 228.2