

Pennsylvania Gaming Control Board

Joint Petition of Eldorado Resorts, Inc., IOC-PA, LLC,
Churchill Downs Incorporated and LLN PA, LLC
for Approval of Transfer Of Interest In Management Company Licensee

March 6, 2019

Agenda

- ❑ **Attendees**
- ❑ **Transaction Overview and Ownership Structure**
- ❑ **Company Overview and Key Highlights**
- ❑ **Financial Overview**
- ❑ **Acquisition in Question and Funding**
- ❑ **Company's Key Attributes**

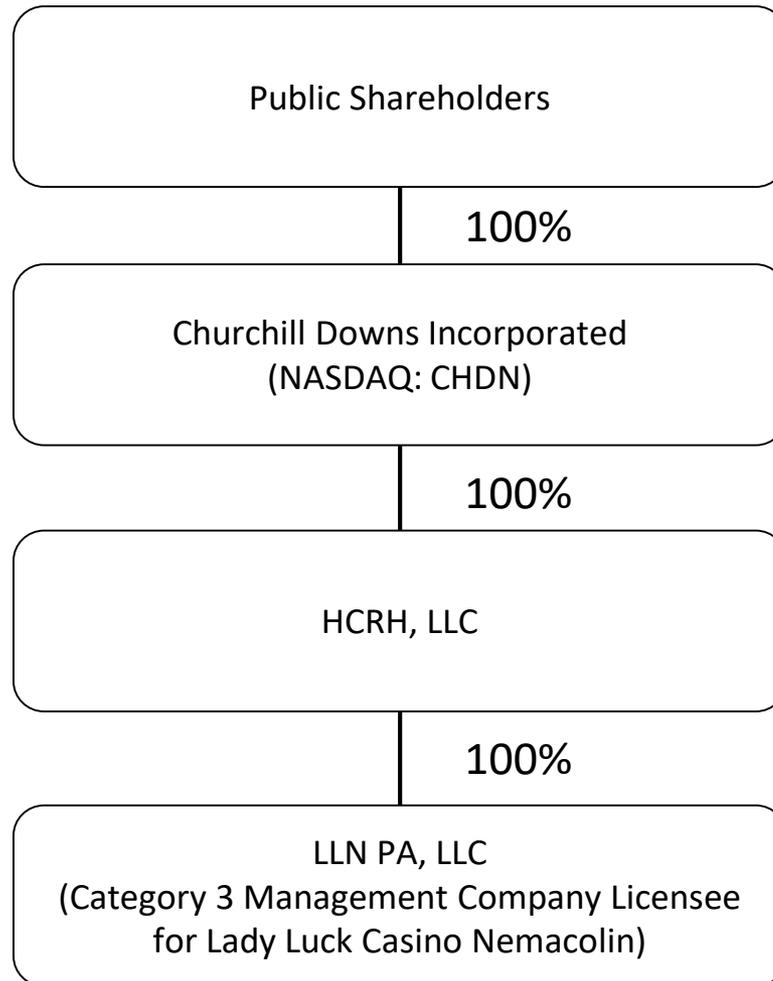
Attendees on behalf of Churchill Downs Incorporated

- ❑ **Austin Miller** – SVP Gaming Operations
- ❑ **Craig Robinson** – VP Casino Operational Finance
- ❑ **Cathy Beeding** – Senior Counsel, Corporate Compliance Officer
- ❑ **Chad Riney** – Corporate Counsel
- ❑ **Kevin Hayes** – Outside Counsel
- ❑ Also with us today:
 - Gary Hendricks** – VP and General Manager, Lady Luck Casino Nemaquin

Transaction Overview

- ❑ Lady Luck Casino Nemaquin is a licensed gaming facility located in Fayette County, Pennsylvania, which is operated by IOC-PA, LLC and owned by Category 3 Slot Machine Licensee Woodlands Fayette, LLC.
- ❑ On August 13, 2018, Churchill Downs Incorporated announced that it entered into a definitive agreement to assume management of the Lady Luck Casino Nemaquin and acquire certain assets related to the management of the casino from Eldorado Resorts, Inc. and IOC-PA, LLC.

Ownership Structure







Company Overview

The Kentucky Derby is just the beginning

Churchill Downs is best known for the Kentucky Derby...

- ❑ First ran in 1875 and the longest continuously held major sporting event in the United States
- ❑ Known as the “Greatest Two Minutes in Sports”

But we have grown into much more

- ❑ Evolved from one racetrack in Louisville, Kentucky to a public company with nationwide operations through racetracks, casinos and online wagering
- ❑ Over the decades we’ve grown our company and its value to investors while keeping focus on what’s at the very heart of the Kentucky Derby brand: creating extraordinary experiences for our customers whether they visit us on site or online and constantly looking for ways to improve



Company Overview¹

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



Racing ... seven racetracks with five of those thoroughbred tracks highlighted by Churchill Downs Racetrack and **The Kentucky Derby**



Casinos ... eight casinos² & three hotels with approximately 9,500 gaming positions located in seven different states and two brick and mortar BetAmerica Sports Books in Mississippi



Online Wagering ... including **TwinSpires.com**, mobile BetAmerica Sports Book in New Jersey and intentions to enter other online casino and sports wagering markets, including Pennsylvania

¹ As of March 4, 2019.

² Includes MVG, 50% owned Ohio joint venture.

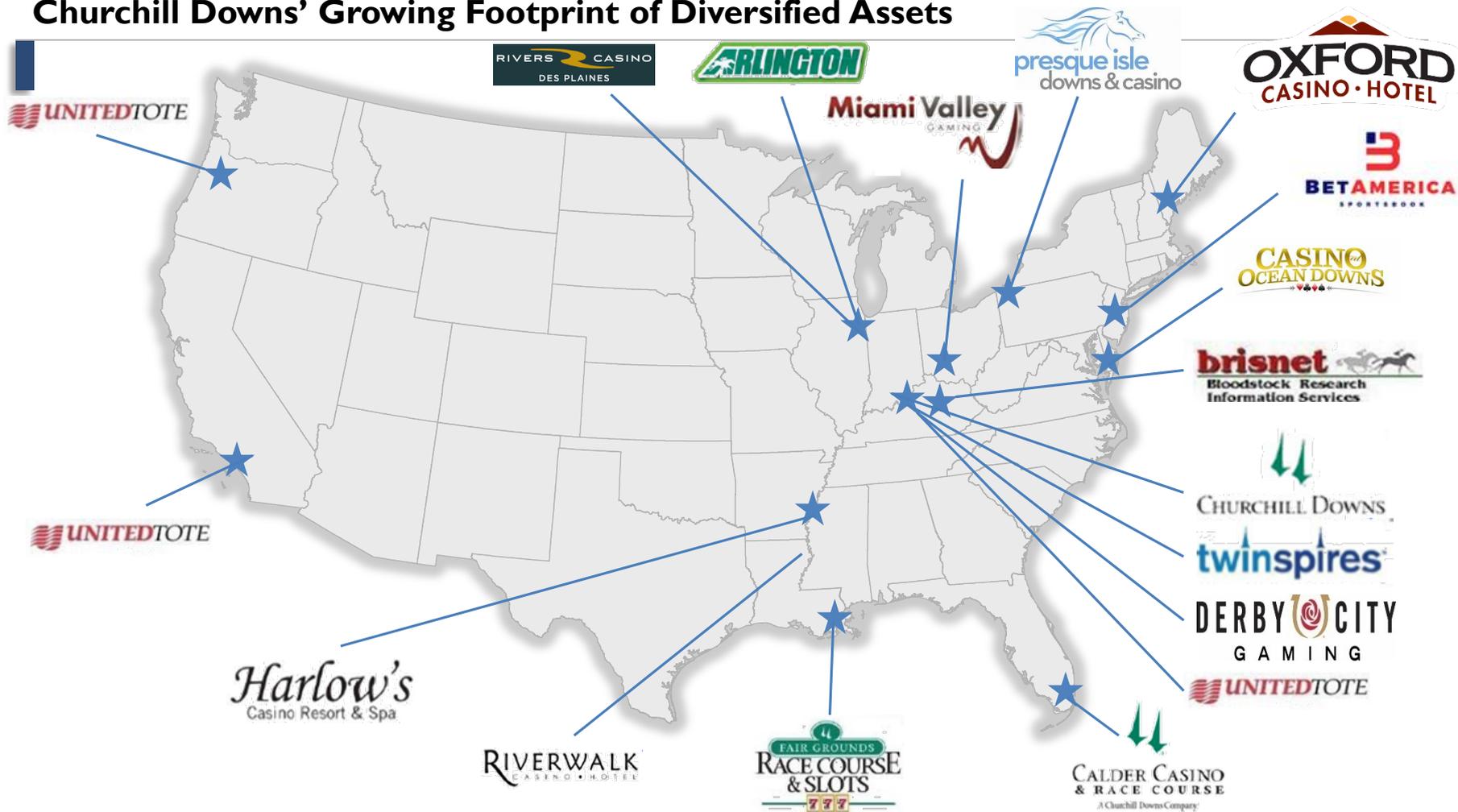
Presque Isle Downs & Casino



- PID, LLC, a subsidiary of Churchill Downs Incorporated, acquired Presque Isle Downs & Casino on January 11, 2019.
- PGCB approved Churchill Downs Incorporated and its principals for licensure on January 9, 2019 as part of the approval of the Presque Isle Downs & Casino acquisition.



Churchill Downs' Growing Footprint of Diversified Assets



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





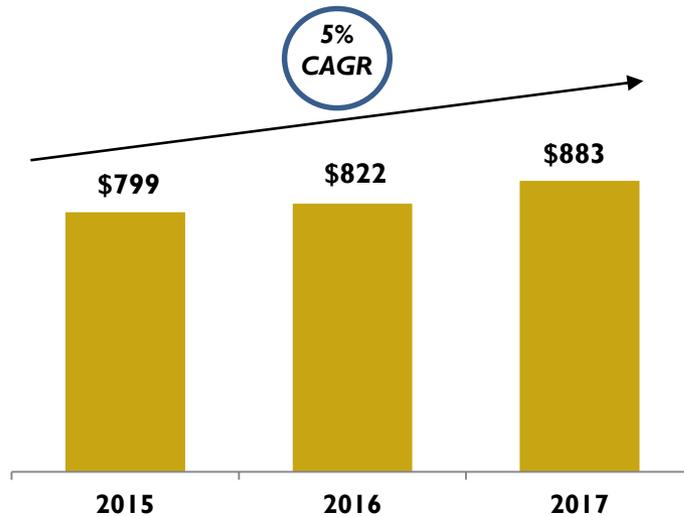
Financial Overview

Churchill Downs Incorporated

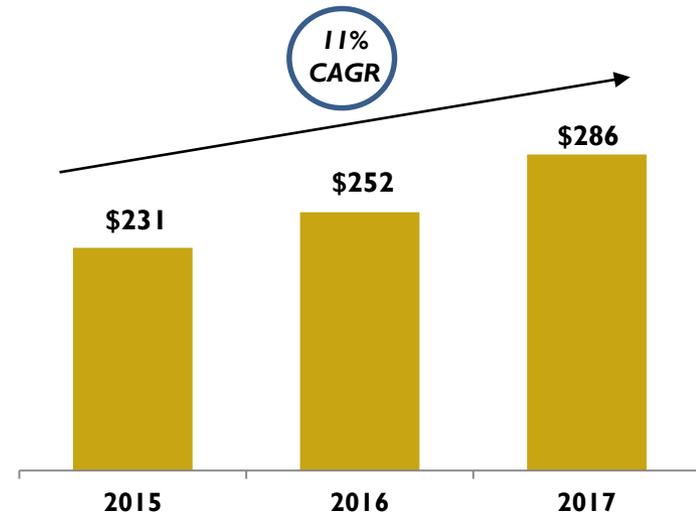
Strong growth driven by organic growth, strategic investment in core assets, and opportunistic acquisitions

\$ millions

Revenue



Adjusted EBITDA



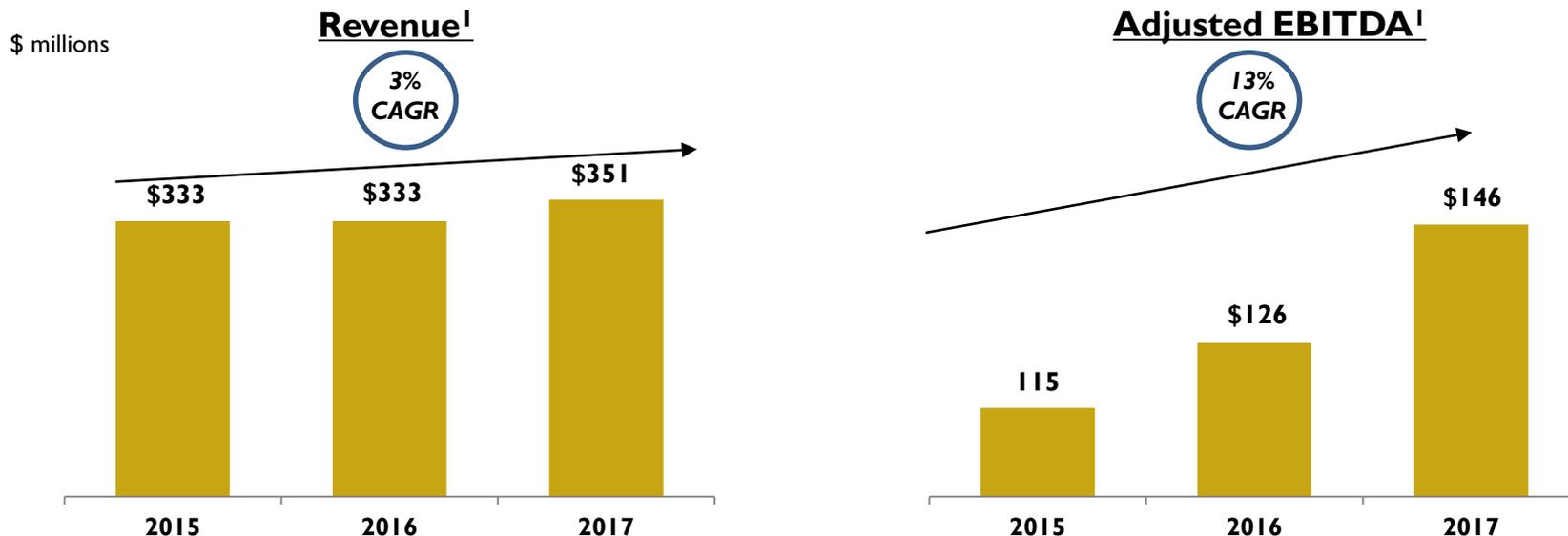
Key Drivers of Growth

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

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

Casino Segment Financial Overview

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



Current Casino Profile²

- 9,500 gaming positions located in 7 states
- Wholly own and operate 7 casinos and 3 hotels
- Joint venture equity investments in 1 casino

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

²As of March 4, 2019.

Strong Financial Policies & Balance Sheet

- ❑ Low leverage provides financial flexibility
- ❑ Consistent growth in Adjusted EBITDA from continuing operations
- ❑ Strong free cash flow
- ❑ Disciplined project capital investment to generate industry leading return on invested capital





Diversity

Diversity is reflected in our Gaming Operations Management Team



Maureen Adams
President & General Manager
Calder Casino



Richard Sukhu
Assistant General Manager
Calder Casino



Domenic Mancini
President & General Manager
Miami Valley Gaming



Roscoe Green
General Manager
Harlow's Casino Resort & Spa



Ginny Tzotzolas
General Manager
Riverwalk Casino Hotel



Doug Shipley
President
Fair Grounds Race Course & Slots



Bobbi Sample
General Manager
Ocean Downs Casino



Jack Sours
General Manager
Oxford Casino & Hotel



Kevin O'Sullivan
General Manager
Presque Isle Downs & Casino

Lady Luck Casino Nemaquin Diversity Plan Policy Statement

- ❑ LLN PA, LLC will remain committed to the Diversity Plan used by Lady Luck Casino Nemaquin.
- ❑ All components of the plan will remain in place.
- ❑ Churchill has a proven commitment to diversity, both in the ranks of our business and by investing in the communities where we operate.
- ❑ In 2018, Churchill's vendors included over 500 minority, women, veteran and disadvantaged business enterprise vendors, representing approx. \$17 million of 2018 spend.





Acquisition and Funding

Lady Luck Casino Nemaquin



- Opened in July 2013 in Farmington, Pennsylvania
- Operates 600 slot machines and 27 table games
- 69,055 sq. ft. facility
- Management Company for Woodlands Fayette, LLC, the Category 3 Slot Licensee



The Investment Rationale and Funding

- ❑ Pennsylvania is a significant gaming jurisdiction in a large state that we have been interested in for years. We are excited to continue our growth in the Commonwealth with this transaction.
- ❑ This investment gives Churchill the unique opportunity to partner with the world-class, award winning Nemaquin Woodlands Resort to drive performance of the Casino.
- ❑ Funding of the transaction will be based on timing, but will come from the following sources: cash from operations, cash on hand and our existing credit facility.

Seamless Operation of Lady Luck Casino Nemaquin

- ❑ General Manager Gary Hendricks and the Management Team at Lady Luck Casino will remain the same.
- ❑ LLN PA, LLC will assume the existing Management Agreement that has been previously approved by the PGCB.
- ❑ Churchill offers a competitive employee benefits package that, in the aggregate, is comparable to the benefits currently offered to employees of IOC-PA, LLC.
- ❑ Eligible employees will be entitled to participate in Churchill's employee benefit plans, including the company's health plans, 401(k) plan and Employee Stock Purchase Plan.

No Undue Concentration of Control of Pennsylvania Gaming

- ❑ Presque Isle Downs & Casino and Lady Luck Casino Nemacolin together generated 6% of Pennsylvania's total slot machine revenues and 2% of Pennsylvania's total table game revenues in 2018.
- ❑ Churchill's affiliation with both facilities will not create a monopoly on the control of the licensed gaming facilities in the Commonwealth.





Key Attributes

Company's Key Attributes

- ❑ Excellent reputation with a brand and operations that date back to 1875
- ❑ Public company with a successful track record
- ❑ Strong balance sheet
- ❑ Already licensed in numerous jurisdictions, including Pennsylvania
- ❑ Proven experience in racing, gaming and online wagering
- ❑ Seamless continuation of existing operations
- ❑ Reputation for creating extraordinary experiences for our customers and constantly looking for ways to improve

In Closing...

Churchill Downs Incorporated looks forward to welcoming
Lady Luck Casino Nemaquin and its employees
to our team and working with the
Pennsylvania Gaming Control Board to continue growing and advancing
the business and the gaming industry in Pennsylvania.

The logo for Churchill Downs Incorporated, featuring the company name in a white serif font on a dark blue rectangular background.

CHURCHILL DOWNS
INCORPORATED

