

# Presque Isle Downs & Casino

## Proposed Floor Modifications and Enhancements



# Appearing Before You Today

- Austin Miller, Senior Vice President of Gaming Operations, Churchill Downs Incorporated
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- Kevin O'Sullivan, Vice President and General Manager, Presque Isle Downs Casino
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# Summary Narrative

As experienced gaming operators we are laser focused on constantly improving the guest experience and the revenue generating potential of Presque Isle Downs & Casino.

Since purchasing the property Churchill Downs Incorporated has made a number of significant investments with this in mind. Our recent multi-million dollar investment in sports wagering is just the latest example of our endeavor to grow the business here in PA.

While there are more improvements to come, we are here before you today to seek your approval to vastly improve the guest experience and facilitate their journey through our property while interacting with our many offerings that include slots, table games, poker, sports wagering, pari-mutuel wagering, and a variety of food & beverage outlets.

We truly appreciate your time and thank you for the opportunity to meet with you today.

# Investing in a Great Brand

**Churchill has made a number of investments in Presque Isle this year including:**

- The recent addition of the Bet America retail sports betting operation including 50 self-service terminals 54 additional TV's, and 26 replacement TV's
- Replaced the carpet & chairs in the newly re-branded Churchill's Bourbon & Brew restaurant
- Replaced the guest chairs in table games
- Replaced the guest chairs in poker
- Added shuffle machines in poker

**Additional 2019 / 2020 enhancements on the way include:**

- Replacement of 88 slots units with the latest slot models.
- Upgrades to our player tracking hardware to provide additional features & functionality
- Complete gaming floor carpet replacement with pathways to guide the guest adventure
- Reconfigure the gaming floor to create a better guest experience

# Our Carpet Change Creates a Great Opportunity

**When we replace the gaming floor carpet (projected in Q2 2020) we plan to introduce a new & guest friendly gaming floor layout**

## This new layout will:

- Make it easier for guests to traverse the floor
- Create opportunities to showcase our newest and most successful slot product
- Create a much more comfortable gaming experience with smaller bank sizes and fewer “middle seats”
- Guide guests to all of our exciting gaming and entertainment options
- Increase energy & excitement on the floor
- Increase the visibility of designated smoking vs. nonsmoking areas
- Reduce game count from 1,566 to 1,525

# Fewer Games Does Not Mean Less Revenue

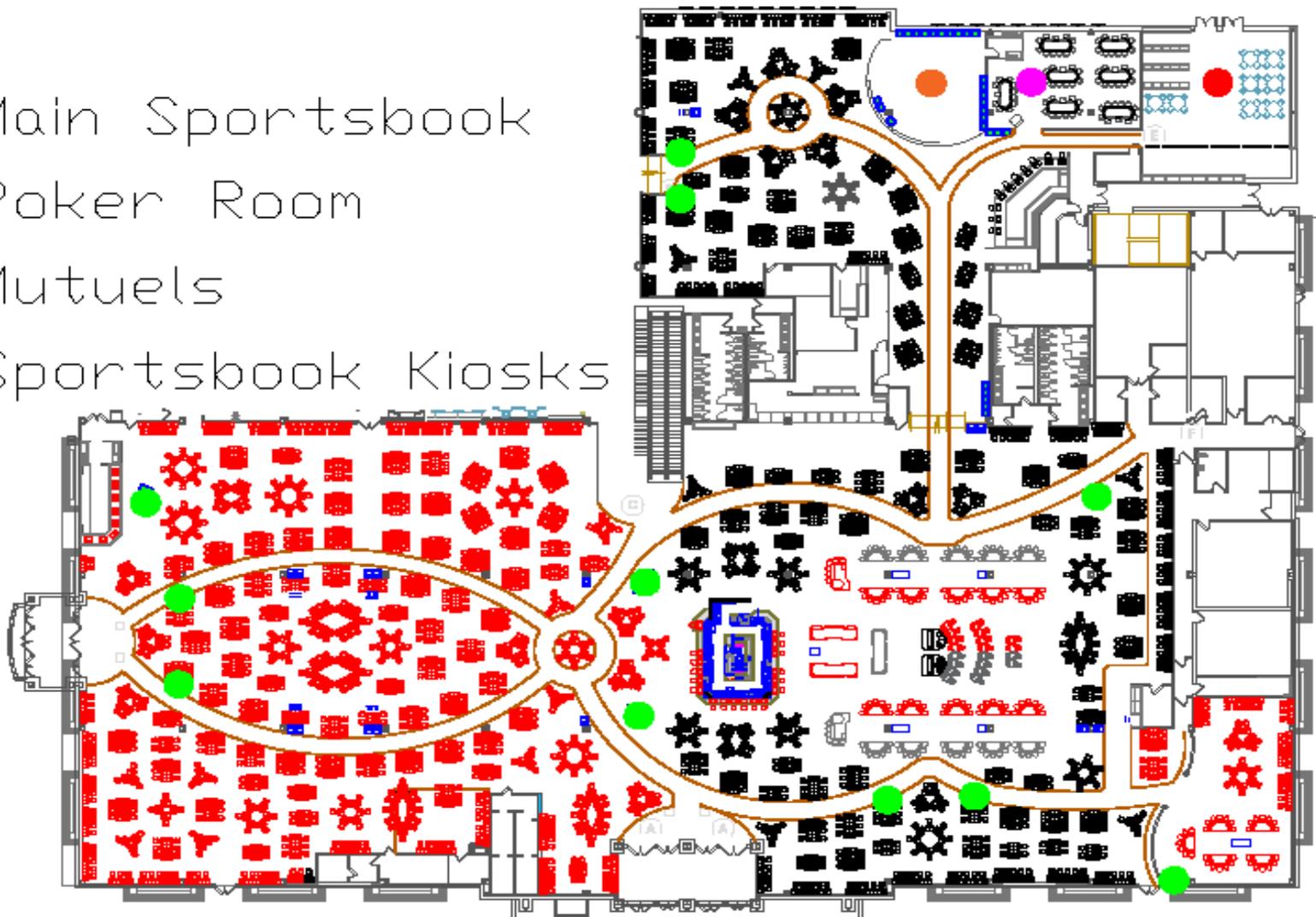
**While our proposed new slot layout will cause a reduction of 41 games or (2.6%) it should not have a negative impact on revenue. In fact, our experience tells us it will create an opportunity to grow revenue**

- **A small reduction in game count such as what we are proposing only impacts revenue if:**
  - ❑ It constrains supply or there is a shortage of games for guests to play
  - ❑ The games being removed are premium or highly sought after
  - ❑ Games from highly advantageous locations are moved to a less desirable location
  
- **According to our proposed plan:**
  - ✓ We have no issues with constraints on supply – our occupancy levels are well within our desired parameters
  - ✓ The 41 games to be removed from the floor are the least sought after & lowest performing games (the avg. win per unit for the games to be removed = \$32)
  - ✓ In addition to the benefits already discussed we will be replacing 88 other outdated games with the newest, most popular games on the market
  - ✓ Games that were formerly hidden in large banks or in a confusing maze of banks will be relocated to more visible, more convenient locations



# Proposed Gaming Floor Layout

- Main Sportsbook
- Poker Room
- Mutuels
- Sportsbook Kiosks



# Proposed Timelines

## Q4 2019

- Replace approximately 88 outdated slots with new cutting edge models
- Replace all Sentinel 3 player tracking units with nCompass player tracking units
- Begin floor reconfiguration for future gaming floor plan

## Q1 2020

- Finish floor reconfiguration for future gaming floor plan
- Install new carpet

# Modern vs. Outdated Slots



# Gaming Floor - Utilization

- General rule is 75%/80% utilization as a target. We feel that over 75%/80% the floor feels too crowded resulting in frustrated guests who may potentially leave. Too many open slots makes a floor feel lethargic. With an average of our 10 highest counts for the selected hours, we see that even at a slot count of 1,500 with a 15% increase in guest counts, we still remain under 75% utilization.
- This supports the assumption that by removing 41 slot machines our guests will still be able to freely access slot machines to play without experiencing congestion with no loss to revenue.

Average in Play / Utilization at 1566 Games			Top 10 Days Average in Play / Utilization at 1566 Games			Top 10 Days Average in Play / Utilization at 1500 Games			Top 10 Average plus 15% in Play / Utilization at 1500 Games		
Time	Guest Count	Utilization	Time	Guest Count	Utilization	Time	Guest Count	Utilization	Time	Guest Count	Utilization
2PM	443	28%	2PM	868	55%	2PM	868	58%	2PM	998	67%
3PM	458	29%	3PM	928	59%	3PM	928	62%	3PM	1067	71%
4PM	447	29%	4PM	901	58%	4PM	901	60%	4PM	1036	69%
5PM	415	26%	5PM	857	55%	5PM	857	57%	5PM	986	66%
6PM	423	27%	6PM	837	53%	6PM	837	56%	6PM	962	64%
7PM	438	28%	7PM	862	55%	7PM	862	57%	7PM	991	66%
8PM	440	28%	8PM	866	55%	8PM	866	58%	8PM	995	66%