



CHURCHILL DOWNS

Leeds Investment & Trading Group

Consumer Sector

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Ticker	EV	Share Price	Target Price	Exp. Return
CHDN	\$13.382 B	\$119.58	\$144.91	↑21.18%

Proven Expansion Strategy:

- Churchill Downs' fortress balance sheet has enabled a proven expansion strategy. Its most recent acquisitions and partnerships will bring a host of benefits to CHDN, but these have gone unrecognized in broader markets

Excellent Financial Performance and Superior Growth:

- Churchill Down's increased market presence, customer base, profitability, and efficiency are being discounted by fears over industry decline, economic instability, regulations, their strategic growth initiatives, and financial ratios



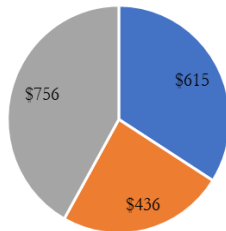
Business Description

Churchill Downs Incorporated operates as a racing, online wagering, and gaming entertainment company in the United States. It owns 27 regional casinos and racing properties. In addition, the company manufactures and operates wagering systems for racetracks, off-track betting facilities, and other pari-mutuel wagering businesses. Churchill Downs Incorporated was founded in 1875 and is headquartered in Louisville, Kentucky.

Key Segments

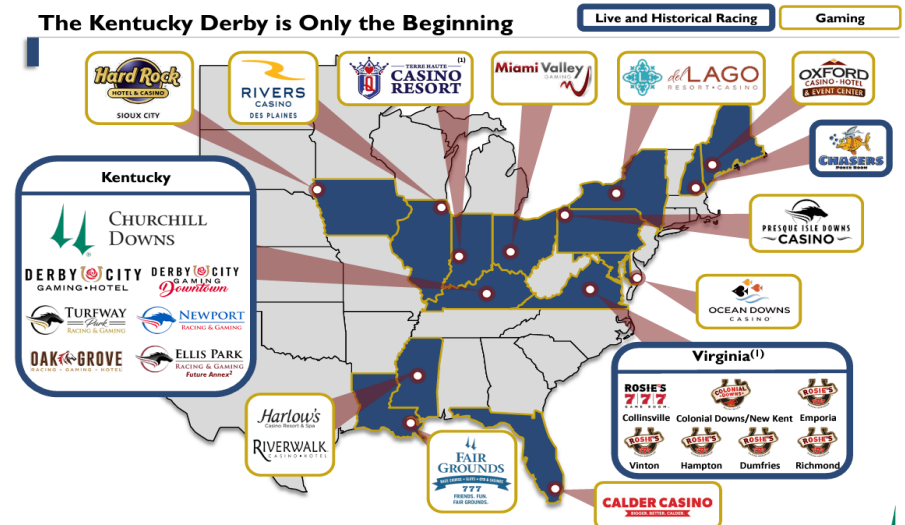
- Live & Historical Racing: Includes 4 tracks & HRMs
- TwinSpires: Online wagering platform for horse racing
- Gaming Segments: Casinos with slot machines and tables

CHDN Revenue Breakdown by Segment (MM)



■ Live & Historical Racing ■ TwinSpires ■ Gaming

The Kentucky Derby is Only the Beginning



¹ Terre Haute Casino Resort and The Rose Gaming Resort are expected to open in 2Q'24.

² Owensboro Racing & Gaming is expected to open in 1Q'25.



Live Racing



Historical Racing (HRMs)



Live and Historical Racing

Live and Historical Racing Key Metrics

Total Segment Key Metrics		
\$ in millions	2022	2Q'23
Revenue	\$646	\$408
VPY / VPQ	+50%	+48%
Adjusted EBITDA	\$288	\$224
VPY / VPQ	+64%	+36%

- CHDN accounts for an estimated ~50% of total historical racetrack industry revenue
- 5 live/historical racing properties in KY with 3 future locations
- 6 live/historical racing properties in VA with 2 expansion projects in progress
- 12 other states with at least 1 live/historical racing property

The Kentucky Derby Maintains Broad Ranging Appeal and Significant Viewership

Comparable Viewership	2023 Date	Network	Avg. Viewers ¹
<i>149th Kentucky Derby</i>	<i>May 6th</i>	<i>NBC</i>	<i>14.8</i>
Masters Final Round	Apr 9 th	CBS	12.1
Daytona 500	Feb 19 th	ABC/ESPN	8.2
Indy 500	May 28 th	NBC	4.9
Formula One Miami Grand Prix	May 7 th	ABC/ESPN	2.0

Appeals to all ages¹

Age Range of Derby Attendees	
18 to 34	29%
35 to 54	31%
55 to 64	20%
65+	20%

Appeals to all income levels¹

Average Annual Income of Ticket Buyer	
<\$100K	28%
\$100K to \$249K	50%
>\$250K	22%

TwinSpires

Performance

- CHDN has seen 35% *handle growth from 2019 to 2022
- U.S. online wagering market has ~45% handle growth from 2019 to 2022

Key Metrics

- 50% market share of horse racing online betting - 2021
- Available in 16 countries
- Spun off to lower costs and increase cost efficiency

Strategy

- Leveraging market share and brand name dominance in the horse racing industry
- Brand partnerships with DraftKings and FanDuel

Gaming

Performance

<i>\$ in millions</i>	2022	2Q'23
Revenue ¹	\$762	\$248
VPY / VPQ	+9%	+34%
Adjusted EBITDA ²	\$422	\$123
VPY / VPQ	+2%	+16%

Key Metrics

- 11 casinos with ~14,000 slot machines and 300 table games in 10 states

Strategy

- Leverage multi-state localized approach
- HRM vertical integration

*Handle: The total amount of money wagered by bettors over a given period

Industry Overview & Competitive Landscape

Live & Historical Racing

- \$402.3 billion in 2022 and expected to reach \$793.9 billion by 2030 at a CAGR of 8.89%

Online Sports betting

- Recent rise in popularity due to apps like DraftKings and FanDuel
- Much of the industry is currently disregarding profitability in favor of accumulating as much market share as possible
- 233.7 million potential users with projected market volume in 2027 to be \$131.9 billion

Gaming

- Growth is slowing due to increasing popularity of online gambling services



Stock Performance

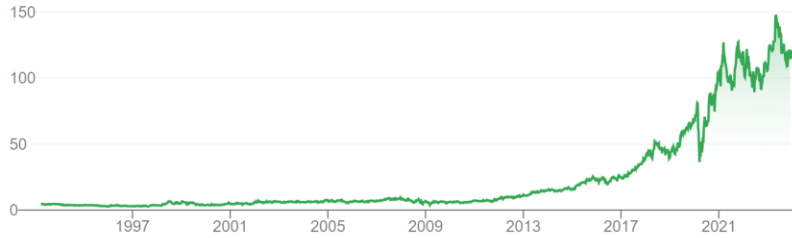
117.83 USD

+112.75 (2,219.49%) ↑ all time

Closed: Dec 1, 4:03 PM EST • Disclaimer

After hours 117.83 0.00 (0.00%)

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Open	115.98	Mkt cap	8.79B	52-wk high	150.45
High	118.08	P/E ratio	25.03	52-wk low	101.90
Low	115.90	Div yield	0.32%		



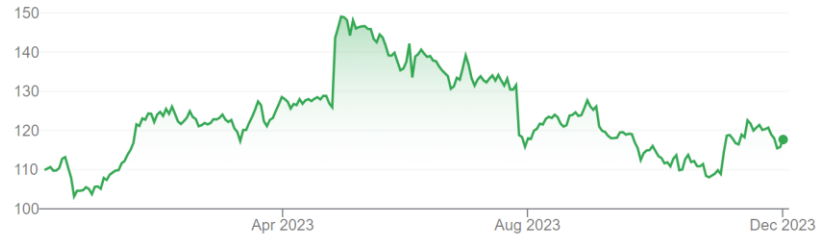
117.83 USD

+7.90 (7.19%) ↑ past year

Closed: Dec 1, 4:03 PM EST • Disclaimer

After hours 117.83 0.00 (0.00%)

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Open	115.98	Mkt cap	8.79B	52-wk high	150.45
High	118.08	P/E ratio	25.03	52-wk low	101.90
Low	115.90	Div yield	0.32%		

CHDN has provided excellent historical returns but is currently in a dip which represents an excellent opportunity to buy.



Expansion Through Major Acquisitions

Thesis Overview

Churchill Downs' fortress balance sheet has enabled a proven expansion strategy. Their most recent acquisitions of Peninsula Pacific Entertainment and Exacta Systems combined with their partnerships with FanDuel and DraftKings will bring a host of benefits to CHDN, but these have gone unrecognized in broader markets

Recent Acquisitions

- **Peninsula Pacific Entertainment** - Acquired November 1, 2022 for \$2.75 B
 - Provided all assets including one racetrack, six racing facilities, and three casino resorts
 - Included development rights to 4,250 additional HRM machines on top of the 6,810 already in operation
- **Exacta Systems** - Acquired August 22, 2023 for \$250 M
 - Will provide significant cost-savings to HRM operations in Virginia & Kentucky
 - Will improve and diversify top-line performance in both the TwinSpires and Live and Historical segments
 - Will enable CHDN to innovate HRM production and capture third-party B2B revenues



Thesis Overview

Churchill Downs' fortress balance sheet has enabled a proven expansion strategy. Their most recent acquisitions of Peninsula Pacific Entertainment and Exacta Systems combined with their partnerships with FanDuel and DraftKings will bring a host of benefits to CHDN, but these have gone unrecognized in broader markets

Recent Partnerships

- **FanDuel Partnership** – Announced September 8, 2022
 - FanDuel Group is a subsidiary of Flutter Entertainment, the world's largest sports betting and gaming operator
 - FanDuel will pay CHDN for wagering rights to their horse racing content, advance deposit wagering (ADW) technology, certain TV and media rights, and a Kentucky Derby Sponsorship
- **DraftKings Partnership** - Announced November 29, 2022
 - TwinSpires will provide technology and rights to offer betting on their standalone app, DK Horse
 - CHDN receives 60% of revenue generated from this partnership



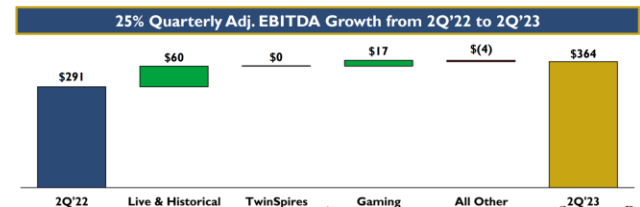
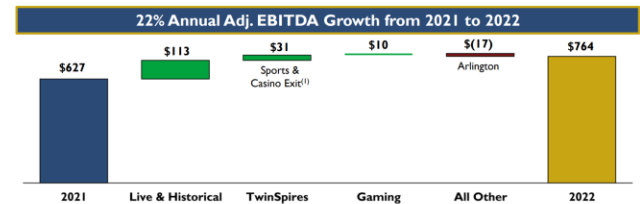
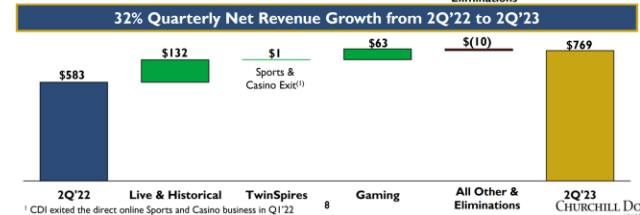
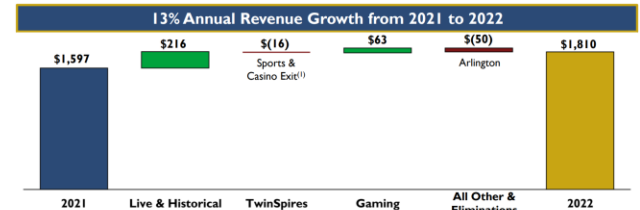
Superior Financial Performance Will Drive Future Success Despite Fears

Thesis Overview

CHDN's increased market presence, customer base, profitability, and efficiency are being discounted by fears over:

- Industry decline
- Economic instability
- Regulations
- CHDN's own strategic moves
- CHDN's financial ratios

	Years Ended December 31,			Change
	2022	2021		
(in millions)				
Live and Historical Racing	\$ 646.4	\$ 430.6	\$ 215.8	
TwinSpires	441.6	457.8	(16.2)	
Gaming	761.8	698.4	63.4	
All Other	3.3	49.2	(45.9)	
Eliminations	(43.3)	(38.8)	(4.5)	
Net Revenue	\$ 1,809.8	\$ 1,597.2	\$ 212.6	



Superior Financial Performance Will Drive Future Success Continued

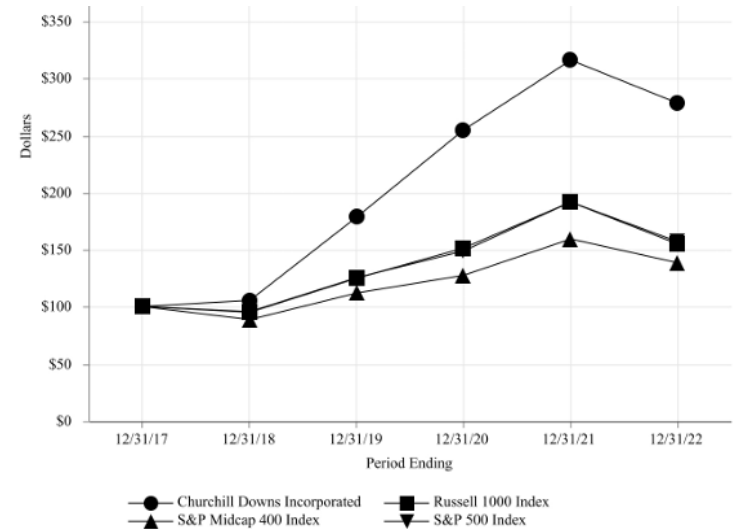
Key Stats

- Net Revenue was \$1.8 B, up \$212.6 M annually
- Net Income was \$439.4 M, up \$190.3 M
- Cash from Op was \$763.6 M, up \$136.6 M
- Live/Historical Racing Adj EBITDA was \$287.5 M, up \$112.5 M
- TwinSpires Adj. EBITDA was \$114.1 M, up \$31.4 M
- Gaming Adj. EBITDA was \$421.9 M, up \$10.0 M

Impact on Investors

- January 2023 was the 12th consecutive increase in dividend per share
- Nearly \$260,000,000 in shares repurchased from 2020-2022
- Five-year shareholder return was 178% (compared to S&P 500's return of 57%)

Shareholder Return Graph



Superior Financial Performance Will Drive Future Success Continued

Summary of Project Capital Investments



	Project	Target Completion	Planned Spend (\$ Millions)
The Kentucky Derby	Paddock Project	May 2024	\$185-\$200
	Jockey Club Suites Renovation	May 2024	\$14
Historical Racing Machines	Virginia - Rosie's Emporia	Late Sept. 2023	\$30
	Kentucky - Derby City Gaming Downtown	Dec. 2023	\$90
	Virginia - Dumfries Project	2Q'24	\$400
	Kentucky - Ellis Park & Future Annex Oppy.	TBD	TBD
	New Hampshire - HRM Facility	TBD	Up to \$150 ¹
Gaming	Indiana - Terre Haute Casino Resort	2Q'24	Up to \$290

Projected Capital Investments

	2023 Forecast	2024 Outlook
Capital		
Maintenance	\$75 - 95 million	TBD
Projects	\$575 - 675 million	TBD

<ul style="list-style-type: none"> ▪ Churchill Downs ▪ DCG ▪ DCG Downtown ▪ Ellis / Future Annex 	<ul style="list-style-type: none"> ▪ Louisiana HRMs ▪ New Hampshire ▪ Terre Haute ▪ Virginia 	<ul style="list-style-type: none"> ▪ Churchill Downs ▪ Ellis / Future Annex ▪ New Hampshire ▪ Terre Haute ▪ Virginia
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Capacity for Future Investments

- 3.9x TTM Bank Net Leverage as of June 30, 2023
- Significant balance sheet flexibility 
- \$1.2 billion revolving credit facility 
- Demonstrated ability to access debt markets with attractive rates / terms



Qualitative Mispricing & Actualities

Mispricing:

On June 2, 2023, CHDN announced suspended racing operations at the Churchill Downs Racetrack to investigate an unusual amount of horse injuries.



Actuality:

- The market overreacted to this bad news and did not consider that the new track, Ellis Park Racing & Gaming, is also owned by CHDN
- Investigations from the Kentucky Horse Racing Commission and Horseracing Integrity and Safety Authority found no errors in the track
- Fault lies with horse trainers (see Baffert v. Churchill Downs Inc)
- The 2024 Kentucky Derby will be held at Churchill Downs

Mispricing:

In early 2022, CHDN announced they would withdraw from the online sports betting industry due to high competition.



Actuality:

- Market mistakenly thought this was CHDN's failure to adapt to a new industry, but they withdrew because it didn't align with their investment strategy
- TwinSpires and their brick-and-mortar sportsbooks remains profitable
- They are instead partnering with players in the industry who are already established (DraftKings, FanDuel)



Quantitative Mispricing & Actualities

Mispricing:

Markets are concerned with the following regarding CHDN's financials:

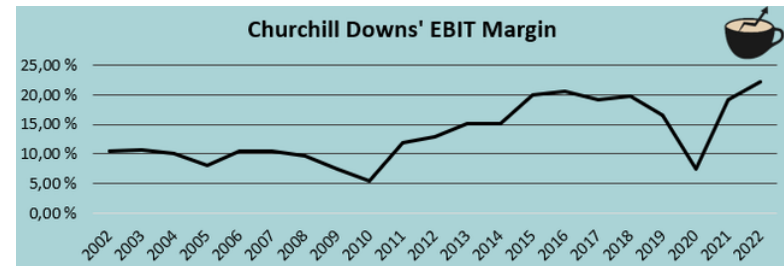
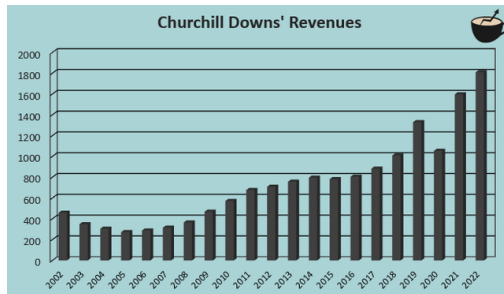
- Interest Coverage Ratio: 2.2
- Current Ratio: 0.6x
- Rising Debt
- Negative Net Cash Flow

Some markets believe that CHDN's growth is unsustainable and that their current financial ratios indicate an inability to pay short-term debts



Actuality:

- CHDN's takes on debt to then pay for acquisitions in cash
- Strategic acquisitions and capital expenditures in 2022 with a combination of long-term debt and cash
- CHDN's net cash flow is only negative because of their investment in long-term cash flows
- CHDN was recently approved for a revolver increase from \$700M to \$1.2 B, and they have \$1.0 B available for use
- The Company's current (0.6x) and quick (0.4x) ratios are not unlike some competitors (Caesars 0.7x and 0.5x, Boyd Gaming 0.8x and 0.6x)



Cash Flow Life Cycle

Firm Life Stage:	Operating CF	Investing CF	Financing CF
1. Introduction	(-)	(-)	(+)
2. Growth	(+)	(-)	(+)
3. Mature	(+)	(-)	(-)
4. Decline	(-)	(+)	(+/-)
Misc ("Shake-out")	(-)	(-)	(-)
	(+)	(+)	(+)
	(+)	(+)	(-)

Risks and Mitigants

Risk: Horse Race Industry Decline

Horse racing has declined in popularity. More than 40 tracks have closed since 2000 (33,453 races in 2022, down from 74,000 races in 1989). Additionally, there are more concerns regarding the ethics of horse racing.



Mitigants:

- The 149th Kentucky Derby had 14.8 M viewers, which surpassed the Masters Final Round, the Daytona 500, the Indy 500, Formula One, and the Miami Grand Prix
- Demand for premium Kentucky Derby tickets exceeds supply
- CHDN is conducting more live races than ever before (79 live races in 2023, up from 65 in 2020)

Risk: Discretionary Income Declines

CHDN operates in the Casino/Gaming industry which is heavily reliant on discretionary customer spending that shifts with economic conditions.



Mitigants:

- Regional casinos (like the ones that CHDN operates across the eastern US) are more resilient than large, international casino chains
- Customer spending has strengthened despite economic troubles (The casino/gaming industry now beats pre-pandemic revenue levels and generated \$329 B in revenue in 2022)

Risk: Intense Regulation

Activities like betting, horse racing, and casino gaming are heavily regulated by state and local authorities who have the power to restrict CHDN's businesses.



Mitigants:

- CHDN is not currently involved in any abnormal lawsuits (class action lawsuits settled, won lawsuit against horse trainer Bob Baffert, etc)
- Runs most profitable horse wagering platform that meets all governmental regulations



Role in Portfolio & Timeline

- Consumer Sector currently owns MCD (restaurants), MBUU (leisure products), HD (home improvement,), and PG (consumer staples)
- CHDN exposes the portfolio to the higher-cost side of discretionary spending on leisure and entertainment, while also including a "household name" aspect like PG
- May sell off MBUU and trim HD positions to keep the portfolio balanced

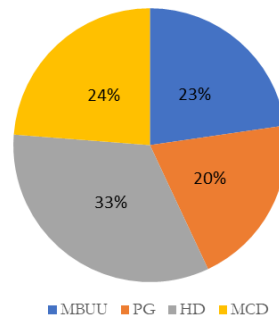
Timeline

Purchase CHDN, Derby City Opens	Dumfries and Terre Haute Completed	Paddock Project & Jockey Club Completed	Net Income on track to hit \$3 B	Sector Review
FA23	SP24	FA24	SP25	FA25

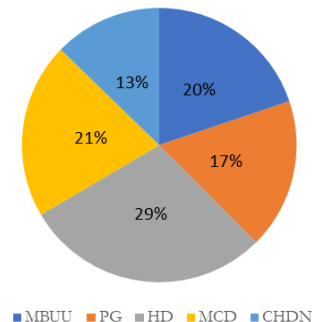
Hold as expansion projects are completed; check revenue growth to see if it aligns with predictions

Reevaluate Investment

Current Consumer Sector Holdings



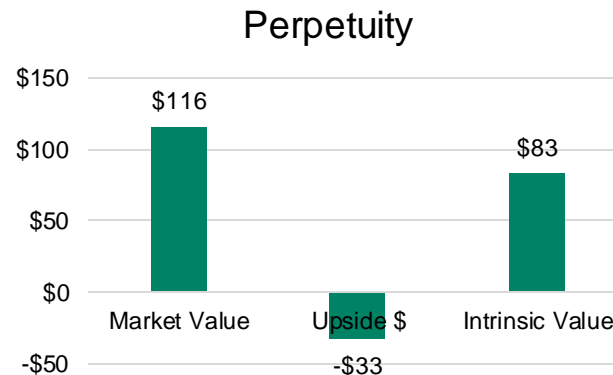
Target Consumer Sector Holdings



DCF: Gordon Growth Method

Perpetuity	
Discount Rate	12.98%
Terminal FCF Growth Rate	2.5%
2028 FCF x (1+g)	\$ 192
Terminal Value in 2027	\$ 1,833
PV of Terminal Value	\$ 996
Sum of Discounted FCF	\$ 651
EV	\$ 1,646
Net Debt	\$ 4,593
Equity Value	\$ 6,239
DSO	75
Implied Share Price	\$ 83
Current Share Price	\$ 116
Market Value	\$116
Upside \$	-\$33
Intrinsic Value	\$83
Upside %	-28.21%

Perpetuity Method	
25th	\$80.48
Median	\$83.31
75th	\$87.43



	Growth Rate	WACC						
		9.98%	10.98%	11.98%	12.98%	13.98%	14.98%	15.98%
	2.20%	\$121	\$114	\$108	\$103	\$99	\$96	\$93
	2.30%	\$122	\$115	\$109	\$104	\$100	\$96	\$93
	2.40%	\$123	\$115	\$109	\$104	\$100	\$96	\$94
	2.50%	\$123	\$116	\$109	\$104	\$100	\$97	\$94
	2.60%	\$124	\$116	\$110	\$105	\$100	\$97	\$94
	2.70%	\$125	\$117	\$110	\$105	\$101	\$97	\$94
	2.80%	\$126	\$117	\$111	\$105	\$101	\$97	\$94



DCF: Multiples Method

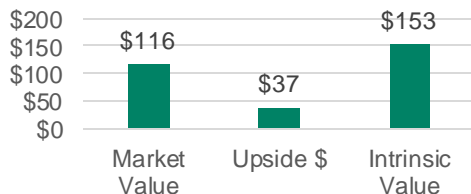
Multiples	EV/Rev	EV/EBITDA	EV/EBIT	Equity/NI
Red Rock Resorts	3.26	7.62	9.23	10.53
Penn Entertainment	2.10	9.47	14.68	4.63
Light & Wonder	3.55	11.13	18.65	17.12
Boyd Gaming Corp	2.61	7.36	9.13	8.43
MGM Resorts	2.81	21.03	12.92	34.41
	2.35	7.49	9.18	6.53
2028 Rev/EBITDA/EBIT/NI	\$3,900	\$1,521	\$1,125	\$877
Terminal Value in 2028	\$9,178	\$11,397	\$10,326	\$5,727
PV of Terminal Value	\$4,985	\$6,190	\$5,609	\$3,111
Sum of Discounted FCF	\$651	\$651	\$651	\$651
EV	\$5,636	\$6,841	\$6,259	\$3,762
Net Debt	\$4,593	\$4,593	\$4,593	\$4,593
Equity Value	\$10,229	\$11,434	\$10,852	\$8,355
DSO	75	75	75	75
Implied Share Price	\$137	\$153	\$145	\$112
Current Share Price	\$116	\$116	\$116	\$116
Market Value	\$116	\$116	\$116	\$116
Upside \$	\$21	\$37	\$29	-\$4
Intrinsic Value	\$137	\$153	\$145	\$112
Upside %	17.69%	31.55%	24.86%	-3.88%

	9.98%	10.98%	11.98%	WACC 12.98%	13.98%	14.98%	15.98%
EV/EBITDA	5.99	\$146	\$142	\$139	\$136	\$133	\$128
	6.49	\$152	\$148	\$145	\$142	\$139	\$133
	6.99	\$158	\$154	\$151	\$147	\$144	\$138
	7.49	\$165	\$160	\$156	\$153	\$149	\$142
	7.99	\$171	\$166	\$162	\$158	\$154	\$147
	8.49	\$177	\$172	\$168	\$164	\$160	\$152
	8.99	\$183	\$178	\$174	\$169	\$165	\$157

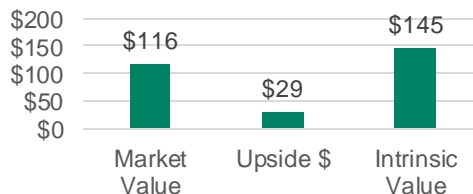
	9.98%	10.98%	11.98%	WACC 12.98%	13.98%	14.98%	15.98%
EV/EBIT	7.68	\$142	\$139	\$136	\$133	\$130	\$125
	8.18	\$146	\$143	\$140	\$137	\$134	\$129
	8.68	\$151	\$147	\$144	\$141	\$138	\$132
	9.18	\$156	\$152	\$148	\$145	\$142	\$136
	9.68	\$160	\$156	\$153	\$149	\$146	\$139
	10.18	\$165	\$161	\$157	\$153	\$149	\$143
	10.68	\$170	\$165	\$161	\$157	\$153	\$146

	9.98%	10.98%	11.98%	WACC 12.98%	13.98%	14.98%	15.98%
Equity/NI	5.03	\$107	\$105	\$103	\$102	\$101	\$98
	5.53	\$110	\$108	\$107	\$105	\$104	\$101
	6.03	\$114	\$112	\$110	\$108	\$107	\$104
	6.53	\$118	\$115	\$113	\$112	\$110	\$106
	7.03	\$121	\$119	\$117	\$115	\$113	\$109
	7.53	\$125	\$122	\$120	\$118	\$116	\$112
	8.03	\$128	\$126	\$123	\$121	\$119	\$115

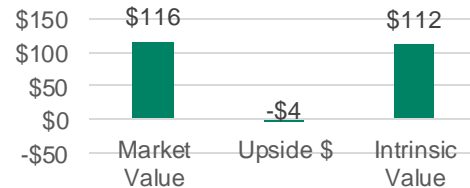
EV/EBITDA



EV/EBIT

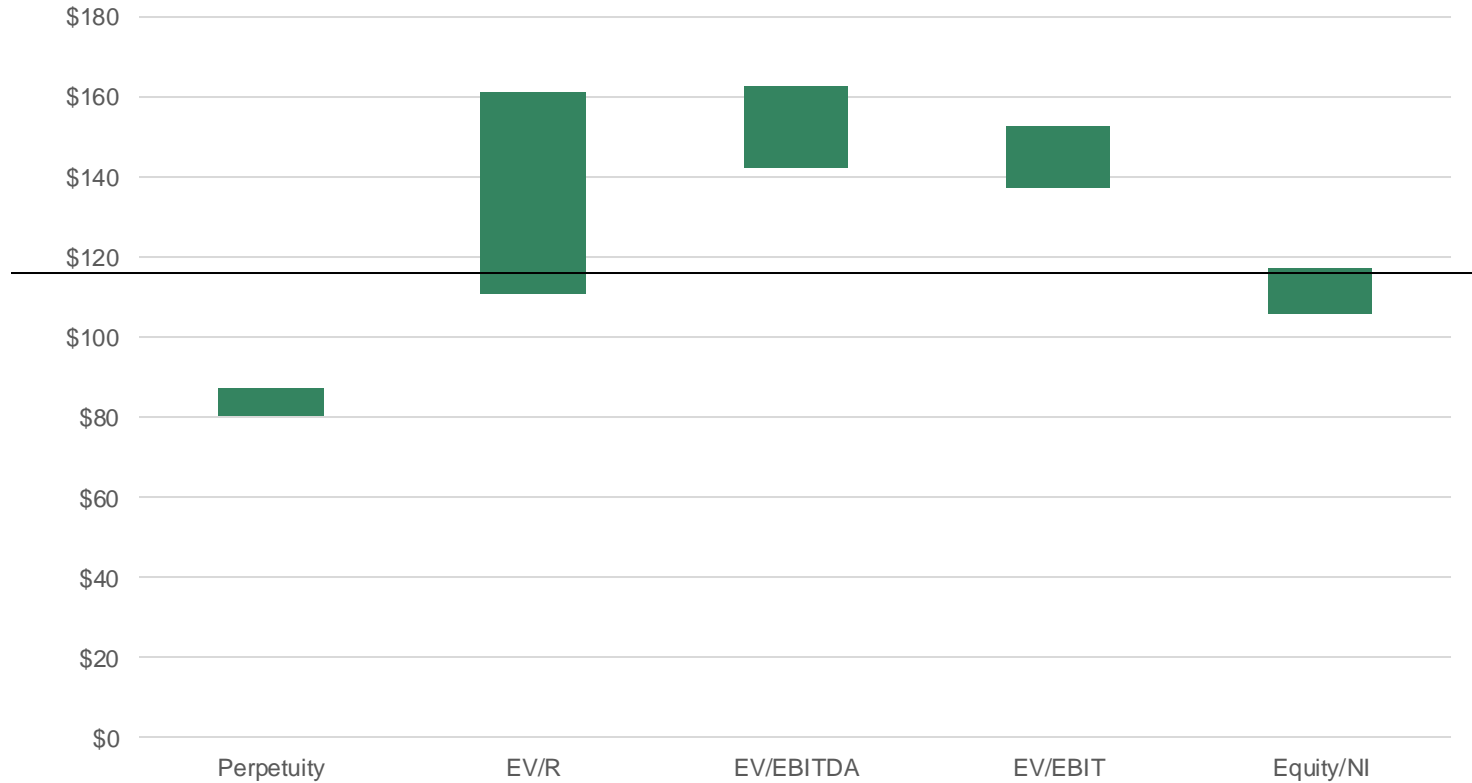


Equity/NI



Valuation Summary

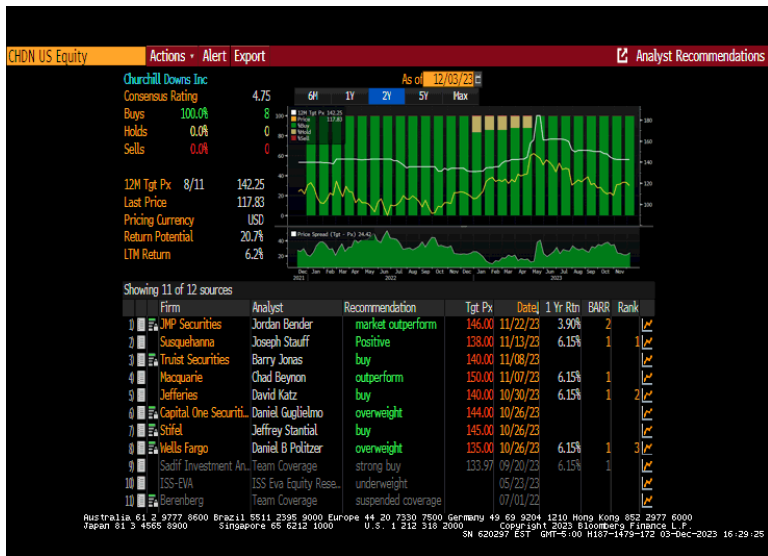
Churchill Downs Inc. Valuation



Current
CHDN Share
Price: \$119.58



Bloomberg



CNN

Stock Price Forecast

The 9 analysts offering 12-month price forecasts for Churchill Downs Inc have a median target of 143.00, with a high estimate of 150.00 and a low estimate of 135.00. The median estimate represents a +21.40% increase from the last price of 117.79.



Analyst Recommendations

The current consensus among 9 polled investment analysts is to **buy** stock in Churchill Downs Inc. This rating has held steady since November, when it was unchanged from a buy rating.

Move your mouse over past months for detail



Wall Street Journal

Analyst Ratings Churchill Downs Inc.

	3 Months Ago	1 Month Ago	Current
Buy	6	8	7
Overweight	0	1	2
Hold	0	0	0
Underweight	0	0	0
Sell	0	0	0
Consensus	BUY	BUY	BUY

Nasdaq

CHDN Analyst Research

CHDN Analyst Ratings

Strong Buy

Based on 9 analysts offering recommendations for CHDN.

Analyst Firms Making Recommendations

- B OF A GBL RES
- CAP ONE SECUR
- JEFFERIES & CO.
- JMP SECURITIES
- MACQUARIE CAPIT
- STIFEL NICOLAUS
- SUSQUEHANNA
- TRUIST SECURIT
- WELLS FARGO SEC

Analyst

\$141.14

Based on analysts offering 12 month price targets for CHDN in the last 3 months. The average price target is \$141.14 with a high estimate of \$146 and a low estimate of \$135. Sign in to your SmartPortfolio to see more analyst recommendations.


Analyst Forecast

The average price target for CHDN is \$142.61, which is 22.29% higher than the current price. The consensus rating is "Strong Buy".

Price Target	\$142.61
Price Target Difference	22.29%
Analyst Consensus	Strong Buy
Analyst Count	9



Investment Thesis Recap

	Ticker	EV	Share Price	Target Price	Exp. Return
CHURCHILL DOWNS	CHDN	\$13.382 B	\$119.58	\$144.91	↑21.18%

Proven Expansion Strategy:

- Churchill Downs' fortress balance sheet has enabled a proven expansion and divestment strategy. Its most recent acquisitions and partnerships will bring a host of benefits to CHDN, but these have gone unrecognized in broader markets

Excellent Financial Performance and Superior Growth:

- Churchill Down's increased market presence, customer base, profitability, and efficiency are being discounted by fears over industry decline, economic instability, regulations, their strategic growth initiatives, and financial ratios





CHURCHILL DOWNS

Appendix

Appendix A: DCF Assumptions & WACC Calculation

	Historical					Projected				
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Income Statement										
Revenue	\$ 1,330	\$ 1,054	\$ 1,597	\$ 1,810	\$ 2,381	\$ 2,714	\$ 3,040	\$ 3,344	\$ 3,611	\$ 3,900
Revenue Growth		-21%	52%	13%	32%	14%	12%	10%	8%	8%
COGS as % of Rev	74%	82%	72%	69%	68%	70%	70%	70%	70%	70%
SGA as % of Rev	9%	11%	9%	9%	8%	9%	9%	9%	9%	9%
Tax Rate	29%	0%	28%	28%	26%	22%	22%	22%	22%	22%
OWC										
OWC	\$ (80)	\$ (189)	\$ 107	\$ (277)	\$ (299)	\$ (245)	\$ (275)	\$ (302)	\$ (326)	\$ (352)
OWC as % of Rev	-6%	-18%	7%	-15%	-13%	-9%	-9%	-9%	-9%	-9%
CapEx										
CapEx as % of Rev	-10%	-22%	-6%	-23%	-28%	-18%	-18%	-18%	-18%	-18%
PPE										
Beginning PPE, Net	\$ 937	\$ 1,082	\$ 995	\$ 1,978	\$ 2,384	\$ 3,189	\$ 3,678	\$ 4,204	\$ 4,770	\$ 5,382
Less Dep	\$ (77)	\$ (84)	\$ (93)	\$ (104)	\$ (148)	\$ (235)	\$ (271)	\$ (309)	\$ (351)	\$ (396)
Add CapEx	\$ 131	\$ 234	\$ 92	\$ 424	\$ 658	\$ 724	\$ 796	\$ 876	\$ 963	\$ 1,060
Ending PPE	\$ 1,146	\$ 1,400	\$ 1,180	\$ 2,505	\$ 3,189	\$ 3,678	\$ 4,204	\$ 4,770	\$ 5,382	\$ 6,046
PPE Growth										
PPE Growth		15%	-8%	99%	20%	10%	10%	10%	10%	10%
CapEx Growth		79%	-61%	361%	55%	10%	10%	10%	10%	10%
Dep as % of PPE	-8%	-8%	-9%	-5%	-6%	-7%	-7%	-7%	-7%	-7%

WACC	
Assumptions	
% of Debt	32.83%
% of Pref Shares	0
% of Equity	67.17%
Interest on Debt	6.06%
Yield on Pref Shares	N/A
Risk Free Rate	4.10%
Market Return	10%
CHDN Beta	1.32
Tax Rate	30%
CAPM	
CHDN CAPM	17.25%
% Equity	67.17%
Weighted Cost of Equity	11.59%
Debt	
Tax Rate	30%
Interest on Debt	6.06%
% Debt	32.83%
Weighted Cost of Debt	1.39%
Preferred Shares	
Yield on Pref Shares	0
% Preferred Shares	0
Weighted Cost of Pref Shrs	0
WACC	12.98%



Appendix B: DCF Income Statement Projections

Income Statement	Historical					Projected				
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Rev	\$ 1,330	\$ 1,054	\$ 1,597	\$ 1,810	\$ 2,381	\$ 2,714	\$ 3,040	\$ 3,344	\$ 3,611	\$ 3,900
COGS	\$ 987	\$ 861	\$ 1,151	\$ 1,243	\$ 1,615	\$ 1,900	\$ 2,128	\$ 2,340	\$ 2,528	\$ 2,730
Gross Profit	\$ 343	\$ 194	\$ 446	\$ 566	\$ 766	\$ 814	\$ 912	\$ 1,003	\$ 1,083	\$ 1,170
SGA	\$ 122	\$ 115	\$ 139	\$ 164	\$ 202	\$ 244	\$ 274	\$ 301	\$ 325	\$ 351
DA	\$ (77)	\$ (84)	\$ (93)	\$ (104)	\$ (148)	\$ (235)	\$ (271)	\$ (309)	\$ (351)	\$ (396)
EBIT	\$ 388	\$ 225	\$ 491	\$ 627	\$ 821	\$ 824	\$ 915	\$ 995	\$ 1,057	\$ 1,125
EBITDA	\$ 465	\$ 308	\$ 585	\$ 731	\$ 968	\$ 1,058	\$ 1,185	\$ 1,304	\$ 1,408	\$ 1,521
Taxes	\$ 112	\$ -	\$ 135	\$ 174	\$ 213	\$ 181	\$ 202	\$ 219	\$ 233	\$ 248
NOPAT	\$ 276	\$ 225	\$ 356	\$ 453	\$ 608	\$ 642	\$ 713	\$ 776	\$ 824	\$ 877
Add DA	\$ 77	\$ 84	\$ 93	\$ 104	\$ 148	\$ 235	\$ 271	\$ 309	\$ 351	\$ 396
Less Change in OWC		\$ (109)	\$ 296	\$ (384)	\$ (22)	\$ 54	\$ (29)	\$ (27)	\$ (24)	\$ (26)
Less CapEx	\$ (131)	\$ (234)	\$ (92)	\$ (424)	\$ (658)	\$ (724)	\$ (796)	\$ (876)	\$ (963)	\$ (1,060)
UL FCF	\$ 222	\$ (35)	\$ 653	\$ (251)	\$ 75	\$ 207	\$ 158	\$ 182	\$ 188	\$ 187
Year						1	2	3	4	5
Discount Rate						13%	13%	13%	13%	13%
PV of FCF						\$ 184	\$ 124	\$ 126	\$ 115	\$ 102
Sum of Discounted FCF	\$ 651									



Appendix C: Management & Institutional Ownership

Leadership Team



William C. Carstanjen
Chief Executive Officer



William E. Mudd
President and Chief Operating Officer



Marcia A. Dall
Executive Vice President and Chief Financial Officer



Maureen Adams
Executive Vice President of Gaming Operations



Bradley Blackwell
Executive Vice President and General Counsel

Name of Beneficial Owner	Amount and Nature Of Beneficial Ownership	Percent of Class	Name of Beneficial Owner	Amount and Nature Of Beneficial Ownership	Percent of Class
FMR LLC and affiliates 245 Summer Street. Boston, MA 02210	4,549,563 ⁽¹⁾	12.15	Douglas C. Grissom	10,979 ⁽⁷⁾	*
			Daniel P. Harrington	631,585 ⁽⁸⁾	1.69
The Vanguard Group, Inc. and affiliates 100 Vanguard Blvd. Malvern, PA 19355	3,310,700 ⁽²⁾	8.84	Karole F. Lloyd	16,551 ⁽⁹⁾	*
			R. Alex Rankin	45,956 ⁽¹⁰⁾	0.12
			Paul C. Varga	11,301 ⁽¹¹⁾	*
BlackRock, Inc. and affiliates 55 East 52nd Street New York, NY 10055	2,988,923 ⁽³⁾	7.98	William C. Carstanjen	683,413 ⁽¹²⁾	1.83
			William E. Mudd	306,003 ⁽¹³⁾	0.82
CDI Holdings LLC 444 W. Lake Street, Suite 2000 Chicago, IL 60606	2,120,000 ⁽⁴⁾	5.66	Marcia A. Dall	63,251 ⁽¹⁴⁾	0.17
			Bradley K. Blackwell	9,472 ⁽¹⁵⁾	*
Ulysses L. Bridgeman, Jr.	24,097 ⁽⁵⁾	*	Maureen Adams	4,491 ⁽¹⁶⁾	*
Andréa Carter	0	*	13 Directors and Executive Officers as a Group	1,865,654 ⁽¹⁷⁾	4.98
Robert L. Fealy	58,555 ⁽⁶⁾	0.16			



Appendix D: Live & Historical Racing + Gaming Properties

State	Property	City/ Location	Floor Space (Sq. ft.)	Historical Racing Machines ("HRMs")
Kentucky	Derby City Gaming	Louisville, Kentucky	85,000	1,170
Kentucky	Turfway Park	Northern Kentucky	155,000	850
Kentucky	Newport	Northern Kentucky	23,000	500
Kentucky	Oak Grove	Southwestern Kentucky	180,000	1,360
Kentucky	Ellis Park	Western Kentucky	100,000	320
New Hampshire	Chasers ^(a)	Salem, New Hampshire	4,000	(a)
Virginia	Rosie's New Kent	Central Virginia	127,000	550
Virginia	Rosie's Richmond	Central Virginia	54,000	700
Virginia	Rosie's Hampton	Southeast Virginia	38,000	700
Virginia	Rosie's Vinton	Southern Virginia	15,000	470
Virginia	Rosie's Dumfries	Northern Virginia	19,000	150
Virginia	Rosie's Collinsville	Southern Virginia	2,000	40
Total			802,000	6,810

^(a) The Company plans to expand the charitable gaming facility to accommodate HRMs and table games.

State	Property	Acres	Casino Space (Sq. ft.)	Slots and Video Lottery			
				Terminals	Table Games	Hotel Rooms	Retail Sportsbook
<u>Wholly-owned</u>							
Florida	Calder Casino	54	106,000	1,090	6	N/A	N/A
Iowa	Hard Rock Hotel and Casino Sioux City	15	41,000	660	20	54	✓
Louisiana	Fair Grounds Race Course and Slots and Video Services LLC	145	33,000	1,620	—	N/A	✓
Maine	Oxford Casino and Hotel	97	27,000	960	28	100	N/A
Maryland	Ocean Downs Casino and Racetrack	167	70,000	850	18	N/A	✓
Mississippi	Harlow's Casino Resort and Spa	85	33,000	670	18	105	✓
Mississippi	Riverwalk Casino Hotel	22	25,000	600	11	80	✓
New York	del Lago Resort and Casino	83	94,000	1,670	76	205	✓
Pennsylvania	Presque Isle Downs and Casino	270	153,000	1,550	35	N/A	✓
Pennsylvania	Lady Luck Casino Nemaquin	—	25,000	600	26	N/A	N/A
<u>Equity Investments</u>							
Illinois	Rivers Casino Des Plaines	21	140,000	1,510	120	N/A	✓
Ohio	Miami Valley Gaming and Racing	120	190,000	2,200	—	N/A	✓
Total			937,000	13,980	358	544	





LEEDS INVESTMENT
& TRADING GROUP

Consumer Sector CHDN BUY Pitch

Alyssa Bullock

Jake Schneider

Ryan Albright