

CHURCHILL DOWNS Inc
Form 10-Q
July 26, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the quarterly period ended June 30, 2017

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

For the transition period from _____ to _____

Commission file number 001-33998

(Exact name of registrant as specified in its charter)

Kentucky

(State or other jurisdiction of incorporation or organization)

61-0156015

(I.R.S. Employer Identification No.)

600 North Hurstbourne Parkway, Suite 400 Louisville, Kentucky
40222

(502) 636-4400

(Address of principal executive offices) (zip code)

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of Registrant's common stock at July 19, 2017 was 15,408,244 shares.

CHURCHILL DOWNS INCORPORATED
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For the Quarter Ended June 30, 2017

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CHURCHILL DOWNS INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(in millions, except per common share data)	Three Months		Six Months	
	Ended June 30, 2017	2016	Ended June 30, 2017	2016
Net revenue:				
Racing	\$ 165.3	\$ 156.1	\$ 189.2	\$ 182.3
Casinos	88.3	84.4	175.8	170.9
TwinSpires	80.5	68.4	132.5	118.0
Big Fish Games	112.6	125.2	224.6	247.3
Other Investments	5.2	4.4	9.3	8.4
Total net revenue	451.9	438.5	731.4	726.9
Operating expense:				
Racing	76.5	72.3	112.9	107.9
Casinos	62.1	60.4	124.8	121.4
TwinSpires	51.4	41.4	87.8	76.0
Big Fish Games	89.4	105.6	176.3	215.0
Other Investments	4.9	4.1	8.8	8.0
Corporate	0.5	0.4	1.2	1.0
Selling, general and administrative expense	26.7	24.6	50.8	47.7
Research and development	9.9	9.7	20.2	20.5
Calder exit costs	0.2	1.5	0.6	1.9
Acquisition expenses, net	0.8	1.1	1.0	3.8
Total operating expense	322.4	321.1	584.4	603.2
Operating income	129.5	117.4	147.0	123.7
Other income (expense):				
Interest expense	(11.6)	(11.1)	(23.4)	(21.7)
Equity in income of unconsolidated investments	7.7	4.8	13.8	8.6
Miscellaneous, net	0.2	0.4	0.2	(0.1)
Total other expense	(3.7)	(5.9)	(9.4)	(13.2)
Income from operations before provision for income taxes	125.8	111.5	137.6	110.5
Income tax provision	(47.5)	(41.7)	(52.0)	(37.9)
Net income	\$ 78.3	\$ 69.8	\$ 85.6	\$ 72.6
Net income per common share data:				
Basic net income	\$ 4.86	\$ 4.16	\$ 5.27	\$ 4.32
Diluted net income	\$ 4.81	\$ 4.11	\$ 5.18	\$ 4.27
Weighted average shares outstanding:				
Basic	16.1	16.5	16.2	16.5
Diluted	16.3	17.0		