



# Great Canadian's Competitive Racino Landscape

December 5, 2005

# Agenda

## 1. Great Canadian Overview

- Corporate Overview
- Horseracing Division
- Property Overview

## 2. Racinos Competitive Landscape

- Canada: West to East Review
- Competitor Profiles

## 3. Operating Models

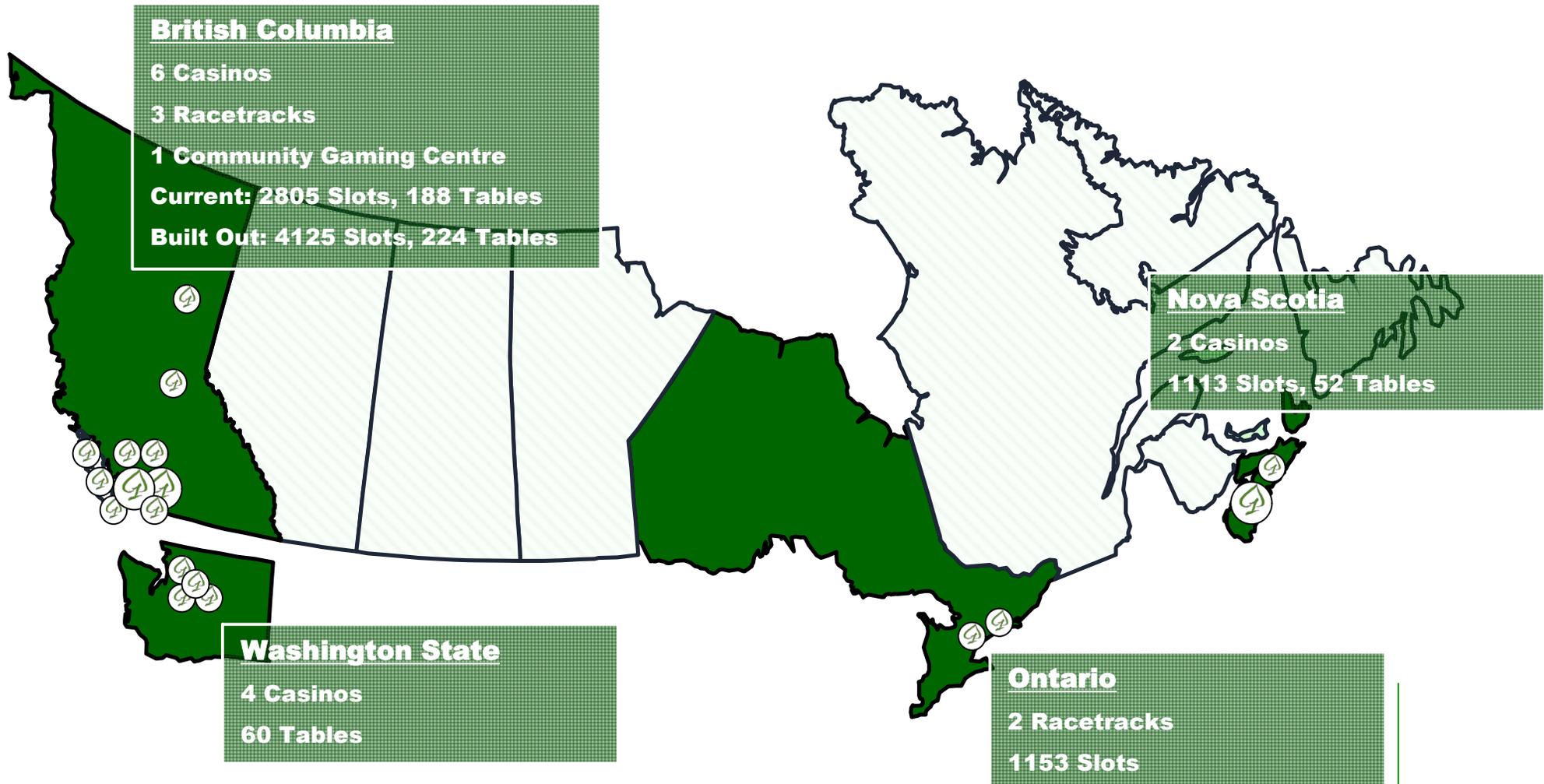
- BC Synergies/Head Office Synergies
- American Model vs. Canadian Model

# Corporate Overview

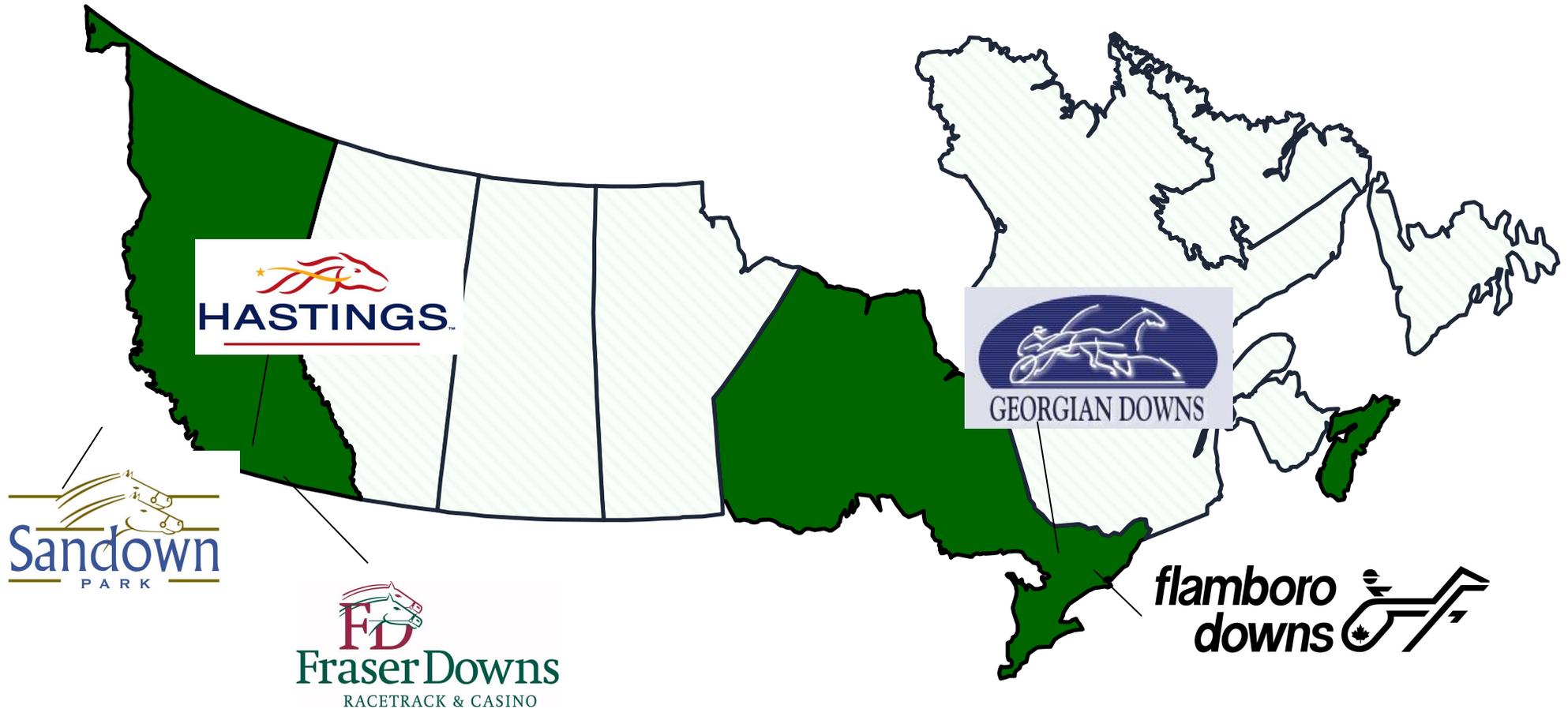
- One of the largest gaming companies in Canada, operating since 1982
- Home to approximately 5,000 employees across 18 locations in Canada and Washington State
  - 6,391 near term slots
  - 336 near term tables
- Owner of 5 Racetracks:
  - 3 in British Columbia
  - 2 in Ontario
- Market cap of approximately \$1.3B



# Our Properties

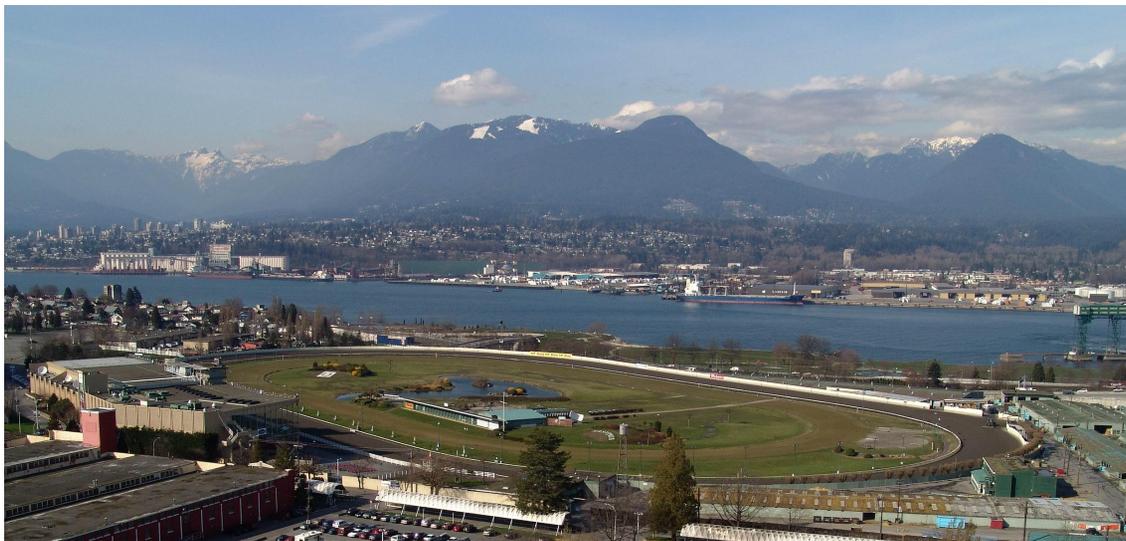


# The Horse Racing Division



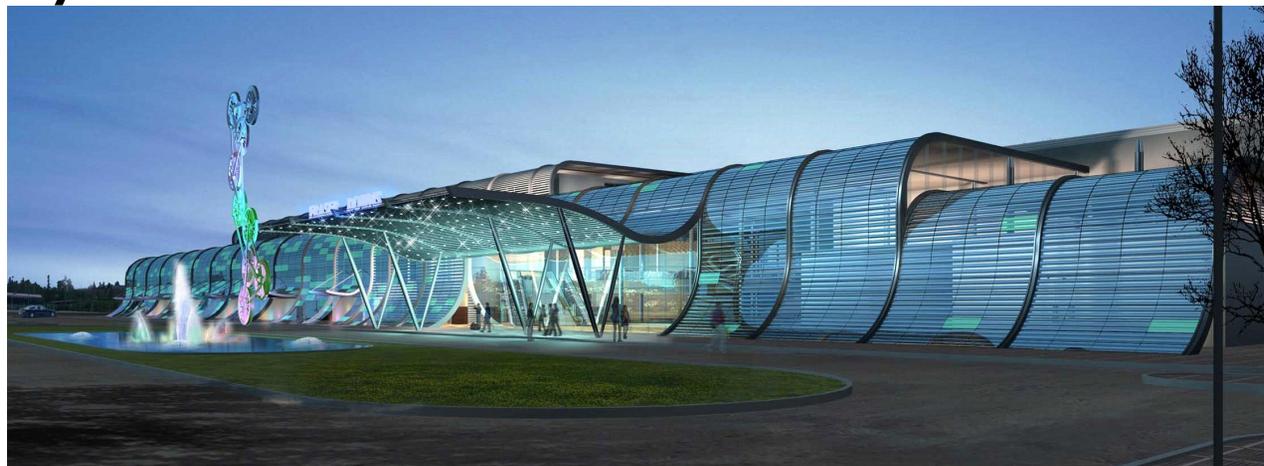
# Hastings Racecourse

- 114 years of racing tradition and history
- Acquired for \$40 million in 2005
- \$40 million budgeted renovation
- 350 staff, 83 days of live racing
- 600 slots projected for installation



# Fraser Downs

- Acquired for \$25 million in April 2005
- \$30 million renovation nearing completion
- 280 staff, 100 days of live racing
- 420 slots from 19-24 hour/day



# Sandown Park



- **\$5 million projected renovation with 200 slots**
- **50 staff, 20 days of live racing**

# Georgian Downs



- 5 year old, purpose built facility with second highest slot win in Ontario
- 117 live race dates, 400 slots

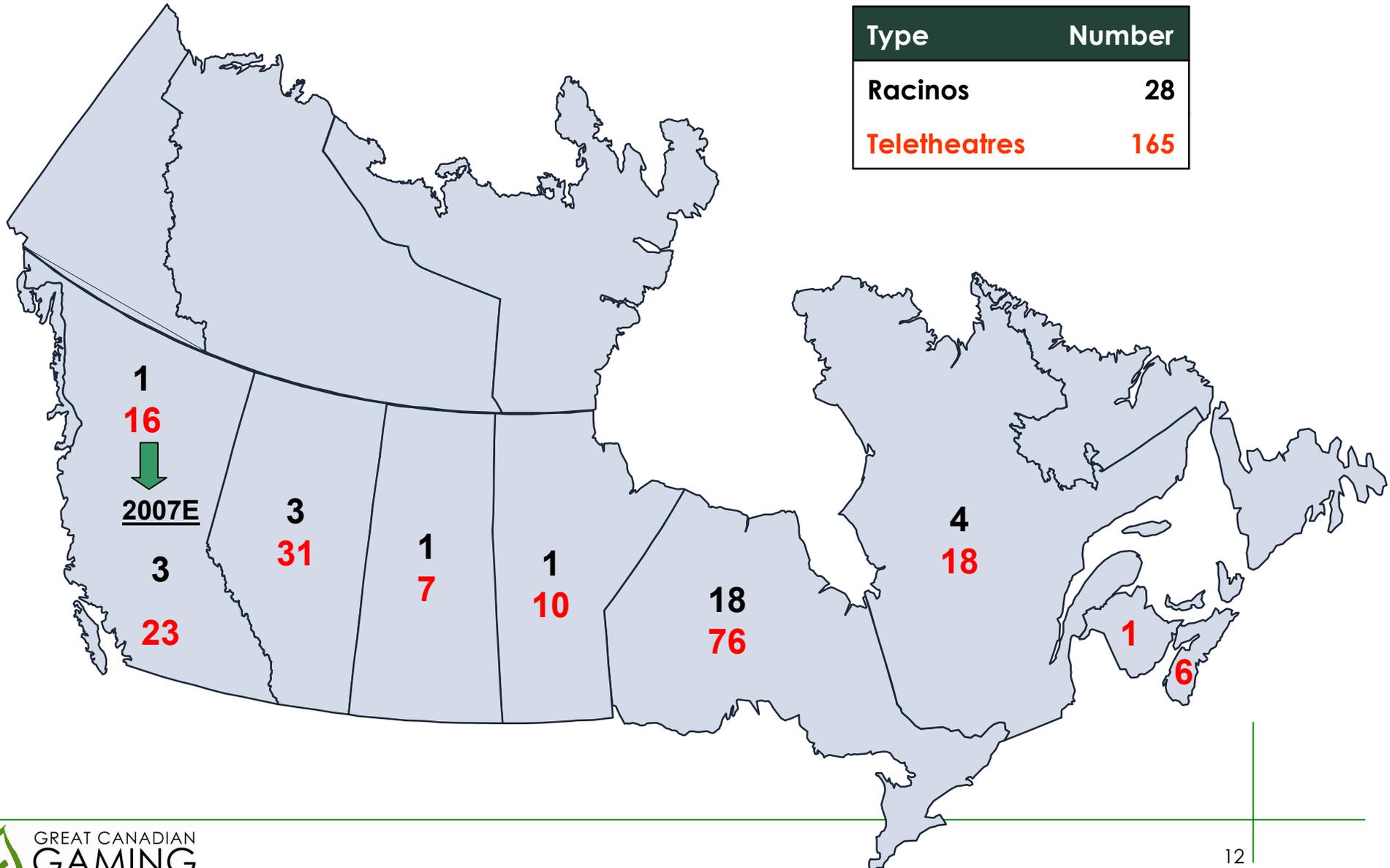
# Flamboro Downs



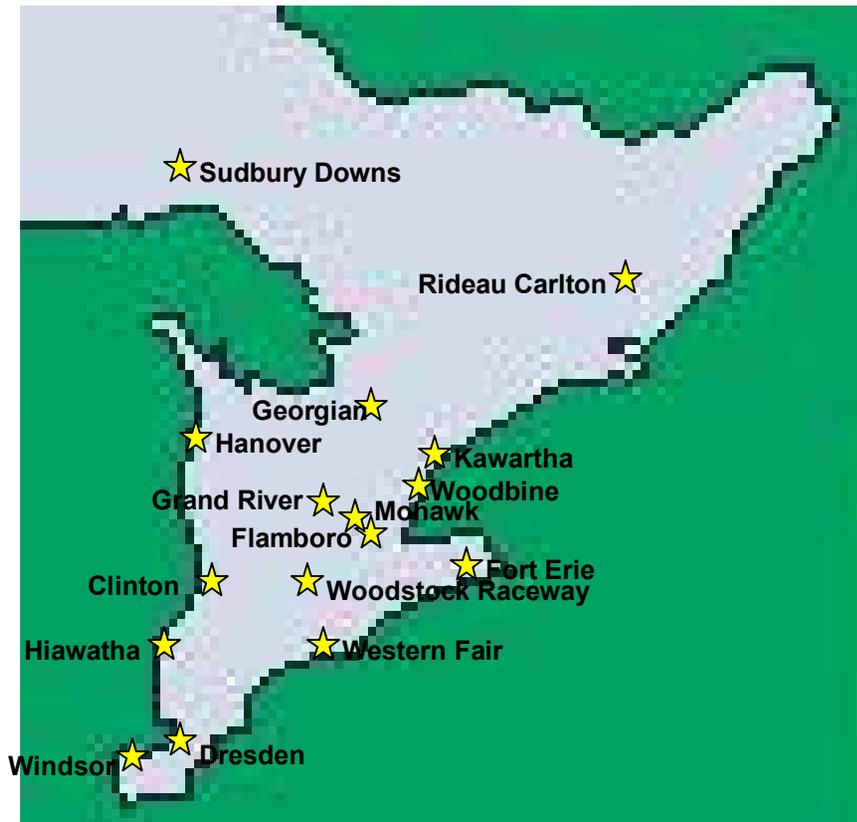
- One of the highest grossing tracks in Ontario
- 260 live race dates, 752 slots

# Racino Competitive Landscape

# Canada's Racinos & Teletheatres



# Ontario Racinos



RACINO	Owner	Slots
Clinton Raceway	Non-profit	100
Dresdan Raceway	WINRAC Dev.	100
Fort Erie Racetrack	El Ad	1,200
Grand River Raceway	Non-profit	200
Hanover Raceway	Non-profit	100
Hiawatha Horse Park	N/A	450
Kawartha Downs	N/A	375
Mohawk Racetrack	Woodbine	750
Rideau Carleton Raceway	N/A	1,250
Sudbury Downs	MacRanald Ent.	330
Western Fair Raceway	Non-Profit	750
Windsor Raceway	WINRAC Dev.	750
Woodbine Racetrack	Woodbine	1,700
Woodstock Raceway	WINRAC Dev.	100
<b>Total</b>		<b>8,155</b>

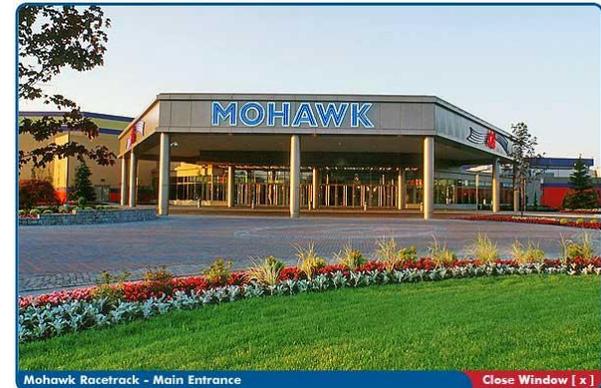
# Woodbine Overview

## HIGHLIGHTS

- Direct Employer of 2,700
- Invested over \$140 MM in past 5 years
- “Sports Enthusiast” Marketing – Racing, Gaming, Entertainment
- Goals include expanding Gaming, Broadening Distribution & Regulatory Reform

## FINANCIAL

	<u>2004</u>	<u>2003</u>
<b>Revenue</b>		
Parimutuel, Net	\$174	\$180
Slot Commission	142	146
Food & Beverage	31	29
Other	10	11
<b>Total Revenue</b>	<b>\$357</b>	<b>\$368</b>
<b>EBITDA</b>	<b>\$42</b>	<b>\$47</b>
<b>Net Debt</b>	<b>\$73</b>	<b>\$92</b>
<b>*Woodbine does not pay tax</b>		



# Racetrack Comparison

	 WOODBINE	 MOHAWK	 flamboro downs	 GEORGIAN DOWNS
<b>Acreage</b>	<b>640</b>	<b>450</b>	<b>235</b>	<b>76</b>
<b>Track</b>	<b>7/8 ST</b> <b>1.0 TH</b> <b>1.5 TURF</b>	<b>7/8</b>	<b>1/2</b>	<b>5/8</b>
<b>Racedays</b>	<b>180 ST</b> <b>167 TH</b>	<b>80</b>	<b>260</b>	<b>115</b>
<b>Purses</b>	<b>\$87 MM</b>	<b>\$66 MM</b>	<b>\$23 MM</b>	<b>\$11 MM</b>
<b>Slots</b>	<b>1,700</b>	<b>750</b>	<b>750</b>	<b>400</b>
<b>2004 Win/day</b>	<b>\$904</b>	<b>\$536</b>	<b>\$414</b>	<b>\$617</b>
<b>Comments</b>		<b>2003 Hotel, golf conference application</b>	<b>Off Highway</b>	

# Operating Models

# B.C. Operating Model

- Retained commission - 25%
- 5% restricted capital development
- 2% restricted to marketing expenditures
  - Thus, 18% operating cash flow!
- Different commission structure for casinos



# Ontario Operating Model

- Retained commission - 10%
- Horseman share - 10%
- No operational costs



# GCGC Synergies

- Synergies can be derived in numerous areas from owning 3 BC racing facilities:
  - Marketing
  - Surveillance
  - Security



- Synergies can also be derived between each track in Ontario, between all five tracks and between other GCGC casinos

# Differences With American Model

- **Huge commission rate differences**
- **Advances in player tracking, loyalty clubs (just announced the beginning of player tracking and rewards in the BC gaming industry, although it has been established in the BC racing business since 1996)**
- **Smoking legislation, particularly native casinos**
- **Drinking legislation (i.e. “happy hours”)**
- **Number of machines per site**
- **FDIF funds**

**Thus, a strong and healthy relationship with our respective stakeholders is vital. They ensure the regulation of the competitive forces in the local marketplace.**