THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

CHDN - Q4 2014 Churchill Downs Inc Earnings Call

EVENT DATE/TIME: FEBRUARY 26, 2015 / 2:00PM GMT

THOMSON REUTERS

CORPORATE PARTICIPANTS

Courtney Norris *Churchill Downs Incorporated - Director of Corporate Communications*

Bill Carstanjen *Churchill Downs Incorporated - CEO*

Bill Mudd *Churchill Downs Incorporated - President & CFO*

CONFERENCE CALL PARTICIPANTS

Cameron McKnight *Wells Fargo - Analyst*

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to Churchill Downs Incorporated fourth quarter and the full year conference call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will follow at that time. (Operator Instructions) As a reminder, this conference is being recorded.

I would now like to introduce your host for today's conference, Ms. Courtney Norris, Director of Corporate Communications. Please go ahead.

Courtney Norris - *Churchill Downs Incorporated - Director of Corporate Communications*

Thank you, Sam. Good morning, and welcome to the Churchill Downs Incorporated conference call to review the Company's business results for the fourth quarter and year ended December 31, 2014.

The Company's fourth quarter business results were released yesterday afternoon in a news release that has been covered by the financial media. A copy of this release announcing results and any other financial and statistical information about the period to be presented in this conference call, including any information required by Regulation G, is available at the section of the Company's website titled News located at ChurchillDownsIncorporated.com, as well as on the website's Investor section.

Let me also note that a news release was issued advising of the accessibility of this conference call on a listen-only basis via phone and over the Internet.

As we begin, let me express that some statements made during this call will be forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that include projections, expectations or beliefs about future events or results, or otherwise are not statements of historical fact.

The actual performance of the Company may differ materially from what is projected in such forward-looking statements. Investors should refer to statements included in reports filed by the Company with the Securities and Exchange Commission for a discussion of additional information concerning factors that could cause our actual results of operations to differ materially from the forward-looking statements made in this call.

The information being provided today is as of this date only, and Churchill Downs Incorporated expressly disclaims any obligation to release publicly any updates or revisions to these forward-looking statements to reflect any changes in expectations.

I will now turn the call over to our CEO, Mr. Bill Carstanjen.

Bill Carstanjen - *Churchill Downs Incorporated - CEO*

Thanks, Courtney. Good morning, everyone. With me today are several members of our team including Bill Mudd, our President and Chief Financial Officer; Alan Tse, our General Counsel; Mike Anderson, our Vice President of Corporate Finance, Treasury and Investor Relations; and Bob Evans, Chairman of our Board of Directors.

I'll make a few general comments and then turn this over to Bill Mudd. After he has finished his comments, we'll be happy to take your questions.

First, a few comments on our fourth quarter. The Company produced record net revenues and adjusted EBITDA for the quarter. While there is quite a bit of other noise in our financials as a result of closing the Big Fish Games acquisition, and the accounting adjustments required as a result of it, here are a few summary observations about our core businesses.

Our regional casino segment experienced improving trends later in the fourth quarter and those trends have continued so far this year. This was a nice ending for a year where the general trends in the economy and in our specific markets have been pretty soft through most of the year.

We spent 2014 focused pretty carefully on cost and operating as efficiently as we sensibly could. That is a part of our DNA and will continue in 2015, where we are now seeing some encouraging top line indicators that we hope continue.

With respect to our TwinSpires.com segment, we had real headwinds in 2014 because of the loss in late 2013 of the Texas online wagering market and because of new taxes imposed by New York and Pennsylvania on account of positive wagering activity. Those are important states for us.

We held up better than we thought in 2014 on both the top and bottom line. And the comps get easier in 2015 because those headwinds are now behind us. The segment continues to show top line organic growth and organic growth in new customers.

We will continue to keep a careful eye on the cost structure and on any further potential changes in the taxation or regulatory environments in our important market. So far, there have not been any similar negative changes to report.

With respect to our racing segment, let's separate the Kentucky Oaks and Kentucky Derby Week from the rest of racing for the moment. Racing outside of the Kentucky Derby remains very challenging and we don't see anything in the trends to suggest that this is going to change in the near future. Our focus has been on our cost structure and on managing our racing operations efficiently.

Our transaction in the third quarter to lease the pari-mutuel operations at Calder to The Stronach Group, is an example of our willingness to find new and better solutions. As you can see in our fourth quarter results, the Calder transaction was a good move for us. We believe it was also a good move for The Stronach Group and a good move for the Florida Horsemen as well.

With respect to the Kentucky Oaks and Derby, 2014 was a year of significant growth. As we head into 2015 and are now 65 days away from the 141st Kentucky Derby, we plan to continue that momentum. At this point, [seating], revenues, sponsorship and other key metrics all look quite encouraging and are tracking nicely ahead of last year.

Our Churchill Downs racetrack team is very experienced and very focused. They are doing their thing.

This year, we are introducing a new section called the Winners Circle Suites and Courtyard, which will be a central feature of the facility and we hope a big hit with everyone. The $4.2 million project remains on budget and on time to be ready for the 2015 Kentucky Derby.

Finally, the Big Fish Games acquisition -- we closed the transaction on December 16. Thus, we've added some revenues and adjusted EBITDA to our quarter, as well as quite a bit of purchase accounting complexity that Bill Mudd will explain in detail in his comments. So far, Big Fish has been everything we expected it to be.

First, the casino segment -- Big Fish Casino was the top revenue-generating social casino app on IOS in both 2013 and 2014. The team remains very focused on growing the social casino business with a greater emphasis on the bottom line while also maintaining very healthy top line growth.

In this business, as well as the other segments of Big Fish, user acquisition spend is carefully monitored to ensure the lifetime value or LTV of each customer channel as appropriate for the user acquisition cost for that channel. That is something we felt Big Fish has done very well historically. And it is, of course, a big focus for us going forward.

It pays to be great at evaluating quickly and accurately the effectiveness of marketing spend (inaudible) and game. Our aim is to keep improving on this core competency.

The non-casino free-to-play segment of Big Fish is also showing strength with the growth of the Gummy Drop franchise. According to the industry tracking firm, App Annie, this game has been consistently a top grossing mobile app. And Big Fish has now emerged as a top-five grossing company in the large casual match-three game genre worldwide.

As we've stated, Big Fish's strategy in the free-to-play segment, as well as in the prepaid premium game segment, is a portfolio approach to efficiently developing and publishing multiple games a year, measuring carefully their performance and implementing a marketing strategy that matches each game's respective performance.

Gummy Drop is an example of a game where the metrics warrant increasing market expense. But there will always be numerous games which do not. This is a healthy and expected dynamic for a portfolio approach to new content. The high quality and low-cost game development network, a clear eye for what works and a willingness to walk away from what doesn't will be a key for sustaining consistent long-term growth.

We are excited about some of the games we'll be bringing to the market over the course of 2015. There will be more on that later when appropriate.

This portfolio approach to game development has proven results. According to App Annie, Big Fish is currently the number-four grossing mobile game publisher across both IOS and Android in the United States. Big Fish Casino is the number-one grossing app in the social casino genre. Gummy Drop is the top-10 grossing app in the public genre. Midnight Castle is the top-20 grossing app in the adventure genre. Fairway Solitaire is the top-five grossing game in the non-casino [part].

Finally, a quick comment on the prepaid premium game segment -- that is a declining segment for Big Fish and we knew that when we bought the company. Consumer tastes are moving away from the traditional prepaid games towards a free-to-play model.

In addition, consumers are moving rapidly towards mobile devices at the expense of playing games on their PCs. The prepaid segment is focused on genres like [hypnagogic], adventure games, lends itself better to the PC environment. We anticipate we will continue to see declines in the prepaid segment.

But we will continue to operate in that space for the foreseeable future, as there's still very good cash flow in that business. Lessons learned in this segment really help improve our free-to-play segment. And in any case, the growth of free-to-play mobile far exceeds these (inaudible).

We expect to go into greater detail with regard to Big Fish after the first quarter results. As you can see, closing Big Fish at the very tail end of 2014 meant that it didn't have much time to deliver results for us last year. What it did deliver, we are very, very pleased with.

Now, I would like to turn this over to Bill Mudd to provide some details on the quarter and the full year. After that, we'll answer your questions. Thank you. Bill?

Bill Mudd - *Churchill Downs Incorporated - President & CFO*

Thank you, Bill, and good morning, everyone. I'll keep my comments brief and focused on important drivers of operations and items affecting our income statement and balance sheet as a result of the Big Fish acquisition. After I make a few comments, we'll be happy to address any questions.

Please note that we have renamed our segments. Gaming is now called Casinos and online is now called TwinSpires. This was done to avoid any confusion with Big Fish Games, which are games conducted through online and mobile devices.

Overall, it was another good year and an excellent fourth quarter, with record net revenues and record adjusted EBITDA in both periods. The net income line, however, was pressured in the fourth quarter by items below adjusted EBITDA, which we will describe in great detail later.

For the year, our casino revenues increased to $31.5 million or 11% as revenues from Oxford acquisition were offset by slight declines in our other casino properties, on industry weakness during the majority of the year and the closure of poker operations on July 1 of 2014 at Calder Casino.

For the fourth quarter, our casino business revenues remained flat to prior year, as growth at Oxford Casino, driven by the gaming to our expansion we completed last December, was coupled with better weather and offset softness at our other properties.

On a comparable year-over-year basis, our fourth quarter was the strongest of the year. Part of this was driven by easier comps as we entered the second half of the year. But we are seeing more trips and a higher win per trip, particularly in the middle and top tiers of the database, which is encouraging. The lower end of the database is stabilized, and considering some of the promotional changes we made to our direct mail marketing programs.

Our casino adjusted EBITDA grew 25% for the year and 21% in the fourth quarter, driven by the July 2013 acquisition of Oxford Casino, and December 2013 opening of Miami Valley Gaming. The first full year of operations at our Miami Valley Gaming joint venture has proven successful, with total property adjusted EBITDA of $35 million.

For the year, Miami Valley's net slot win was $119.6 million, 5% behind Horseshoe Cincinnati, which enjoys the advantage of other amenities, such as table games. We believe our joint venture built the right asset in the right location and at the right level of investment for that market.

Our TwinSpires business had a decent year, all things considered, posting a 3% revenue improvement, despite the lack of wagering by Texas residents, which ceased wagering in late September of 2013, coupled with an industry that contracted by 2.8% for the year.

Those losses were offset by the restatement of Illinois resident wagering in June of 2013 and organic handle growth of 5%, driven by a 19% increase in unique players, including Texas and Illinois resident wagering.

Our fourth quarter TwinSpires results were -- revenues up were similar, with revenues up 1% on a 4% increase in handle. We finally have all the Texas and Illinois noise behind us. So we are now in a comparable basis year-over-year with respect to handle and revenues.

Unfortunately, wagering on thoroughbreds was down 4% across the industry in the fourth quarter, muting our handle and revenue growth for the period. The good news is that TwinSpires growth rate continued to outpace the industry by 8 percentage points. We hope that sets us up for stronger organic growth in 2015.

TwinSpires' adjusted EBITDA for the year was $45.3 million, down $3.8 million compared to 2013. The profitability decrease was driven primarily by the loss of Texas resident wagering of $5.4 million and newly imposed taxes on New York resident online wagering of $3.9 million. These losses were offset by strong organic growth, restatement of the wagering in Illinois and stricter cost controls.

TwinSpires adjusted EBITDA was down 5% or $600,000 in the fourth quarter on new taxes imposed in New York. Those taxes went into effect on January 1, 2014. That headwind is now behind us as well.

Our racing business net revenues decreased $12.8 million from the prior year, primarily as a result of the ceasing pari-mutuel operations at Calder in July. This decline will continue through the middle of 2015. And the only revenue our Calder racing operation will receive is related to [Riddle] payments from the lease of the property to a third party.

Total year revenues at our Fairgrounds in Arlington properties also declined year-over-year due to inclement weather and enhanced competition in the simulcast market. Partially offsetting these declines were record revenues generated by Kentucky Oaks and Derby Week. Our fourth quarter revenue declines are also a result of ceasing pari-mutuel operations at Calder.

Total year racing adjusted EBITDA increased by $10.9 million, driven by an $8.8 million increase in Kentucky Derby Week profitability and a $3.3 improvement driven by ceasing pari-mutuel operations at Calder. Our fourth quarter racing business adjusted EBITDA improvement is primarily the result of ceasing pari-mutuel operations at Calder.

As you are all well aware, we closed the acquisition of Big Fish Games on December 16. The revenues recognized subsequent to the acquisition, and included in our consolidated results, totaled $13.9 million in revenue, with adjusted EBITDA for the 2-week period of $3.8 million.

We provided annual bookings and bookings growth rates by quarter and segment of the business. That is premium, casino and free-to-play casual games, as part of our acquisition announcement and investor communications. We use bookings as the leading indicator of revenue trends and a barometer on the health of the business.

We currently do not plan to report the number of daily active users, monthly active users, and other metrics some of our competitors utilize when describing their business. These metrics are not indicative of revenue or earnings growth for our business.

Instead, we will discuss changes in bookings, average paying users, and average bookings per paying user, which we feel are much more relevant to the underlying business.

For the fourth quarter, total Big Fish bookings increased 33%, with casino up 94% and free-to-play casual bookings up 200% to the prior year. The fourth quarter casino increase was driven by a 77% increase in quarterly average paying users and a 9% increase in average booking per paying user. The free-to-play casual growth is driven by the success of Gummy Drop, as Bill mentioned in his opening remarks.

Premium paid bookings declined 23%, which was expected and consistent with the prior periods of 2014. This decline was anticipated and expected to continue, as customers shift from personal computers to mobile devices and as their preferences change to free-to-play game genres. But it will continue to be a key driver of revenues and profitability for the foreseeable future.

The premium businesses also has the majority of Big Fish's non-US dollar functional currency exposure, primarily in euros and British pounds, which accounted for 18% or about $1.7 million of that bookings decline on a stronger US dollar.

For the year, our other investments adjusted EBITDA decreased by $4.7 million, primarily due to incremental costs associated with the development of our real money iGaming platform, along with lower [tote] service revenues and equipment sales.

Now, I'd like to spend a few minutes discussing changes below adjusted EBITDA that affected earnings from continuing operations for the fourth quarter and total year, as well as lay the groundwork for what to expect from these items in 2015.

The most significant additions to this list relate to the acquisition of Big Fish Games. These adjustments totaled $14.7 million in the fourth quarter. The purchase price accounting implications of the acquisitions are complex. And I expect analysts will have numerous questions, so I hope this brings some clarity to help their modeling.

The first line item, Big Fish Games acquisition charges of $3.8 million is related to the fair-valuing of the earnout payment and deferred founders' payment consideration. This will continue to be an item included in the adjustments until all the deferred and earnout payments are complete, which is influenced by the discount rate, the time remaining until payments are made, and most importantly, driven by an assessment of how much will ultimately be paid.

To use the earnout payment as an example, at year end, we have $327.8 million accrued on our balance sheet as the fair value today of the earnout liability. If we end up paying $350 million, we will incur an additional $22.2 million in fair value expenses in our income statement until the earnout is fully paid.

Conversely, if the earnout consideration ends up being $300 million, we will have a favorable impact to our income statement of $27.8 million. Regardless, both of these events are noncash charges and noncash income, and will create noncash volatility in our income statement over the next two quarters.

That noncash volatility will present itself in earnings and EPS numbers as well, but will settle down for the most part by the end of the first quarter of 2016. The actual cash impact will only be the amount we ultimately make in earnout payments.

The second item is related to transaction expenses for the Big Fish acquisition of $6.4 million. These are for legal, accounting and advisor fees. These charges are not tax deductible per IRS regulations and is the biggest driver of our fourth quarter tax rate. We do not expect any material charges in this line item going forward.

The final item is Big Fish Games changes in deferred revenue of $4.5 million. There are two parts to this adjustment. The largest part in this adjustment reflects the change in Big Fish Games deferred revenue resulting from business combination accounting rules. When deferred revenue balances are assumed as part of an acquisition, deferred revenues are adjusted down to fair value.

The accounting rules result in a reduction of revenues and EBITDA presented in the consolidated statements of comprehensive income. In the case of Big Fish, deferred revenues were written down by approximately $47 million, which flows directly through to EBITDA over the time period in which the revenues would have been recognized.

We anticipate it will take more than a year to cycle these revenues out of the balance sheet and into the income statement. But the vast majority will occur in 2015.

The smaller part included in this adjustment is the change in deferred revenue excluding the impact of the purchase price accounting, which reflects the actual cash change in deferred revenue from December 16 to December 31. The asset impairment charges of $4.8 million for the fourth quarter reflect the write-off for our investment in Luckity of $3.2 million and charges of $1.6 million related to our unsuccessful attempt to attain a gaming license in New York.

Other charges of $3.3 million is comprised of our third quarter severance costs incurred for the closure of Calder Racing and our share of equity losses associated with the Capital Region Casino bid.

Depreciation and amortization increased $6.5 million during 2014, driven primarily by the Big Fish Games and Oxford acquisitions.

Please note that our 10K lays out the fair value and weighted average useful life by intangible asset class, along with the expected annual amortization. The intangible amortization portion for the Big Fish transaction in [2-15] is approximately $46 million.

Now, please turn your attention to the consolidated statements of comprehensive income for the years ended December 31 and for the fourth quarter. For the full year, total net revenues grew 4% over 2013 to $813 million. In the fourth quarter, net revenues also increased 4% to $168 million.

SG&A expenses increased $1.7 million in the year primarily due to a $6.4 million deal cost, a $2.5 million increase due to the Oxford and Big Fish acquisitions and $2.3 million from nonrecurring expenses due to the conclusion of Calder pari-mutuel operations, mostly offset by a $9.6 million reduction in equity compensation.

Equity losses of unconsolidated affiliates improved by $10.5 million for the year due to a $12 million increase at Miami Valley Gaming, with the grand opening of the casino in December of 2013. Partially offsetting this gain was a $2.2 million loss as a result of other -- our unsuccessful Capital View Casino bid in New York.

For the year, net earnings from continuing operations were $46.4 million, down from $55 million in 2013.

With that, I'll turn it over to Bill who will open the call for questions. Bill?

Bill Carstanjen - *Churchill Downs Incorporated - CEO*

Thanks, Bill. At this point, I think we're ready to take any questions if there are any that are out there.

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions) Cameron McKnight with Wells Fargo.

Cameron McKnight - *Wells Fargo - Analyst*

Bill, with respect to the casino segment you mentioned in your prepared remarks, that you're seeing encouraging top line indicators, I'm wondering if you could elaborate a little bit there, given most of your regional gaming peers have reported results and given commentary that suggests that things at the low end are starting to get better and getting better over and above the effect of [easing] comparisons from weather.

Bill Mudd - *Churchill Downs Incorporated - President & CFO*

Yes, I think as I mentioned in my comments, Cameron, as we look at each of the quarters over the last year, I think the first quarter was our softest. The second quarter was a little better; the third quarter was a little better. And the fourth quarter was the best, at least on a year-over-year perspective. I think part of that was driven by the fact that the comparables in the prior year were a little bit easier.

But we're certainly seeing more life in basically all tiers of our business and actually, we're seeing a little bit more life in the top and middle tiers than we are in the bottom tier. The bottom tier has stabilized, but it's not really the predominant driver of our growth. And if you look across the regions of the US, we're seeing a lot of strength right now in Louisiana.

Mississippi has improved dramatically from where we were. We're not seeing the reductions that we had seen earlier last year. And in the Northeast, particularly at our Maine facility, we had a terrific January, but it was unfortunately -- last year was a terrible winter weather period for us. But this year, I think we've gotten four times more snow, as people know that live in that area.

So unfortunately, it was offset by a very brutal few weeks here in the last few weeks of weather. So all signs are pretty encouraging. We believe it's really directly related to the fact that fuel prices have dropped and consumer discretionary income has improved.

Cameron McKnight: Okay, great. Thanks for [that]. That's very helpful. Then moving onto Big Fish, you closed the deal about 10 weeks ago. Can you comment on whether anything has surprised you either to the upside or to the downside, since you guys took over there?

Bill Carstanjen - *Churchill Downs Incorporated - CEO*

I'd say that we've been very, very pleased and it's largely been in line with what we expected. I think that's a good thing. Big Fish was a very large transaction for us. We did a tremendous amount of work before we did it. So I'm happy to say that we haven't really been surprised. We knew the team very well; we knew the business very well when we decided to do the deal. So largely, everything has been performing as we hoped that it would.

I guess if I, on a more qualitative side as opposed to a quantitative side, continue to just be incredibly impressed by the dedication of this team, the commitment of this team, to the business and the focus around business intelligence and analytics. The strength of that work within the Company is something that continues to really impress us.

Bill Mudd - *Churchill Downs Incorporated - President & CFO*

Cameron, I hope I answered that question, but just let me know if there are any other specifics you wanted.

Cameron McKnight - *Wells Fargo - Analyst*

Sure thing; thanks, Bill. Then just moving on, the earnout to Big Fish is premised on a pretty significant amount of growth over the course of this year. Can you give us a bit of commentary on the product pipeline and the profile of marketing spend this year, given that we expect there's a fair amount that's coming down the pipe?

Bill Carstanjen - *Churchill Downs Incorporated - CEO*

Sure. I would say in general, the approach of this business, one of the things we like about this business, is it's a portfolio approach. So it doesn't make giant bets on individual games. Instead, it uses a low-cost development network consisting of not only US resources, but development shops that they have partnership arrangements with from around the world to put out a portfolio of content. And then content soft launched, marketing begins slowly and it's carefully measured to track which new games are likely to have some upside.

So I don't think this -- this is not a business that ever gets in too deep or bets too much on any individual game or any individual content. I would say because of that fact, we always want to be careful about the forward-looking statements we make about the content that will come out during the course of the year.

We're going to put out a lot of content, up to 20-plus games, which some of them are very big bets in and of themselves. We prefer not to get into any kind of real details on them until we actually soft-launch them and can measure some of the initial returns and some of the initial evaluations of the marketing spend before we go into too much detail publicly on our true expectations for any piece of content.

So that's probably not the answer you'd like to hear, but that's how we're going to talk about this going forward. We're going to be -- we're going to prove it before we get into too much expectation setting with the public.

Bill Mudd - *Churchill Downs Incorporated - President & CFO*

Cameron, just to reiterate what Bill said without providing forward-looking guidance, I think to the extent that you see bookings continue to grow, then you can expect that our user acquisition costs -- a la marketing costs, as you said -- is also growing. So we are expecting to spend considerably more marketing cost this year than we did last year.

Cameron McKnight: Have you -- (multiple speakers) --

Bill Mudd - *Churchill Downs Incorporated - President & CFO*

The other way -- I think you were [tacking] to see if the EBITDA growth was driven by cuts in marketing and it absolutely is not.

Cameron McKnight: Got it, that's great. Then just one final question. This is a little more general. When we speak to investors, we sense that social gaming is still a category that's not terribly well understood. Could you give us some commentary on just the size and the growth in social gaming, the industry overall as a new category of entertainment, just to frame the market size and opportunity for investors?

Bill Mudd - *Churchill Downs Incorporated - President & CFO*

Yes, you know what? I think there's a few analysts out there that cover only social gaming. Eilers is probably one of the bigger ones. And correct me, Bill, and team here if I say anything that's -- I'm talking off of memory. So I would encourage anyone listening to actually go look at the research they have. But the global market right now is expected to be about a $3 billion market. About $1.5 billion of that is in the US. Is that fair, Bill?

Bill Carstanjen - *Churchill Downs Incorporated - CEO*

That's about right, correct.

Bill Mudd - *Churchill Downs Incorporated - President & CFO*

And they had it growing at a 20% roughly clip a year as an industry. So it's a very strong industry, but it has a lot of growth potential. And if you look at where revenues are produced by Big Fish, a considerable amount of that is outside of the US. I don't have the exact number in front of me, but it is a global business.

Bill Carstanjen - *Churchill Downs Incorporated - CEO*

I'd add a couple remarks to that. The social casino space is a relatively new space. It's growing pretty rapidly. A $2.7 billion business growing at a 20% clip or thereabouts is a pretty impressive [standing] start. And some of the trends we see for our business -- I don't want to speak to other people's social casino business. But we see a fairly sticky customer base , a fairly consistent customer base.

So the lifetime value of these customers within the space so far is very, very appealing to us and perhaps different than [trends] you might see in other forms of social gaming. So that's one element of the social casino piece that, for us, remains very attractive characteristics of the customers that are already customers in the space.

More generally, the mobile game market, which is a big focus of Big Fish beyond just the social casino piece, that's a space that's been growing very rapidly. And we don't keep our own numbers for how big that industry is expected to grow, but you can look at Eilers and other publications out there that provide estimates.

But I've seen estimates in Eilers saying that that space, the mobile game space -- not gaming, not gambling -- the mobile game space will be a $30 billion space over calendar year 2015 growing to $40 billion by 2017. So the game space, the mobile game space, just in and of itself, is considered by many to be a large, rapidly growing space, of which the social casino piece is just one part.

Bill Mudd - *Churchill Downs Incorporated - President & CFO*

Just to add onto that, Cameron, about a quarter of our casino revenues are outside the US. And to Bill's point on the casual free-to-play space, that $30 billion market, about 40% of that business is outside the US. So it's truly a global platform.

Cameron McKnight - *Wells Fargo - Analyst*

Got it, thanks. Those are some big numbers. Thanks a lot, guys.

Operator

Thank you. (Operator Instructions)

Bill Carstanjen - *Churchill Downs Incorporated - CEO*

I guess we don't have any other questions. So thanks, everybody, for joining us today. And we look forward to talking to you next time.

Operator

Ladies and gentlemen, thank you for your participation in today's conference. This does conclude the program and you may all disconnect.