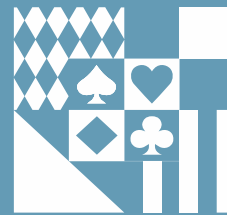


Penn National Gaming, Inc.

Third Quarter 2020 Earnings Presentation

October 29, 2020



 BARSTOOL
SPORTSBOOK

 mychoice

Non-GAAP Financial Measures



The Non-GAAP Financial Measures used in this presentation include Adjusted EBITDA, Adjusted EBITDAR, and Adjusted EBITDAR margin. These non-GAAP financial measures should not be considered a substitute for, nor superior to, financial results and measures determined or calculated in accordance with GAAP. The Company defines Adjusted EBITDA as earnings before interest expense, net; income taxes; depreciation and amortization; stock-based compensation; debt extinguishment and financing charges; impairment losses; insurance recoveries and deductible charges; changes in the estimated fair value of the Company's contingent purchase price obligations; gain or loss on disposal of assets; the difference between budget and actual expense for cash-settled stock-based awards; pre-opening and acquisition costs; and other income or expenses. Adjusted EBITDA is inclusive of income or loss from unconsolidated affiliates, with the Company's share of non-operating items (such as interest expense, net; income taxes; depreciation and amortization; and stock-based compensation expense) added back for Barstool Sports and our Kansas Entertainment joint venture. Adjusted EBITDA is inclusive of rent expense associated with the Company's triple net operating leases (the operating lease components contained within the Penn Master Lease and Pinnacle Master Lease (primarily land), the Meadows Lease, the Margaritaville Lease, the Greentown Lease and the Tropicana Lease). Although Adjusted EBITDA includes rent expense associated with the Company's triple net operating leases, the Company believes Adjusted EBITDA is useful as a supplemental measure in evaluating the performance of the Company's consolidated results of operations. Adjusted EBITDA has economic substance because it is used by management as a performance measure to analyze the performance of the Company's business, and is especially relevant in evaluating large, long-lived casino-hotel projects because it provides a perspective on the current effects of operating decisions separated from the substantial non-operational depreciation charges and financing costs of such projects. The Company presents Adjusted EBITDA because it is used by some investors and creditors as an indicator of the strength and performance of ongoing business operations, including the Company's ability to service debt, and to fund capital expenditures, acquisitions and operations. These calculations are commonly used as a basis for investors, analysts and credit rating agencies to evaluate and compare operating performance and value companies within the industry in which the Company operates. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including us, have historically excluded from their Adjusted EBITDA calculations certain corporate expenses that do not relate to the management of specific casino properties. However, Adjusted EBITDA is not a measure of performance or liquidity calculated in accordance with GAAP. Adjusted EBITDA information is presented as a supplemental disclosure, as management believes that it is a commonly-used measure of performance in the gaming industry and that it is considered by many to be a key indicator of the Company's operating results.

The Company defines Adjusted EBITDAR as Adjusted EBITDA (as defined above) plus rent expense associated with triple net operating leases (which is a normal, recurring cash operating expense necessary to operate the Company's business). Adjusted EBITDAR is presented on a consolidated basis outside the financial statements solely as a valuation metric. Management believes that Adjusted EBITDAR is an additional metric traditionally used by analysts in valuing gaming companies subject to triple net leases since it eliminates the effects of variability in leasing methods and capital structures. This metric is included as supplemental disclosure because (i) the Company believes Adjusted EBITDAR is traditionally used by gaming operator analysts and investors to determine the equity value of gaming operators and (ii) Adjusted EBITDAR is one of the metrics used by other financial analysts in valuing the Company's business. The Company believes Adjusted EBITDAR is useful for equity valuation purposes because (i) its calculation isolates the effects of financing real estate; and (ii) using a multiple of Adjusted EBITDAR to calculate enterprise value allows for an adjustment to the balance sheet to recognize estimated liabilities arising from operating leases related to real estate. However, Adjusted EBITDAR when presented on a consolidated basis is not a financial measure in accordance with GAAP, and should not be viewed as a measure of overall operating performance or considered in isolation or as an alternative to net income because it excludes the rent expense associated with the Company's triple net operating leases and is provided for the limited purposes referenced herein. Adjusted EBITDAR margin is defined as Adjusted EBITDAR on a consolidated basis (as defined above) divided by revenues on a consolidated basis. Adjusted EBITDAR margin is presented on a consolidated basis outside the financial statements solely as a valuation metric.

Each of these non-GAAP financial measures is not calculated in the same manner by all companies and, accordingly, may not be an appropriate measure of comparing performance among different companies. See the tables in this presentation for reconciliations of these measures to the GAAP equivalent financial measures.



Forward-Looking Statements



This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the use of forward-looking terminology such as "expects," "believes," "estimates," "projects," "intends," "plans," "goal," "seeks," "may," "will," "should," or "anticipates" or the negative or other variations of these or similar words, or by discussions of future events, strategies or risks and uncertainties. Specifically, forward looking statements include, but are not limited to, statements regarding: COVID-19; the length of time the Company's gaming property (Zia Park) will remain closed, the expected opening date, and the impact of this closure on the Company and its stakeholders; demand for gaming once this gaming property reopens as well as the impact of post-opening restrictions; continued demand for the gaming properties that have opened and the possibility that the Company's gaming properties may be required to close again in the future due to COVID-19; the impact of COVID-19 on general economic conditions, capital markets, unemployment, and the Company's liquidity, operations, supply chain and personnel; the potential benefits and expected timing of the Perryville transaction with Gaming and Leisure Properties, Inc.; the Company's estimated cash burn and future liquidity, future revenue and Adjusted EBITDAR, including from the Company's iCasino business in Pennsylvania; the continued success of Barstool Sports in Pennsylvania and in additional states in the future; the expected benefits and potential challenges of the investment in Barstool Sports, including the anticipated benefits for the Company's online and retail sports betting, iCasino and social casino products; the expected financial returns from the transaction with Barstool Sports; the expected launch of the Barstool-branded mobile sports betting product and its future revenue and profit contributions; the impact of shortened or cancelled sports seasons on the Company's results; the Company's expectations of future results of operations and financial condition, including margins; the Company's expectations for its properties, the Company's development projects or its iGaming initiatives; the timing, cost and expected impact of planned capital expenditures on the Company's results of operations; the Company's expectations with regard to the impact of competition; the anticipated opening dates of the Company's retail sportsbooks in future states and its proposed Pennsylvania Category 4 casinos in York and Berks counties; the Company's expectations with regard to acquisitions, potential divestitures and development opportunities, as well as the integration of and synergies related to any companies we have acquired or may acquire; the outcome and financial impact of the litigation in which the Company is or will be periodically involved; the actions of regulatory, legislative, executive or judicial decisions at the federal, state or local level with regard to the Company's business and the impact of any such actions; the Company's ability to maintain regulatory approvals for the Company's existing businesses and to receive regulatory approvals for its new business partners; the Company's expectations with regard to the impact of competition in online sports betting, iGaming and retail/mobile sportsbooks as well as the potential impact of this business line on its existing businesses; the performance of the Company's partners in online sports betting, iGaming and retail/mobile sportsbooks, including the risks associated with any new business, the actions of regulatory, legislative, executive or judicial decisions at the federal, state or local level with regard to online sports betting, iGaming and retail/mobile sportsbooks and the impact of any such actions; and the Company's expectations regarding economic and consumer conditions. Such statements are all subject to risks, uncertainties and changes in circumstances that could significantly affect the Company's future financial results and business.

Accordingly, the Company cautions that the forward-looking statements contained herein are qualified by important factors that could cause actual results to differ materially from those reflected by such statements. Such factors include, but are not limited to: (a) the magnitude and duration of the impact of the COVID-19 pandemic on general economic conditions, capital markets, unemployment, consumer spending and the Company's liquidity, financial condition, supply chain, operations and personnel; (b) industry, market, economic, political, regulatory and health conditions; (c) disruptions in operations from data protection breaches, cyberattacks, extreme weather conditions, medical epidemics or pandemics such as the COVID-19 (and reoccurrences), and other natural or man-made disasters or catastrophic events; (d) the reopening of the Company's gaming property (Zia Park) is subject to various conditions, including numerous regulatory approvals and potential delays and operational restrictions; (e) the Company's ability to access additional capital on favorable terms or at all; (f) the Company's ability to remain in compliance with the financial covenants of its debt obligations; (g) the consummation of the Perryville transaction with GLPI is subject to various conditions, including third-party agreements and approvals, and accordingly may be delayed or may not occur at all; (h) actions to reduce costs and improve efficiencies to mitigate losses as a result of the COVID-19 pandemic that could negatively impact guest loyalty and the Company's ability to attract and retain employees; (i) the outcome of any legal proceedings that may be instituted against the Company or its directors, officers or employees; (j) the impact of new or changes in current laws, regulations, rules or other industry standards; (k) the ability of the Company's operating teams to drive revenue and margins; (l) the impact of significant competition from other gaming and entertainment operations (including from Native American casinos, historic racing machines, state sponsored i-lottery products and VGTs in or adjacent to states in which the Company's operate); (m) the Company's ability to obtain timely regulatory approvals required to own, develop and/or operate its properties, or other delays, approvals or impediments to completing the Company's planned acquisitions or projects, construction factors, including delays, and increased costs; (n) the passage of state, federal or local legislation (including referendum) that would expand, restrict, further tax, prevent or negatively impact operations in or adjacent to the jurisdictions in which we do or seek to do business (such as a smoking ban at any of the Company's properties or the award of additional gaming licenses proximate to its properties, as recently occurred with legislation in Illinois and Pennsylvania); (o) the effects of local and national economic, credit, capital market, housing, and energy conditions on the economy in general and on the gaming and lodging industries in particular; (p) the activities of the Company's competitors (commercial and tribal) and the rapid emergence of new competitors (traditional, internet, social, sweepstakes based and VGTs in bars and truck stops); (q) increases in the effective rate of taxation for any of the Company's operations or at the corporate level; (r) the Company's ability to identify attractive acquisition and development opportunities (especially in new business lines) and to agree to terms with, and maintain good relationships with partners and municipalities for such transactions; (s) the costs and risks involved in the pursuit of such opportunities and the Company's ability to complete the acquisition or development of, and achieve the expected returns from, such opportunities; (t) the impact of weather, including flooding, hurricanes and tornadoes; (u) changes in accounting standards; (v) the risk of failing to maintain the integrity of the Company's information technology infrastructure and safeguard its business, employee and customer data (particularly as its iGaming division grows); (w) with respect to the Company's iGaming and sports betting endeavors, the impact of significant competition from other companies for online sports betting, iGaming and sportsbooks, the Company's ability to achieve the expected financial returns related to its investment in Barstool Sports, the Company's ability to obtain timely regulatory approvals required to own, develop and/or operate sportsbooks may be delayed and there may be impediments and increased costs to launching the online betting, iGaming and sportsbooks, including delays, and increased costs, intellectual property and legal and regulatory challenges, as well as the Company's ability to successfully develop innovative products that attract and retain a significant number of players in order to grow its revenues and earnings, the Company's ability to establish key partnerships, the Company's ability to generate meaningful returns and the risks inherent in any new business; (x) with respect to the Company's proposed Pennsylvania Category 4 casinos in York and Berks counties, risks relating to construction, and the Company's ability to achieve its expected budgets, timelines and investment returns, including the ultimate location of other gaming properties in the Commonwealth of Pennsylvania; and (y) other factors as discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, each as filed with the U.S. Securities and Exchange Commission. The Company does not intend to update publicly any forward-looking statements except as required by law. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this presentation may not occur.



mychoice

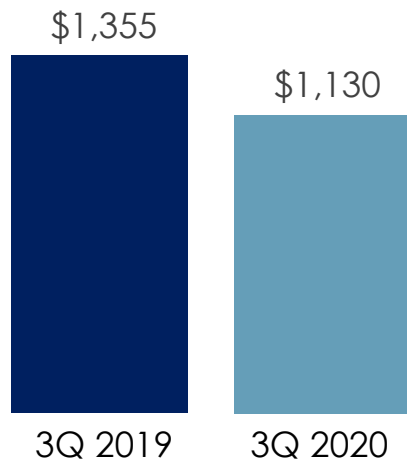
Third Quarter Results



The Company generated record Adjusted EBITDAR in 3Q despite the impact of Hurricane Laura on L'Auberge Lake Charles, the late-quarter reopening of Tropicana Las Vegas and the continued temporary closure of Zia Park in NM

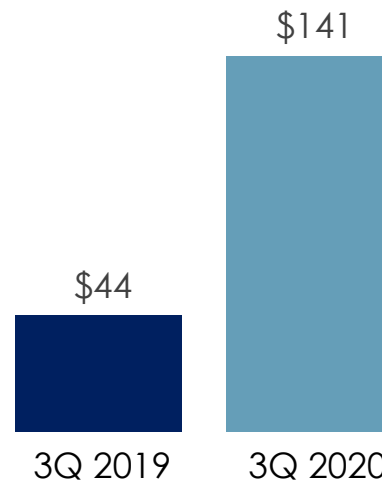
Revenues

(\$ in millions)



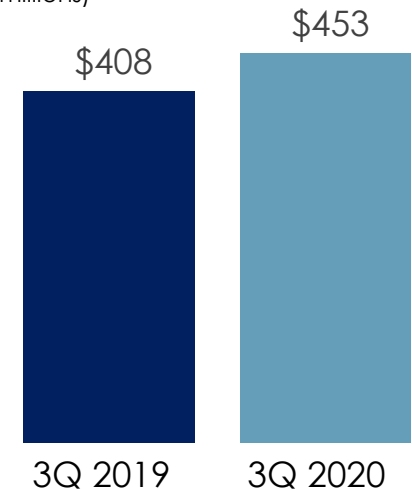
Net Income

(\$ in millions)



Adjusted EBITDAR¹

(\$ in millions)



Adjusted EBITDAR increased by 11% versus the prior year period

¹ 3Q 2020 Adjusted EBITDA was \$344m compared to 3Q 2019 Adjusted EBITDA of \$312m



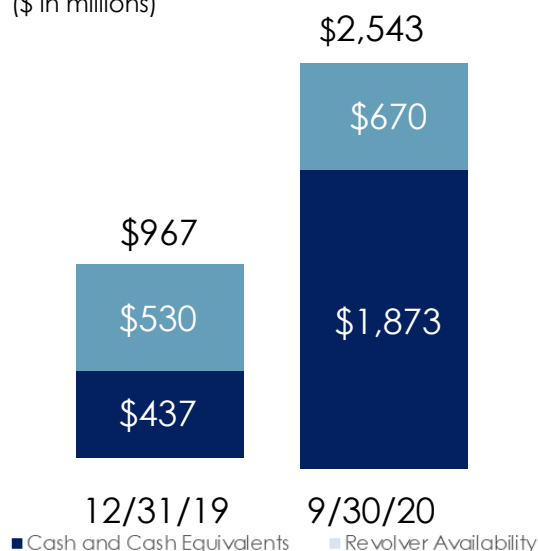
Improved Balance Sheet and Liquidity



Following recent capital raises and strong operating performance, the Company has significantly improved its balance sheet and liquidity position

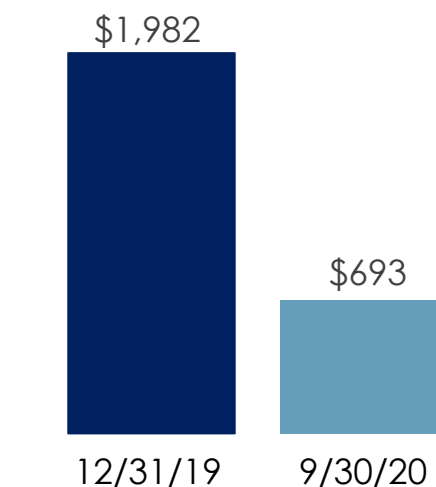
Total Liquidity

(\$ in millions)

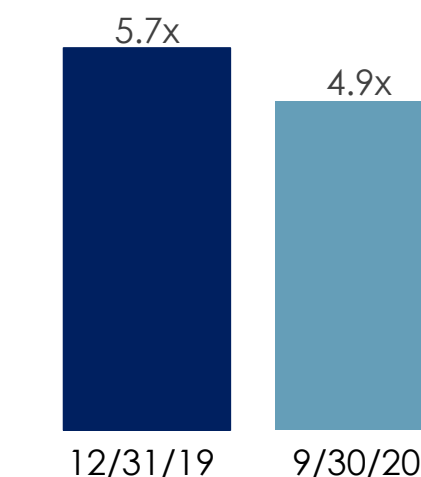


Traditional Net Debt

(\$ in millions)



Lease-Adjusted Net Leverage¹



¹ Lease-Adjusted Net Leverage based on 2019 Adj. EBITDAR

Upcoming Ballot Initiatives



Maryland



Our option to acquire Hollywood Casino Perryville provides us with access to the potential Maryland sports betting market

Louisiana

Our five casinos could add retail sports betting as early as 2021



Colorado



Potential for increased bet limits and new games (including baccarat) would grow audience and revenues at Ameristar Black Hawk

Pennsylvania Category 4 Projects



HOLLYWOOD
Casino[®]
— YORK —



HOLLYWOOD
Casino[®]
— MORGANTOWN —



Both projects are expected to open in 2H 2021

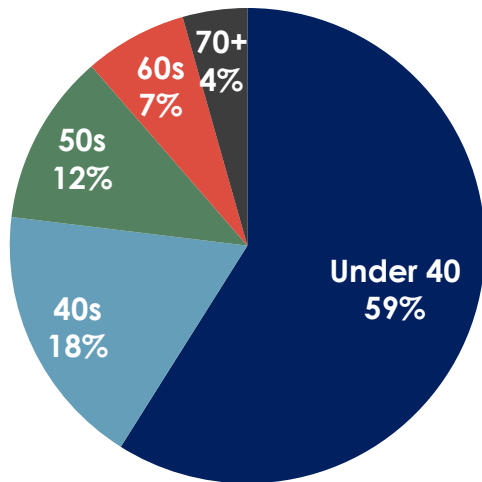


Retail Sportsbook Case Study



The retail sportsbook at Hollywood Gulf Coast has attracted younger demos and new customers, leading to successful cross-sell to other forms of gaming

Retail Sports Betting Handle by Age



77% of handle was from bettors under the age of 50

Sports Betting Cross-Sell

67%

Of rated sports betting handle is from customers who signed up in 2019 or 2020

72%

Of rated players who wagered over \$1,000 on sports also played slots or table games



mychoice

HOLLYWOOD
Casino
— GULF COAST —

Barstool Sportsbooks in Development



AMERISTAR®
CASINO ★ RESORT ★ SPA
— BLACK HAWK —
(November 2020)


GREEKTOWN
CASINO-HOTEL™
(Nov/Dec 2020)

AMERISTAR®
CASINO ★ HOTEL
— EAST CHICAGO —
(December 2020)

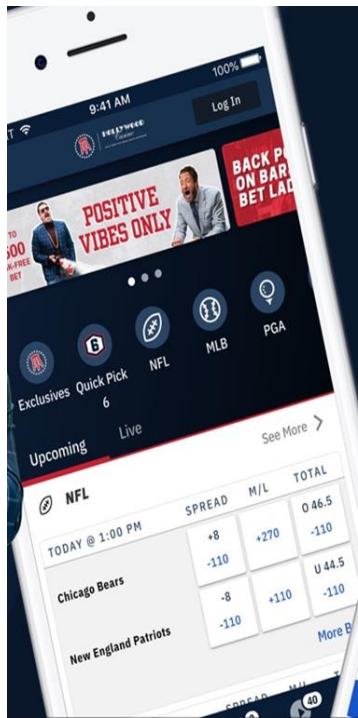
HOLLYWOOD
Casino®
— LAWRENCEBURG —
(January 2021)



Ameristar East Chicago



Barstool Sportsbook App



The Barstool Sportsbook app officially launched in Pennsylvania on September 18, 2020

#1

Most Downloaded Sports Betting and Sports App Nationally

On the App Store during the first weekend live

61K App Downloads in Pennsylvania	
48K Registrations in PA	30K First Time Depositors in PA <i>deposit/registration rate of 64%</i>
\$78M Total Handle <i>Avg. wager of \$62</i>	310K App Downloads in U.S. <i>95% of registrations new to Penn ecosystem</i>

All results through Saturday, October 24

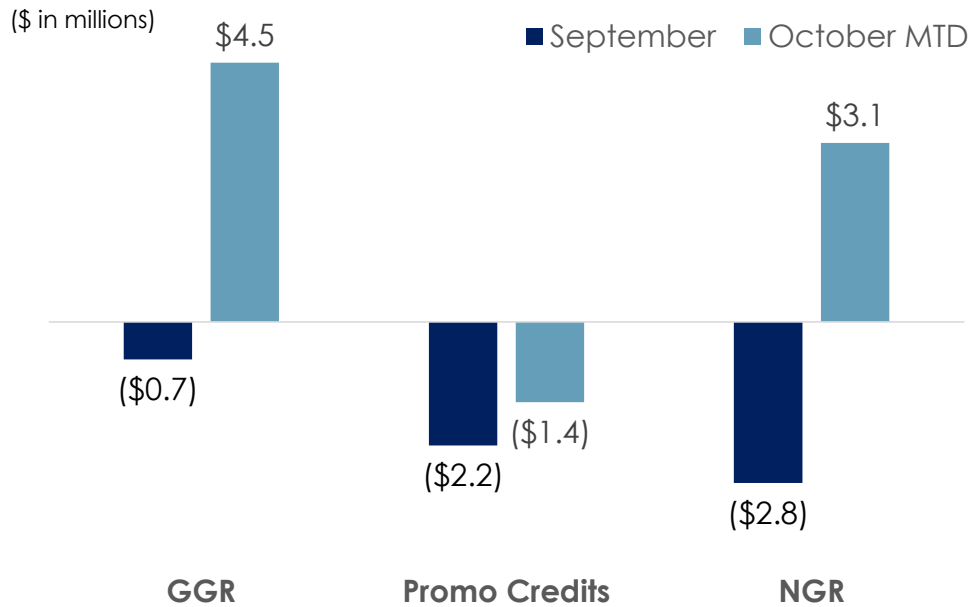


Early Success in Pennsylvania



The Barstool Sportsbook app has generated impressive handle despite limited external marketing, with strong revenue in October as hold and promo credits have normalized

Monthly Performance (thru October 24)¹



	September	October MTD
Days	13	24
Handle	\$29.9M	\$48.4M
Promo Credit as % of Handle	7%	3%

September reflects higher promo credit for new customers, while October is showing strong retention trends



¹ Results on cash basis. September results as reported by the Pennsylvania Gaming Control Board.

Integrated Media/Operator Approach



Penn and Barstool are creating a differentiated, engaging sports betting experience



Exclusive Bets and Organic Content

<h1 style="font-size: 48px; color: #0070C0;">75+</h1> <p style="font-weight: bold; font-size: 18px;">"Bet with Barstool" Exclusive Bets</p>	<h1 style="font-size: 48px; color: #0070C0;">39%</h1> <p style="font-weight: bold; font-size: 18px;">Of bettors have "Bet with Barstool"</p>
<h1 style="font-size: 48px; color: #0070C0;">3,000</h1> <p style="font-weight: bold; font-size: 18px;">Users joined "The Overs Club" on Monday Night Football</p>	<h1 style="font-size: 48px; color: #0070C0;">4.5M</h1> <p style="font-weight: bold; font-size: 18px;">Total Livestream Sportsbook House Views</p>

BRANDON'S AIR RAID BET

MISSISSIPPI STATE TO SCORE MORE THAN 2 POINTS VS. TEXAS A&M (10/17) (MAX BET \$100)

Yes	-1000
-----	-------

BE ADVISED: MORTAL LOCK VS. MORTAL LOCK

CHI BEARS (+2.5) VS. CAR PANTHERS (-2.5)

Back Big Cat: CHI Bears +2.5	-127
Back Dave: CAR Panthers -2.5	+104



Our Growth Channels



Media

Our investment in Barstool Sports has been bolstered by strong revenue growth, as well as favorable comps in the digital media space, particularly in podcasts



mychoice

Interactive

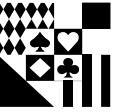
We plan to follow the successful launch of the Barstool Sportsbook app in Pennsylvania with launches in new states and the addition of new features (including i-Casino)



Land-Based Casinos

Our core business showed strong Adjusted EBITDAR growth in 3Q 2020, and we see further upside from technology (e.g., cashless), as well as cross-sell from our interactive products and the Barstool audience





Appendix



GAAP to Non-GAAP Reconciliation



(\$ in millions)	For the three months ended September 30,		For the three months ended September 30,		For the nine months ended September 30,	
	2019	2020	2019	2020	2019	2020
Net income (loss)	\$ 43.1	\$ 141.2	\$ 43.7	\$ (681.8)		
Income tax expense (benefit)	43.0	(14.3)	19.6	(172.2)		
Income from unconsolidated affiliates	(28.4)	(5.0)	(9.8)	(7.4)		
Interest expense, net	534.2	142.3	133.5	407.1		
Other income	(20.0)	(68.0)	(7.2)	(75.5)		
Operating income (loss)	\$ 571.9	\$ 196.2	\$ 179.8	\$ (529.8)		
Stock based compensation ⁽¹⁾	14.9	2.8	3.7	11.7		
Cash-settled stock-based award variance ^{(1) (2)}	0.8	39.5	(3.4)	46.7		
Loss (gain) on disposal of assets ⁽¹⁾	5.5	(6.0)	7.4	(33.9)		
Contingent purchase price ⁽¹⁾	7.0	-	1.2	(1.4)		
Pre-opening and acquisition costs ⁽¹⁾	22.3	4.8	7.4	11.5		
Depreciation and amortization	414.2	87.7	106.3	275.3		
Impairment losses	173.1	-	-	616.1		
Insurance recoveries, net of deductible charges ⁽¹⁾	(3.0)	-	(1.5)	(0.1)		
Income from unconsolidated affiliates	28.4	5.0	9.8	7.4		
Non-operating items of equity method investments ⁽³⁾	3.7	1.2	0.9	3.2		
Other expenses ^{(1) (4)}	-	12.4	-	12.4		
Adjusted EBITDA	\$ 1,238.8	\$ 343.6	\$ 311.6	\$ 419.1		
Rent expense associated with triple net operating leases ⁽¹⁾	366.4	109.0	96.3	310.3		
Adjusted EBITDAR	\$ 1,605.2	\$ 452.6	\$ 407.9	\$ 729.4		
Net income (loss) margin	0.8%	12.5%	3.2%	(27.6%)		
Adjusted EBITDAR margin	30.3%	40.1%	30.1%	28.6%		

⁽¹⁾ These items are included in "General and administrative" within the Company's unaudited Condensed Consolidated Statements of Operations, ⁽²⁾ The Company's cash-settled stock-based awards are adjusted to fair value each reporting period based primarily on the price of the Company's common stock. As such, significant fluctuations in the price of the Company's common stock during any reporting period could cause significant variances to budget on cash-settled stock-based awards. During three and nine months ended September 30, 2020, the price of the Company's common stock increased significantly, which resulted in unfavorable variances to budget, ⁽³⁾ Consists principally of interest expense, net; income taxes; depreciation and amortization; and stock-based compensation expense associated with Barstool Sports and our Kansas Entertainment joint venture, ⁽⁴⁾ Consists of non-recurring restructuring charges (primarily severance) associated with a company-wide initiative, triggered by the COVID-19 pandemic, designed to (i) improve the operational effectiveness across our property portfolio; and (ii) improve the effectiveness and efficiency of our Corporate functional support areas.

