


# Bringing More to the Table™

*G2E 2008 - Gaming Investment Forum*

2008



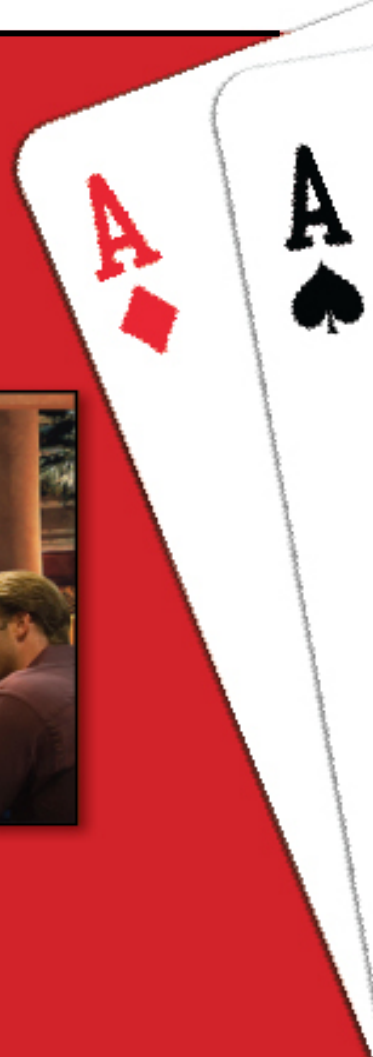
# *Forward Looking Statement*



During this presentation and the Q&A session, various remarks we make about future expectations, plans and prospects for the company constitute forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect and are subject to inherent known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied. Risk factors that could cause actual results to differ materially from expectations are included in our recent SEC filings. We will also be discussing certain financial measures such as adjusted EBITDA, which represents a non-GAAP financial measure.

This presentation includes reclassifications for discontinued operations and segment realignment.

# *Company Overview*




# *Company Overview*

- ♣ Shuffle Master is the gaming industry's leading provider of:
  - ◆ **Utility Products**
  - ◆ **Proprietary Table Games (“PTG”)**
  - ◆ **Electronic Table Systems (“ETS”)**
- ♣ It is also a premier supplier of Electronic Gaming Machines (“EGM”) designed for select markets in Australasia
- ♣ Shuffle Master is a fast-growing company which over the past five years has grown revenues at a compound annual rate of 30%
- ♣ Organic growth and strategic acquisitions have positioned the company for long-term future growth

# *Planning For Our Future*



# Five Point Strategic Plan

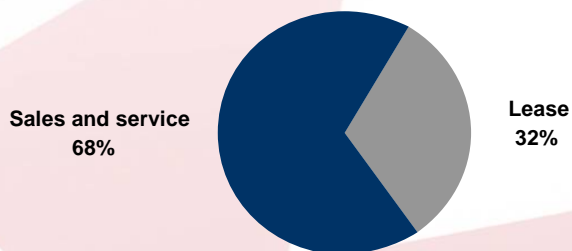
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- ♠ Publicly announced strategy
    1. A renewed **emphasis on leasing** versus selling.
    2. Continuing **development of relevant technology** to drive new products across all product lines.
    3. An effort to increase the return from existing assets already in the field by **adding new value elements**.
    4. A value engineering program to **reduce manufacturing costs** across all product lines.
    5. The monetization of non-core assets and the utilization of the proceeds to **reduce debt**.
  - ♠ Additional initiatives
    - ◆ Management is re-evaluating all segments of operating expense with the goal of introducing areas of cost reduction and rationalization

# Transition to a Lease Based Model

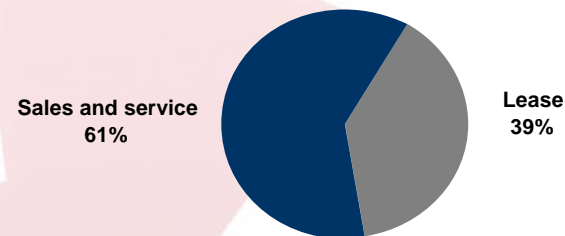
- ♠ A strong lease base provides for a more stable and predictable revenue stream
- ♠ Over its 5 year life-span, the average leased shuffler provides 2.2x the gross profit of a sold shuffler

Average Shuffler Sale <sup>(a)</sup>		Average Shuffler Lease <sup>(a)</sup>	
Sale price	\$13,600	Annual lease revenue	\$5,220
Cost of product	<u>(3,000)</u>	Annual depreciation	<u>(600)</u>
Gross profit	\$10,600	Annual gross profit	\$4,620
Gross margin	78%	Gross margin	89%
		Gross profit over 5 years	\$23,100
		Months to recoup cost	~7 months

9 Months Ended July 31, 2007 Revenue Breakdown



9 Months Ended July 31, 2008 Revenue Breakdown



9 Months Ended July 31, 2008 lease and royalty revenue has increased 29% year over year

(a) Based on Company data, assumes no service fee component.

# Unparalleled Client Base

- ♠ Shuffle Master sells to 3,000 customers located on six continents, including the top 20 global gaming companies<sup>1</sup>
- ♠ Shuffle Master is the leading gaming equipment supplier in Macau, the fastest growing gaming jurisdiction in the world

MGM MIRAGE



Sands  
LAS VEGAS SANDS CORP.

kerzner<sup>SM</sup>

Genting International



Pinnacle<sup>SM</sup>  
ENTERTAINMENT



Sun International

Station Casinos

Isle of Capri  
Casinos, Inc.



The Seminole  
Tribe of Florida

Waterford  
Group LLC.

BOYD GAMING

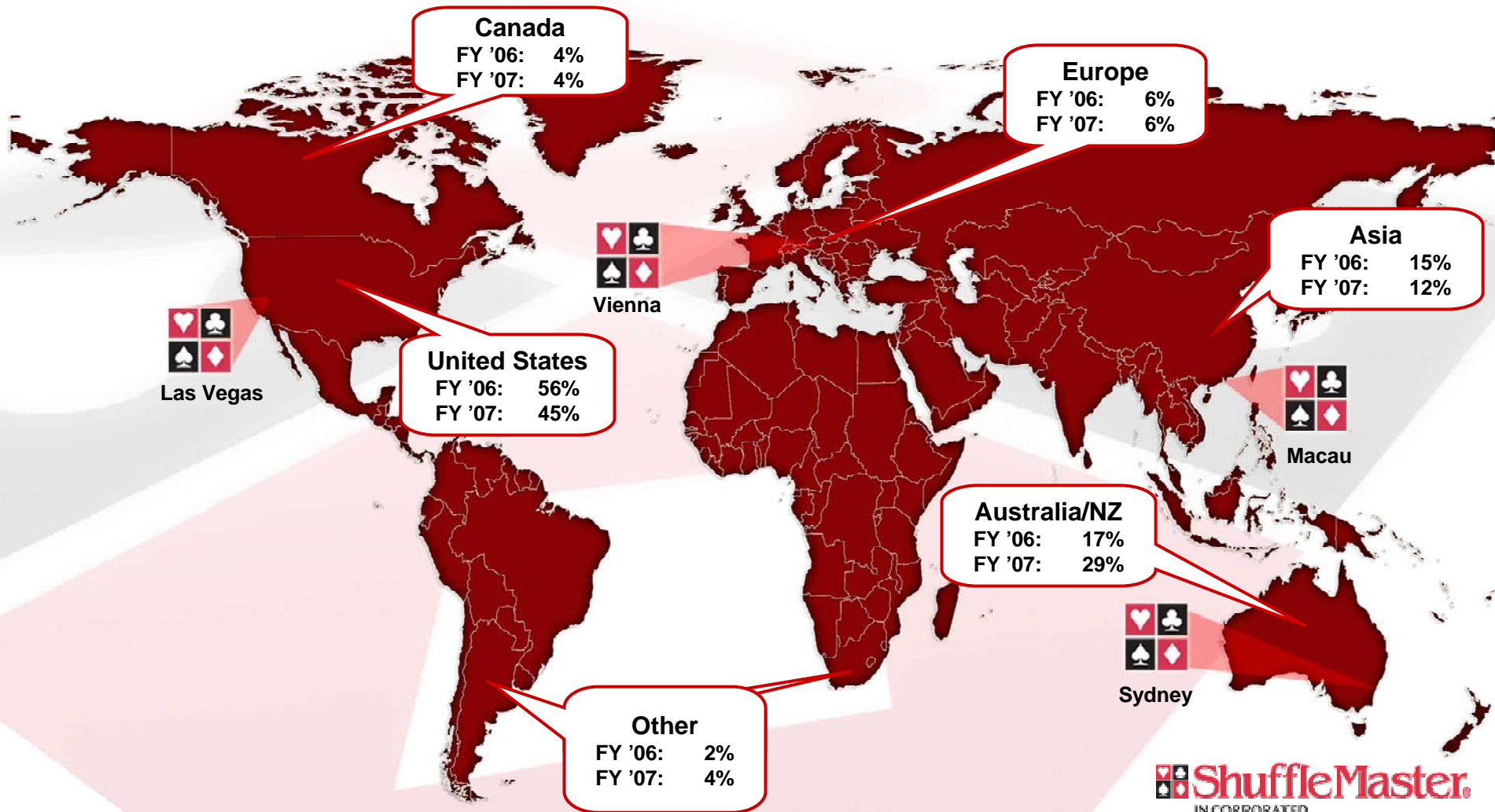


Rank Group

ShuffleMaster  
INCORPORATED

<sup>1</sup> As determined by revenue


# *FY 2007 Revenue = \$178.9 million*



# *Product Segments Overview*



# Four Operating Segments

- 
- ♠ **Utility Products:** Category includes our automatic card shufflers, roulette chip sorters and card reading shoes
  - ♠ **Proprietary Table Games:** Category includes our live specialty table games, side bets and our internet gaming content licenses
  - ♠ **Electronic Table Systems:** Category includes our Table Master, Vegas Star and Rapid Table Games e-table platforms as well as our wireless gaming products
  - ♠ **Electronic Gaming Machines:** Category includes a variety of popular slot titles and progressive links acquired as part of our Stargames acquisition

# Utility Products - Shufflers

## Automatic card shufflers

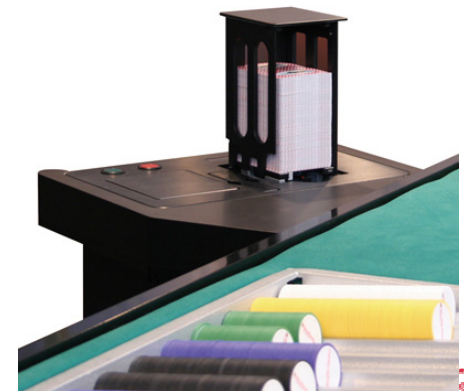
- ♠ Shuffle Master is responsible for introducing automatic card shuffling to gaming
- ♠ Shufflers enhance game speed, productivity and security
- ♠ Shufflers have driven the expansion of the specialty table game market
- ♠ Shuffler replacement cycle is fueled by development of new features and planned obsolescence
- ♠ New shuffler features include optical card recognition, remote diagnostics and card sorting capabilities

*one2six multi-deck shuffler*

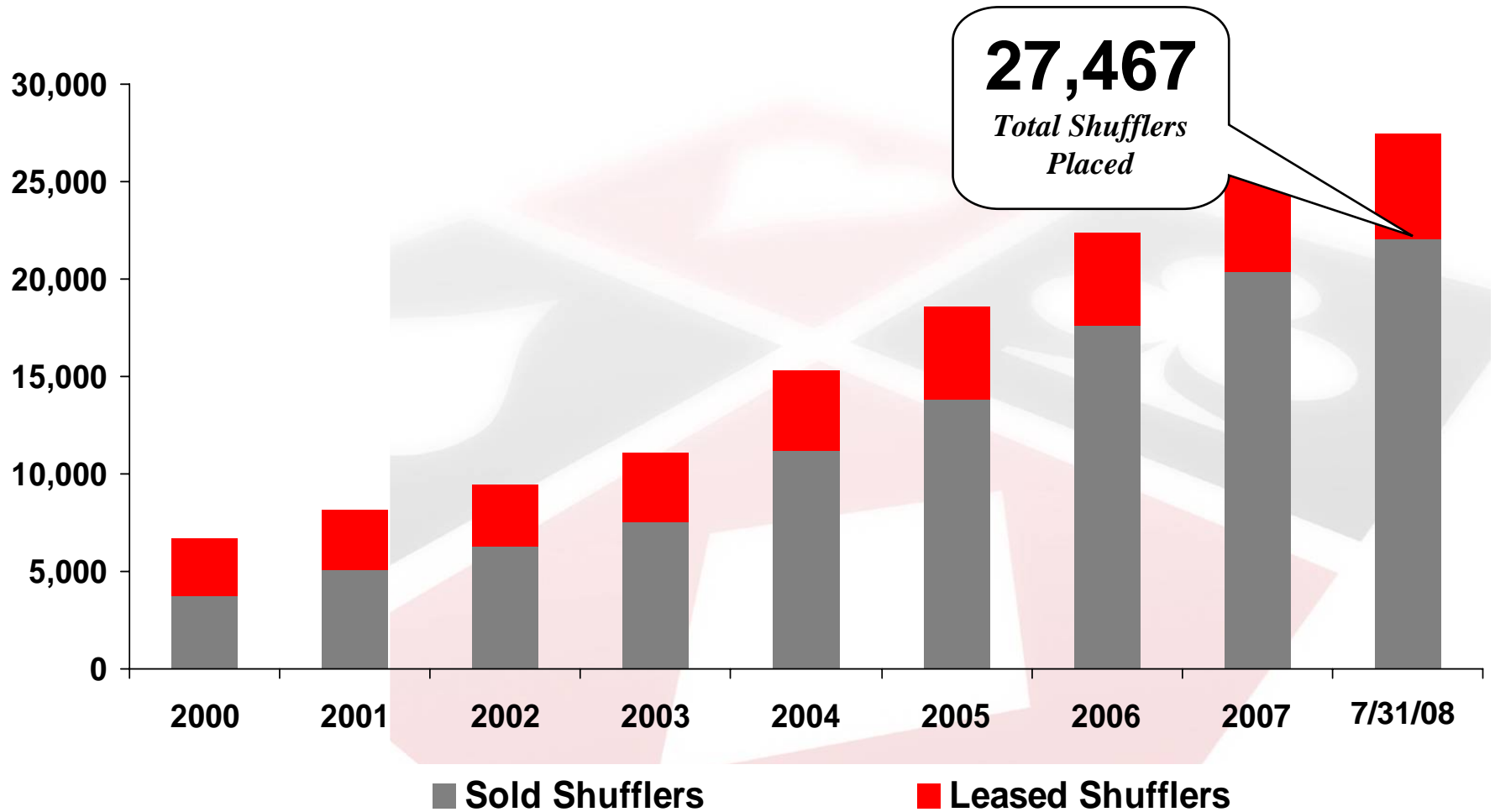


*i-Deal single deck shuffler*

*MD2 multi-deck shuffler*



# Installed Shufflers



# Other Utility Products

## Roulette chip sorters



- ♣ Easy Chipper C and Chipmaster reduce labor costs by automating chip sorting process
- ♣ Maximizes game play
- ♣ Worldwide installed base over 860 units

## i-Shoe Auto



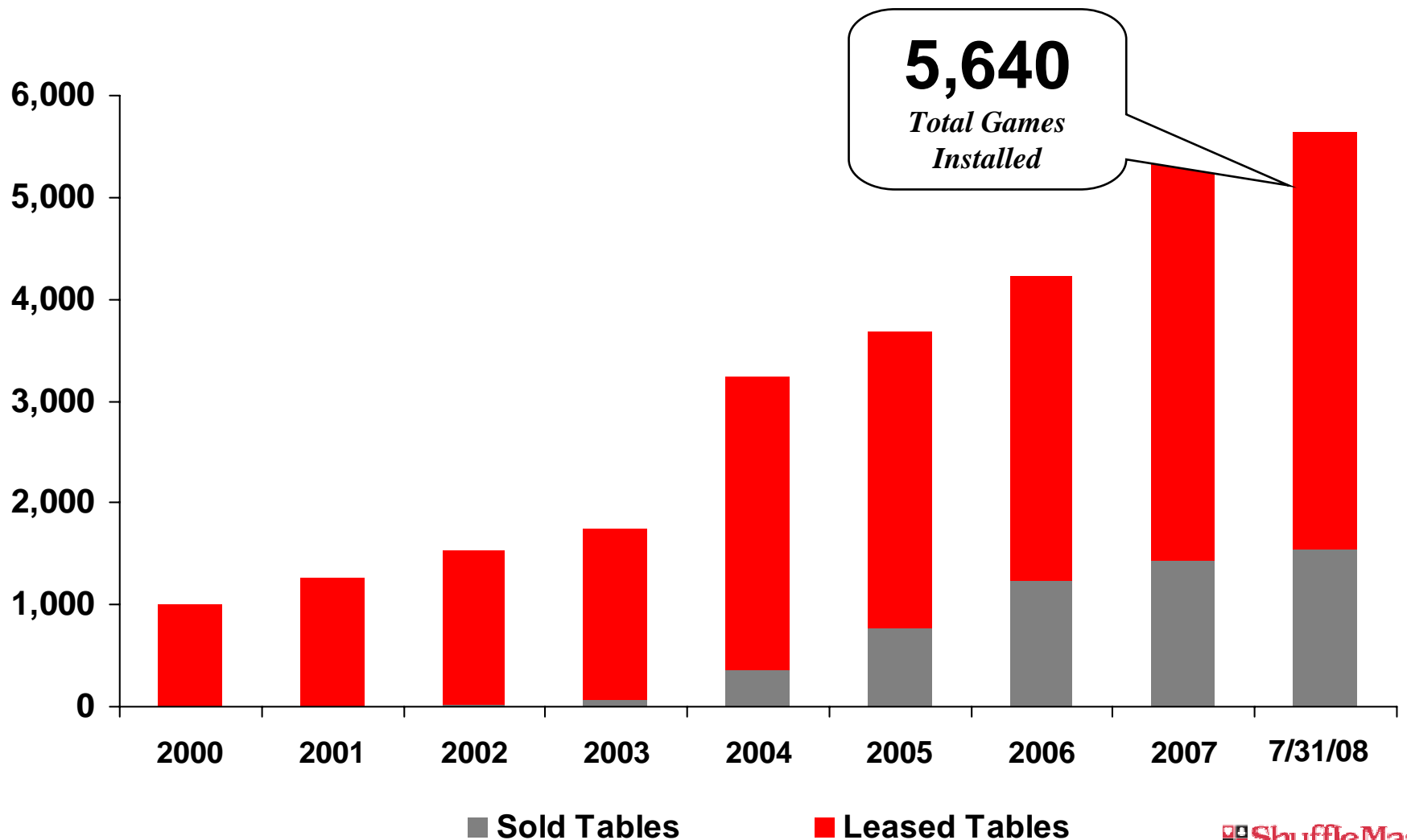
- ♣ Second generation i-Shoe
- ♣ Card reading shoe that uses optical card recognition to read the rank and suit of each card
- ♣ Works with any brand of card
- ♣ Easy-to-read LCD touch screen

# Proprietary Table Games

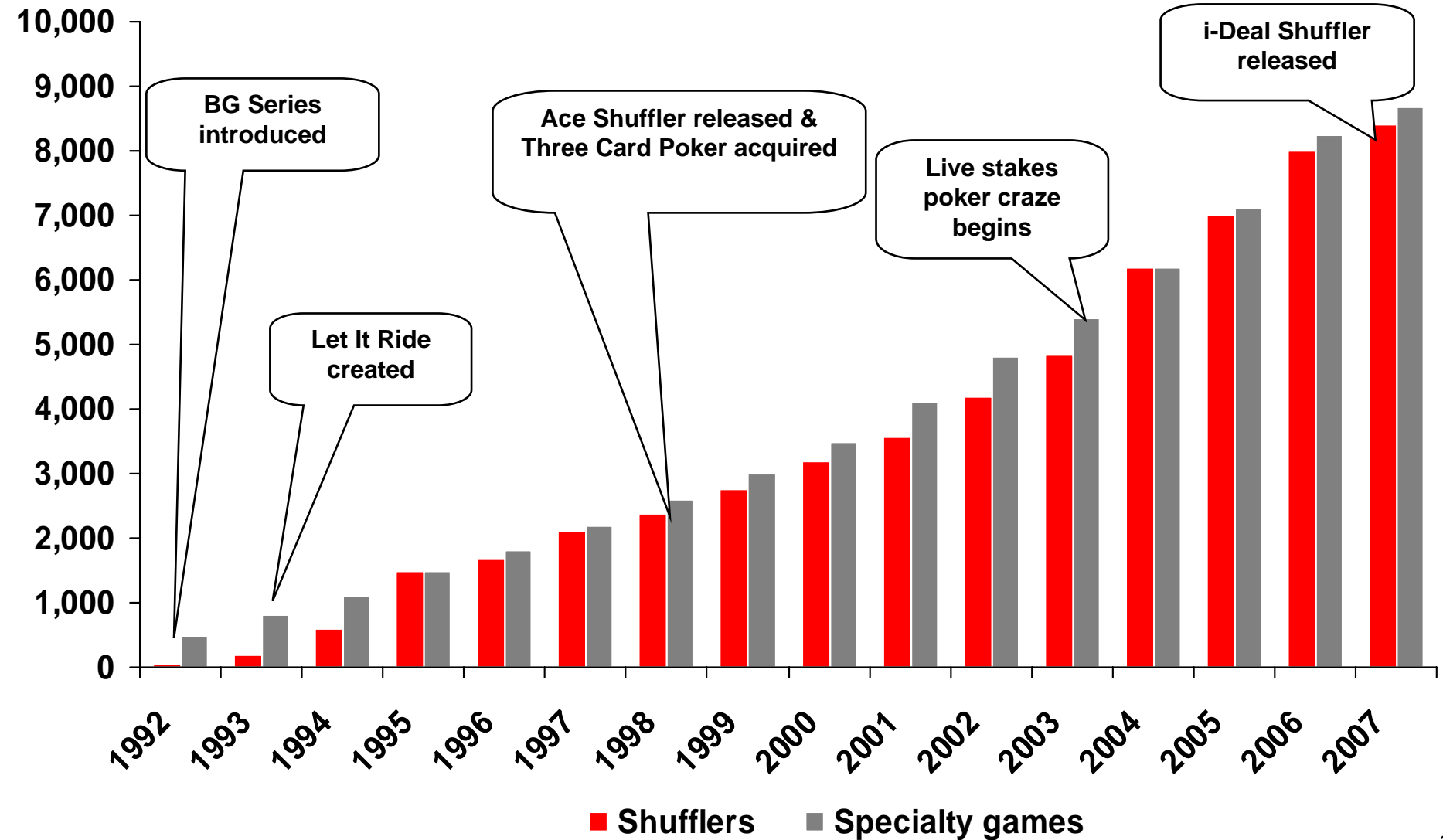


- ♠ Proprietary table games and side bets are intellectual property (patent, trademark and copyright) protected
- ♠ Segment is growing in popularity because:
  - ◆ Games appeal to casinos because of their increased revenue performance
  - ◆ Fast-paced, exciting content appeals to a broad player demographic
- ♠ Shuffle Master currently offers all of the top 7 and 10 of the top 15 titles
- ♠ Shuffle Master generates revenue by collecting royalties from intellectual property
- ♠ Current installed base of 5,640 tables

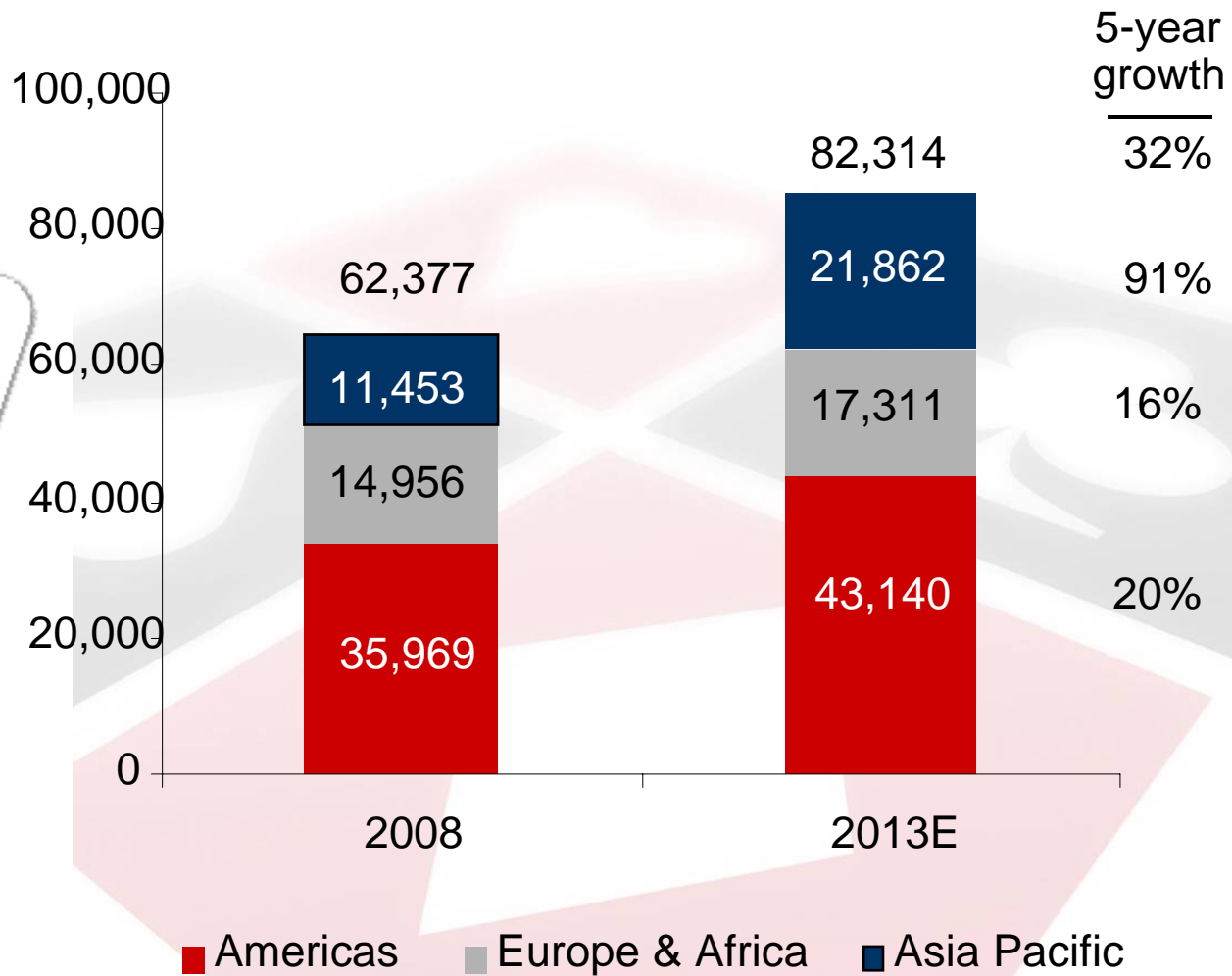
# *Installed Proprietary Table Games*



# Parallel Proprietary Game & Specialty Shuffler Growth



# Worldwide Table Market Opportunity



Source: Company estimates, various gaming industry analyst reports and other industry resources as of 10/31/08.

# Electronic Table Systems



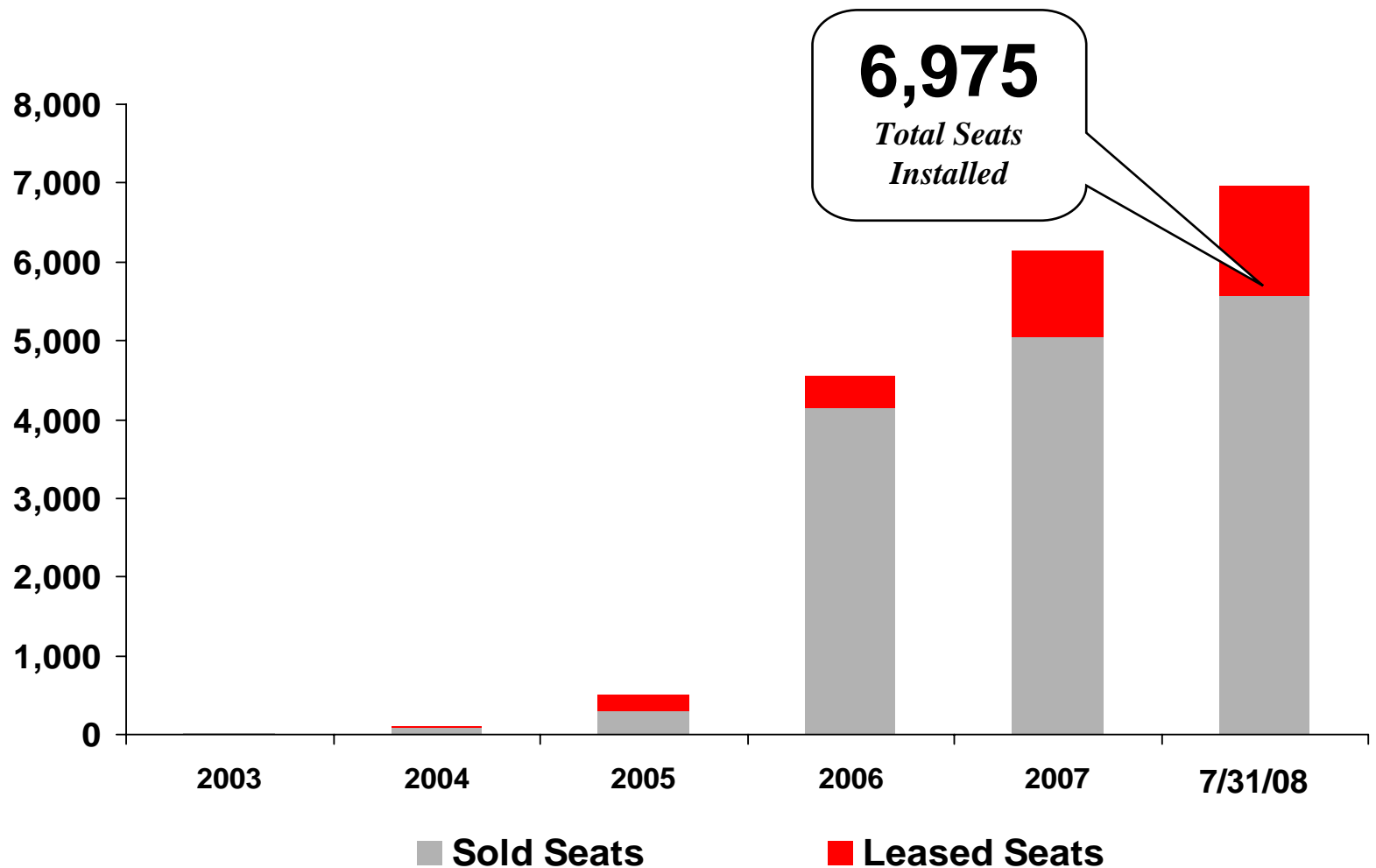
- ♣ Table Master and Vegas Star are fully-automated electronic tables:
  - ◆ Enable table game play in areas where live games are not allowed (e.g. Delaware, Pennsylvania)
  - ◆ Offer multiple configurations
  - ◆ Have new games in development including Table Master Four Card Poker and Vegas Star Craps
  - ◆ Current installed base of approximately 5,100 seats
  
- ♣ Rapid Table Games are semi-automated electronic tables that:
  - ◆ Combine a live game result with touch-screen betting terminals
  - ◆ Increase the speed, wagering volume, security and efficiency of high traffic games
  - ◆ Rapid series includes: Roulette, Baccarat, Big Wheel and recently introduced Craps
  - ◆ Current installed base of approximately 1,900 seats

# *i-Table*

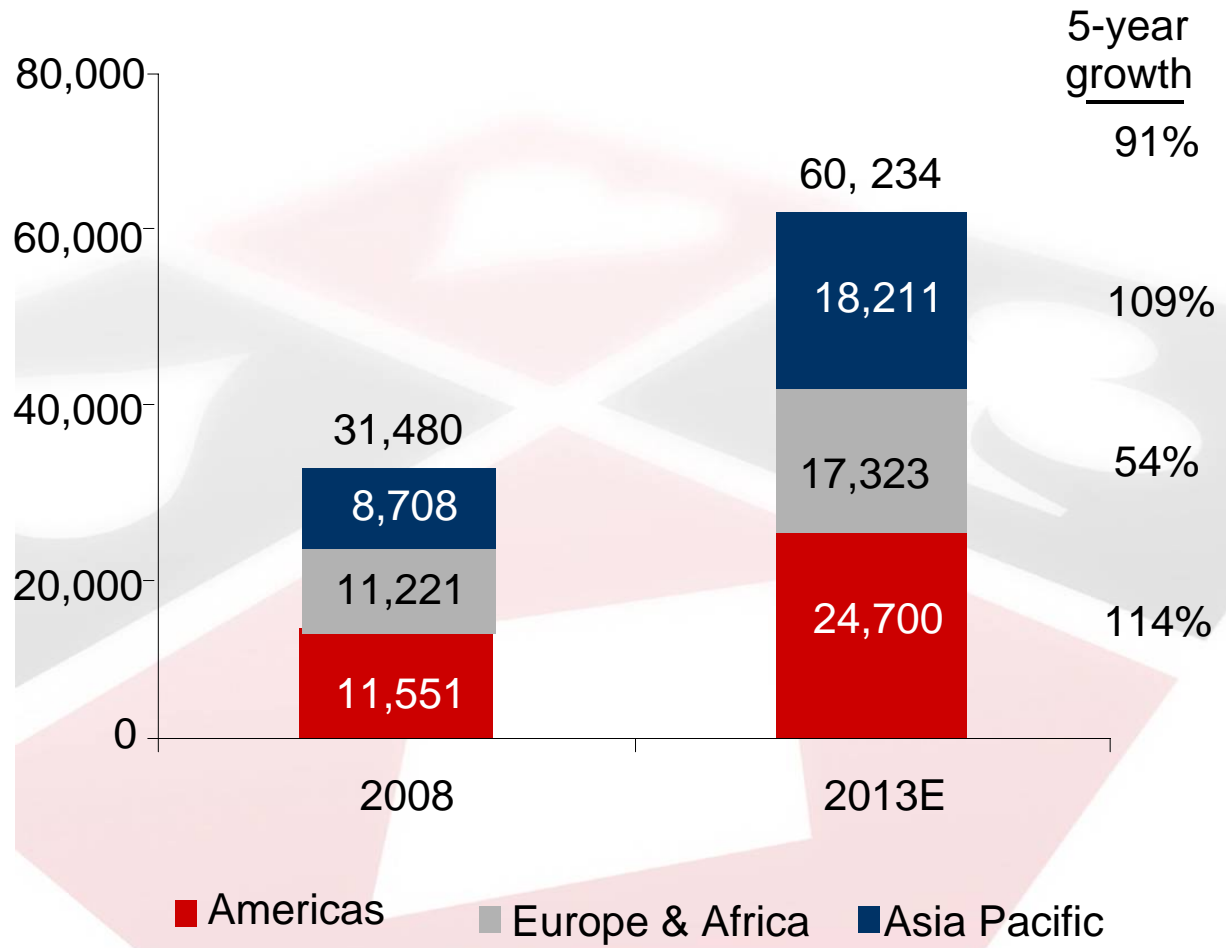
- ♠ Six touch-screen player stations embedded in a standard size blackjack table
  - ◆ Combines electronic betting interface with a live dealer
- ♠ Combines several Shuffle Master products including i-Shoe Auto, i-Deal and proprietary table games
  - ◆ Switches between shoe-dealt games like blackjack and baccarat to specialty games like Three Card Poker and Ultimate Texas Hold 'Em
- ♠ Offers “true odds” calculated by the value of the player’s two cards against the dealer’s up-card
- ♠ Integrated card and bet recognition functionality



# Installed Electronic Table Systems Seats



# Worldwide e-Table Market Opportunity



Source: Company estimates, various gaming industry analyst reports and other industry resources as of 10/31/08

# *Electronic Gaming Machines*

- ♣ Video technology enabled slot machines designed primarily for the Australasian gaming market
- ♣ Content library features extensive range of high-performance game titles including:
  - ◆ Drifting Sands 3
  - ◆ Pink Panther
  - ◆ Ninja 3
- ♣ EGM can be configured as a network of machines or as stand-alone units
- ♣ New PC4 platform enhances game graphics and performance
- ♣ Current installed base of over **20,430** units



# Products Align to Current Needs of Customers

## Shuffle Master products:

- ♠ Reduce operating expenses
- ♠ Maximize profitability
- ♠ Offer operating efficiencies
- ♠ Come with attractive lease options that are compatible with customer's capex constraints



### *Utility Products*

#### Shufflers

- ♠ Increases productivity
- ♠ Increases game protection
- ♠ Eliminates potential downtime on casino floor
- ♠ Verifies winning hands (i-Deal and i-Shoe Auto)

### *Proprietary Table Games*

#### Proprietary Table Games

- ♠ Increases win/hold
- ♠ Offers competitive advantage

#### Progressives

- ♠ Offers players additional wagering options and volatility

### *Electronic Table Systems*

#### Table Master, Vegas Star

- ♠ Fully automated, no dealer
- ♠ 24/7/365 operation
- ♠ Increases operating efficiency

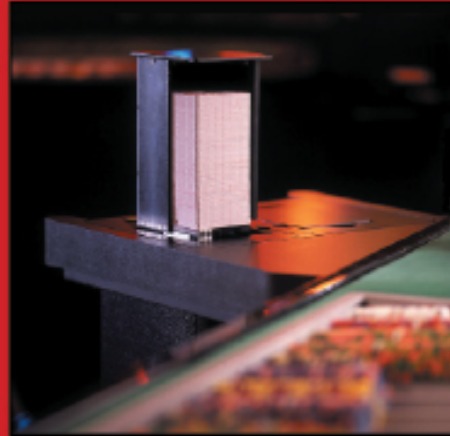
#### Rapid

- ♠ Increases rounds per hour

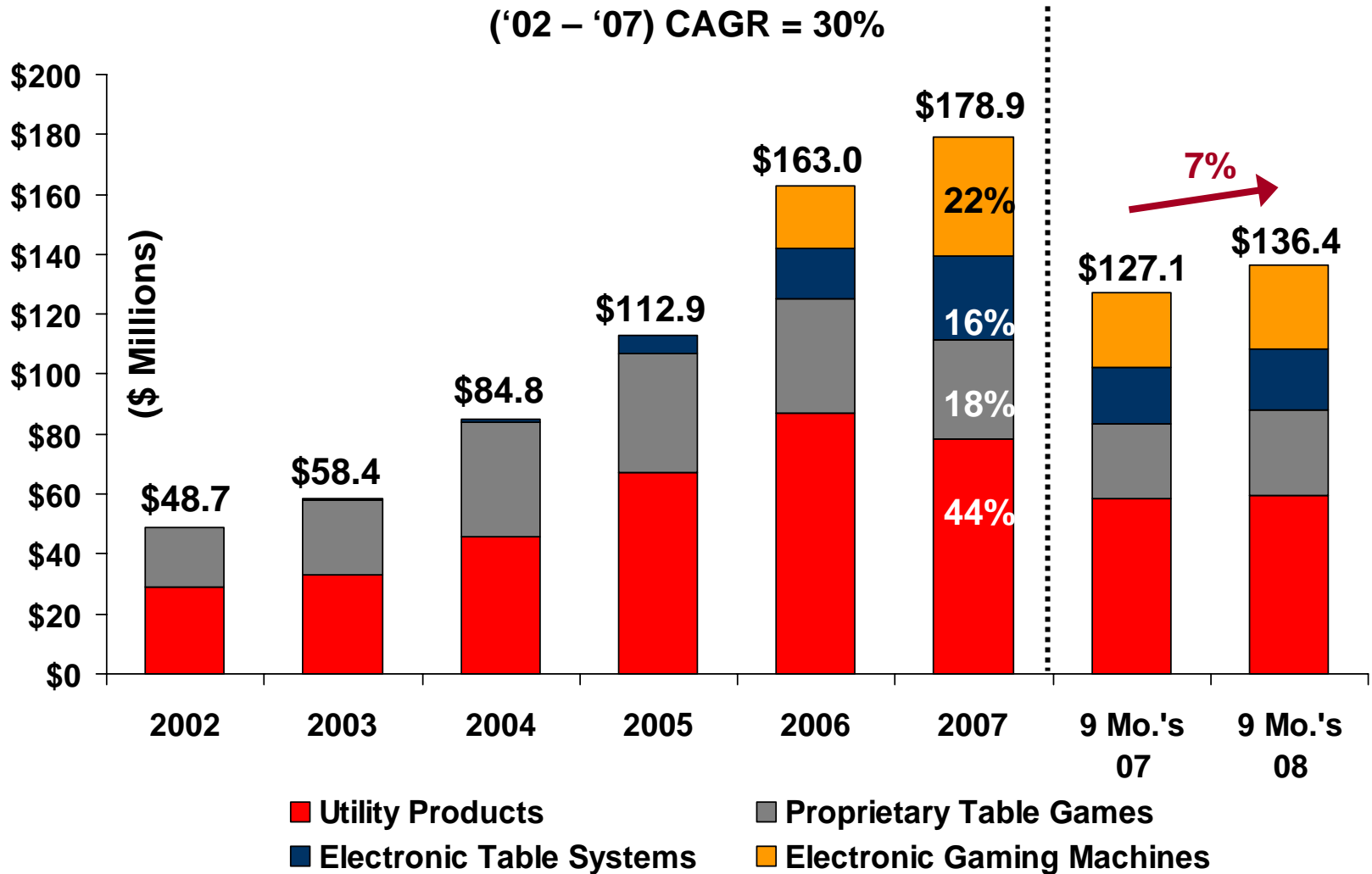
#### i-Table

- ♠ Offers players additional wagering options and volatility
- ♠ Provides vital table game data to operators
- ♠ Increases table productivity

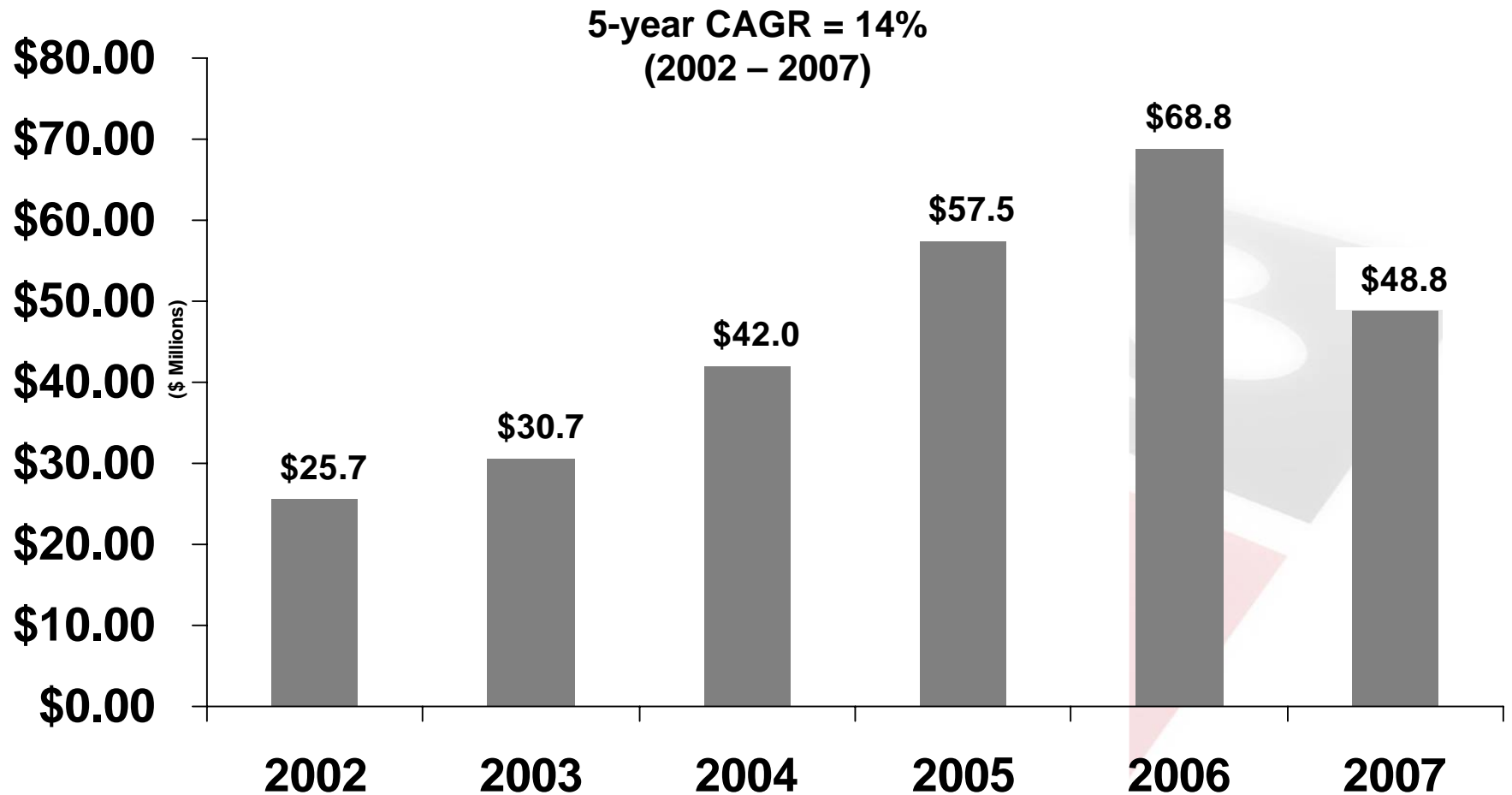
# *Financial Highlights*



# Total Revenue (from continuing operations)



# *EBITDA* (from continuing operations)



# *Quarter Ended July 31, 2008* (from continuing operations)

	<b>Three Months Ended 7/31/08</b>	<b>Three Months Ended 7/31/07</b>
<b>Sales Revenue</b>	59%	64%
<b>Lease and Service Revenue</b>	41%	36%
<b>Total Revenue</b>	\$ 49,492	\$ 45,135
<b>Adjusted EBITDA</b>	\$ 14,059	\$ 12,334
<b>Operating Cash Flow</b>	\$ 16,841	\$ 15,440

(All dollars shown in thousands)

# *Balance Sheet Statistics – Quarter Ended July 31, 2008*

	<u>7/31/08</u>	<u>10/31/07</u>
<b>Total Cash &amp; Investments</b>	\$ 89,244	\$ 4,392
<b>Working Capital</b>	\$ (12,765)*	\$ 61,768
<b>Inventories</b>	\$ 26,524	\$ 34,081
<b>Total Debt</b>	\$ 216,858	\$ 235,011
<b>Total Net Debt</b>	\$ 127,614	\$ 230,619
<b>Total Equity</b>	\$ 170,947	\$ 87,634

(All amounts shown in thousands)

\*As of July 31, 2008, we have classified \$150,000 of contingent convertible senior notes in current portion of debt. Due to this classification, we have a working capital deficit of \$12,765.

# *Investment Considerations*



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- ♠ Leading market share within core businesses
- ♠ Strengthened balance sheet with the removal of the convert overhang
- ♠ Dynamic strategic business model aligned to meet the needs and challenges of our customers
- ♠ Global platform positioned to capitalize on worldwide gaming growth



# Questions & Answers



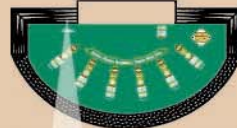
MD2®



Deck Mate®



i-Deal™



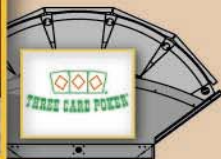
one2six™



Ace®



Table Master



EGMs