



# ANNUAL MEETING OF SHAREHOLDERS

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MARCH 18, 2009

FY 2008 OVERVIEW



# FORWARD LOOKING STATEMENT

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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.

# BOARD OF DIRECTORS

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**Phillip C. Peckman** - *Chairman*

**Garry W. Saunders** - *Director*

**Louis Castle** - *Director*

**John R. Bailey** - *Director*

**William W. Warner** - *Director*

**Timothy J. Parrott** - *Director*

# CONTINUITY & EXPERIENCE AT THE EXECUTIVE LEVEL

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## **Tim Parrott - CEO**

- ♣ Former CEO – Americas of Aristocrat Technologies
- ♣ Former CEO of Boomtown

## **Coreen Sawdon – CAO & Acting CFO**

- ♣ 4 years with SHFL
- ♣ Over 13 years of public accounting experience (Arthur Anderson) with 10 of those years in the gaming/lodging sector

## **David Lopez – Executive Vice President**

- ♣ 11 years with SHFL, 4 of which he served on the Senior Management team

## **Roger Snow – Executive Vice President**

- ♣ 9 years with SHFL, 4 of which he served on the Senior Management team

## **Jerry Smith – Executive Vice President, General Counsel & Corporate Secretary**

- ♣ 8 years with SHFL in a Senior Management capacity



# COMPANY OVERVIEW

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# COMPANY OVERVIEW

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- ◆ Shuffle Master is one of 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
- ◆ Organic growth and strategic acquisitions have positioned the company for long-term future growth

# ONGOING STRATEGIC PLAN

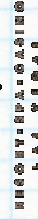
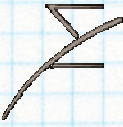
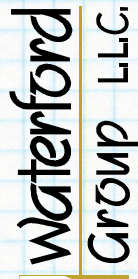
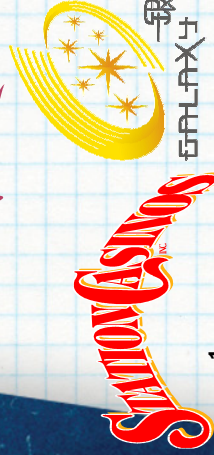
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## ◆ Publicly announced strategy

1. A continuing emphasis on leasing versus selling.
2. Continued 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.
6. A cost reduction initiative to reduce expenses throughout the Company without compromising the quality of our products or service.

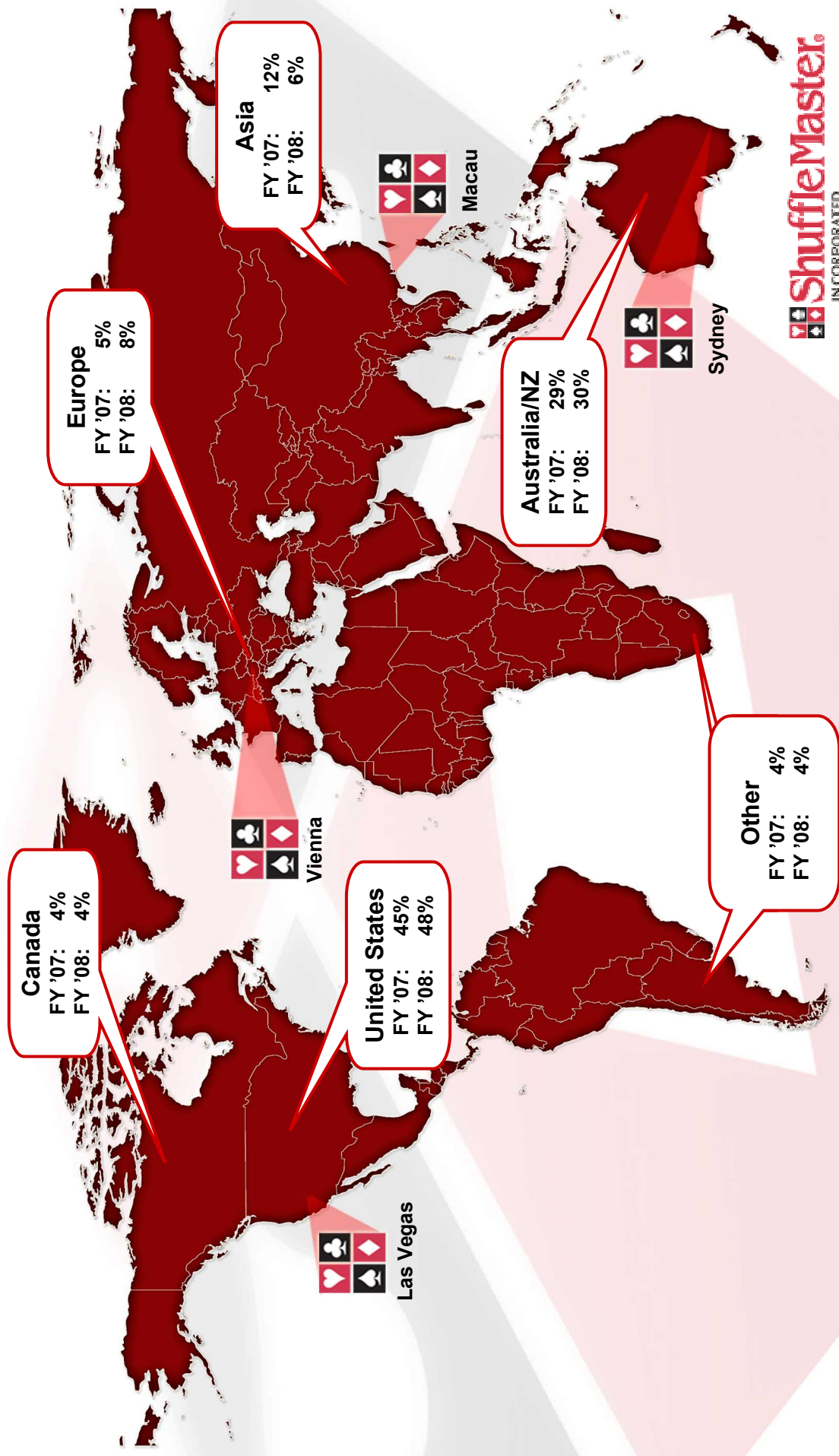
# UNPARALLELED CLIENT BASE

- 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, one of the fastest growing gaming jurisdictions in the world



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

# FY 2008 REVENUE == \$190.0 MILLION





# PRODUCT SEGMENTS OVERVIEW

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# UTILITY PRODUCTS

## Automatic card shufflers

- ◆ 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



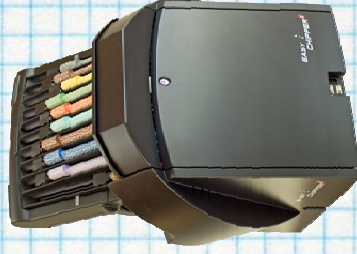
**i-Deal single deck shuffler**



**one2six multi-deck shuffler**

## Roulette chip sorters

- ◆ Easy Chipper C and Chipmaster reduce labor costs by automating chip sorting process
- ◆ Maximizes game play
- ◆ Worldwide installed base over 900 units



**Easy Chipper C**

## 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

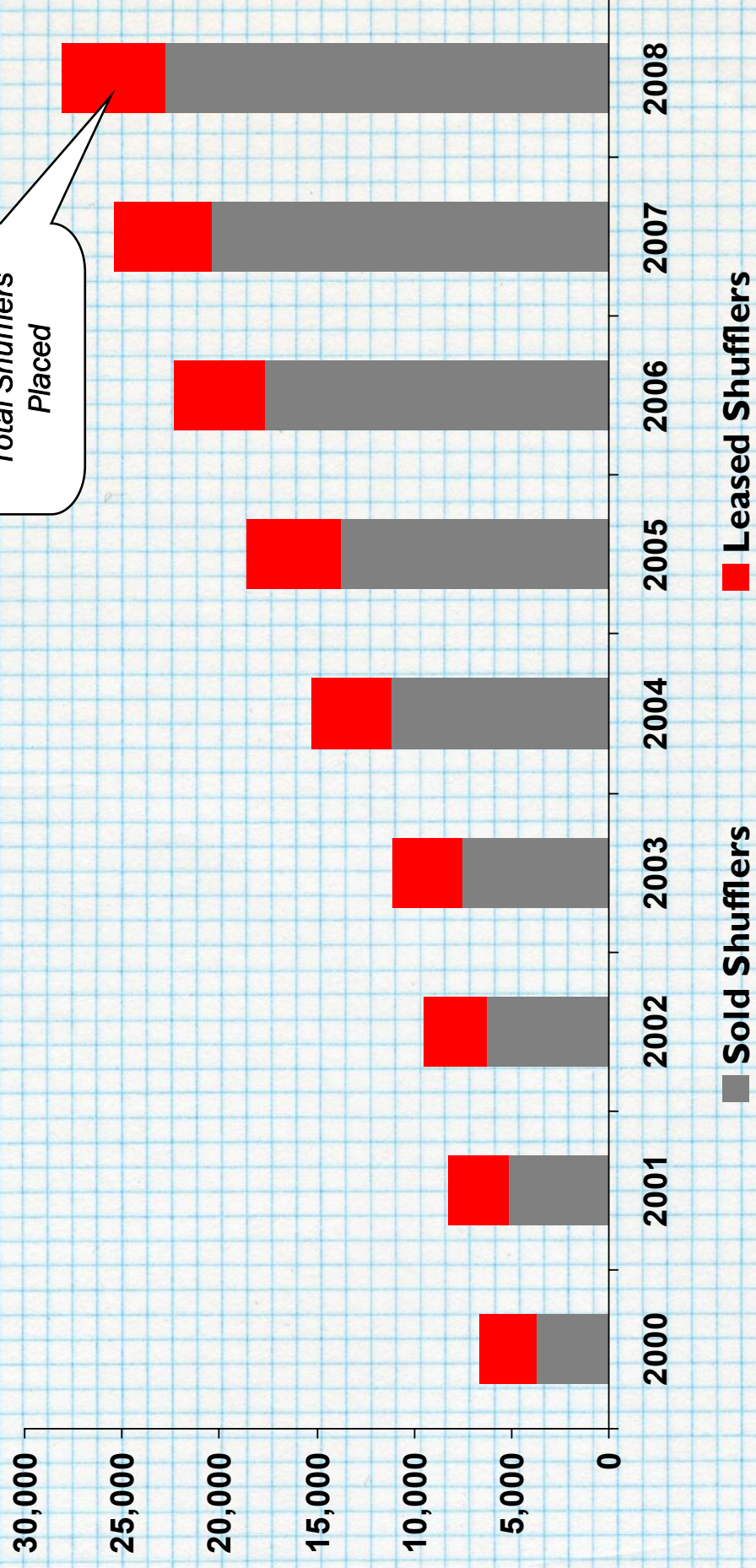


**i-Shoe Auto**

# INSTALLED SHUFFLERS

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**28,080**  
Total Shufflers  
Placed



# PROPRIETARY TABLE GAMES

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- ◆ 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 6 and 11 of the top 15 titles



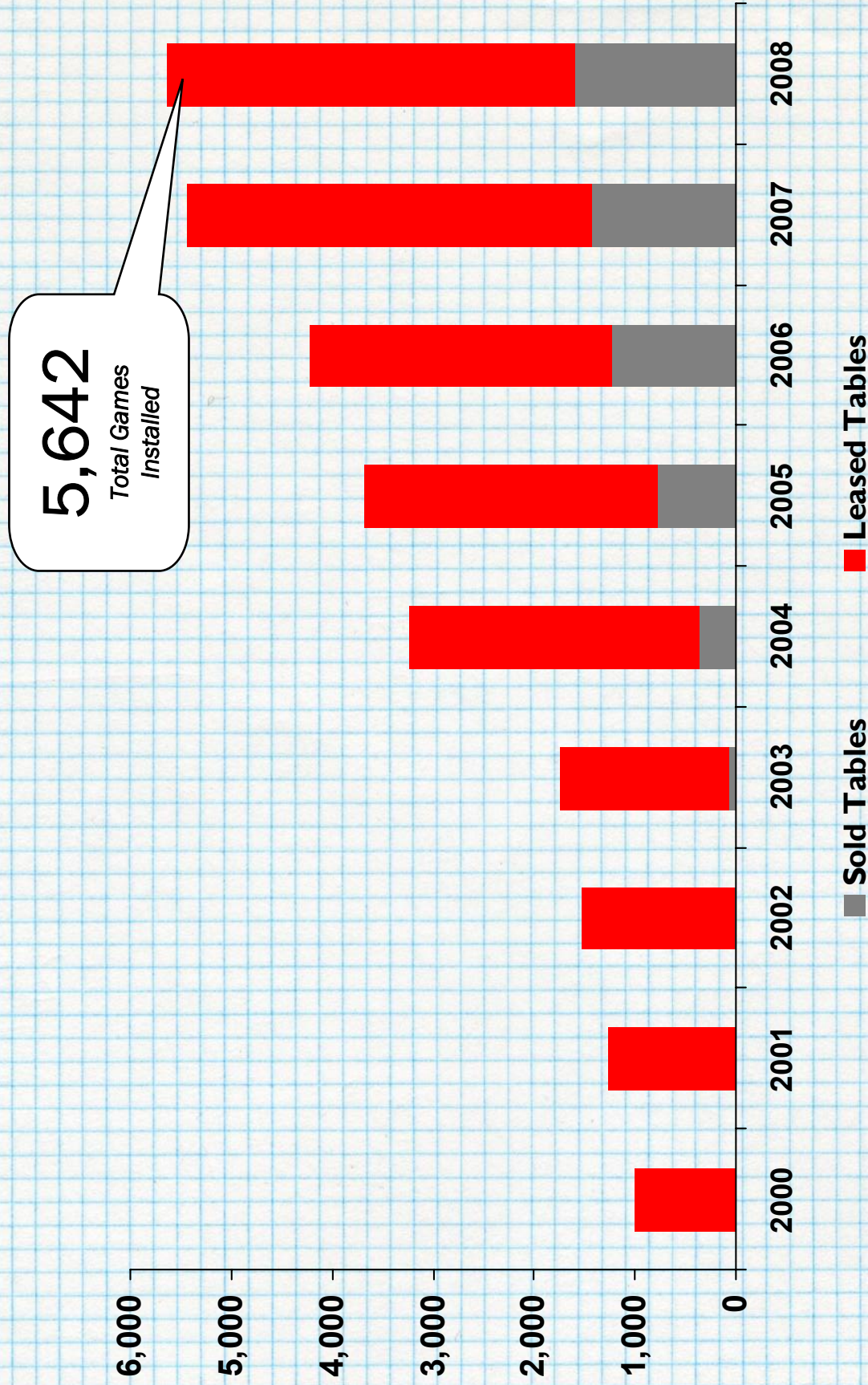
- ◆ Shuffle Master generates revenue by collecting royalties from intellectual property



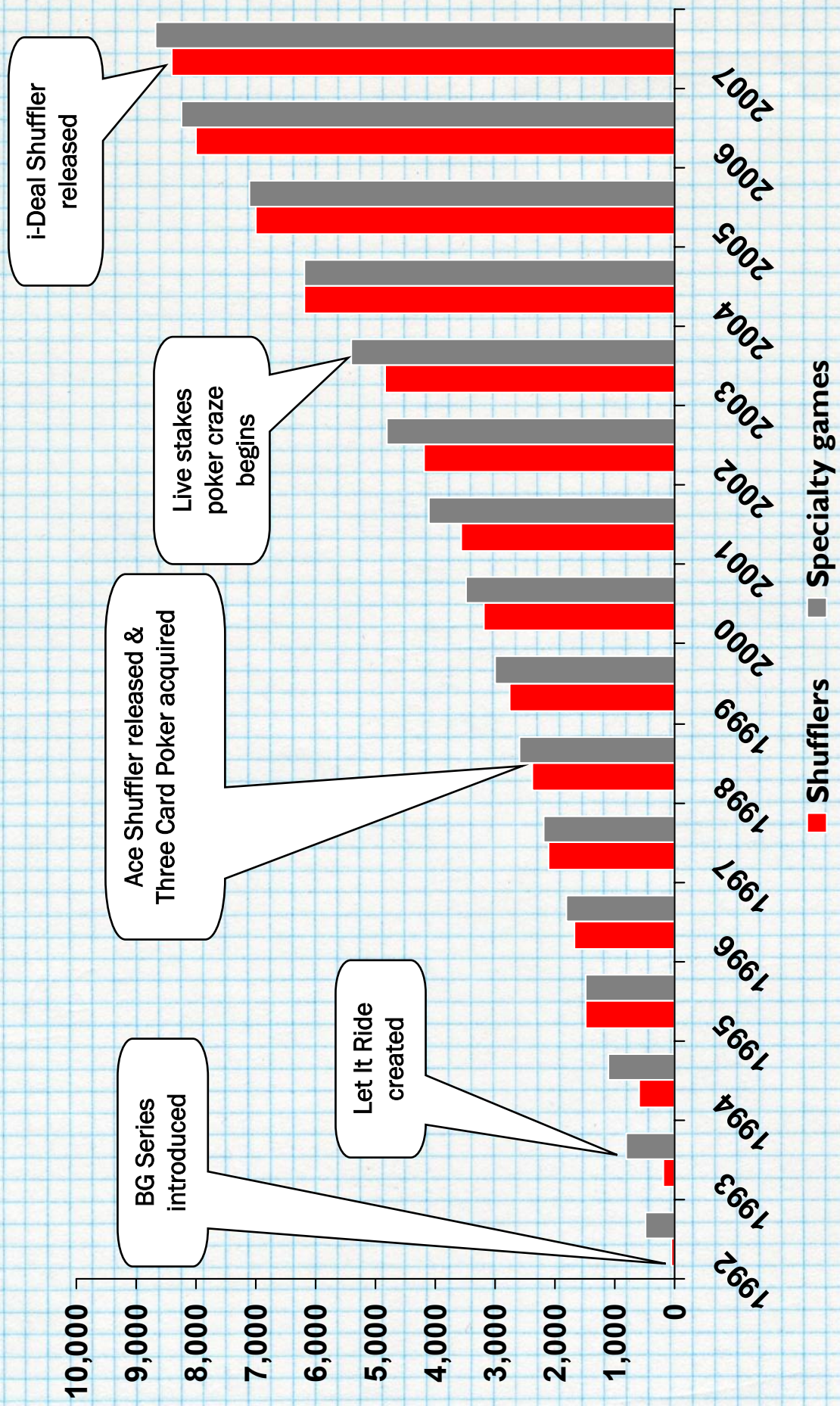
- ◆ Installed base of 5,642 tables

# INSTALLED PROPRIETARY TABLE GAMES

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# PARALLEL PROPRIETARY GAME & SPECIALTY SHUFFLER GROWTH



# ELECTRONIC TABLE SYSTEMS

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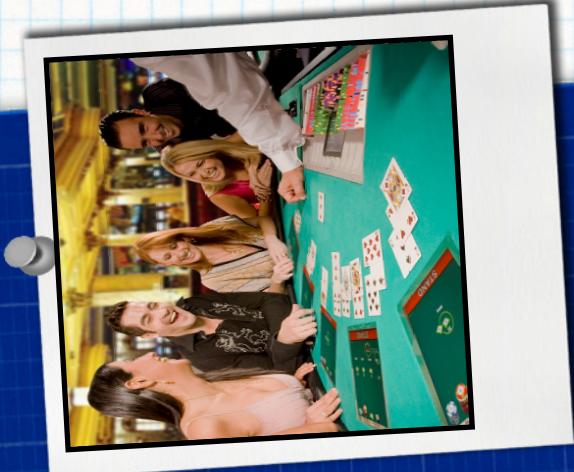
- ◆ Table Master and Vegas Star are fully-automated electronic tables:
  - ♣ Enable table game play in areas where live games are not allowed (e.g. Delaware, Pennsylvania)
  - ♣ Offer multiple configurations
  - ♣ Have new games in development including Table Master Four Card Poker and recently rolled out Vegas Star Craps
  - ♣ Installed base of approximately 5,260 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
  - ♣ Installed base of approximately 1,960 seats



# I-TABLE

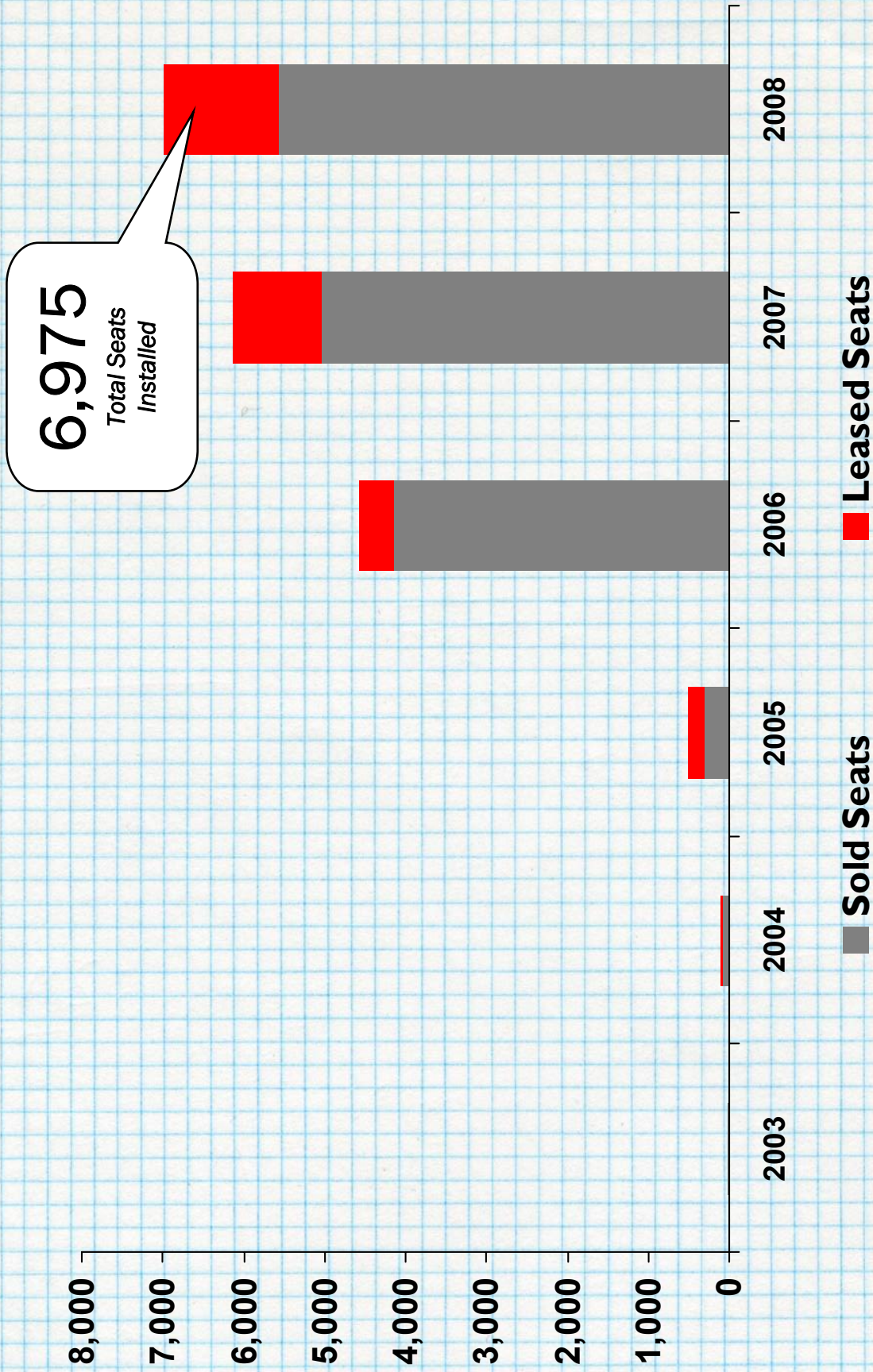
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- ◆ Six touch-screen player stations embedded in a standard size blackjack table
  - ◆ Combines electronic betting interface with a live dealer
- ◆ Combines several Shuffle Master products including i-Shoe Auto, i-Deal and proprietary table games
- ◆ Flexible multigame configurations
- ◆ Special features such as “true odds” calculated by the value of the player’s two cards against the dealer’s up-card in blackjack
- ◆ Integrated card and bet recognition functionality



# INSTALLED ELECTRONIC TABLE SYSTEMS

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# ELECTRONIC GAMING MACHINES

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- ◆ 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
- ◆ Installed base of 21,321 units



# PRODUCTS ALIGN TO CURRENT NEEDS OF CUSTOMERS

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## 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

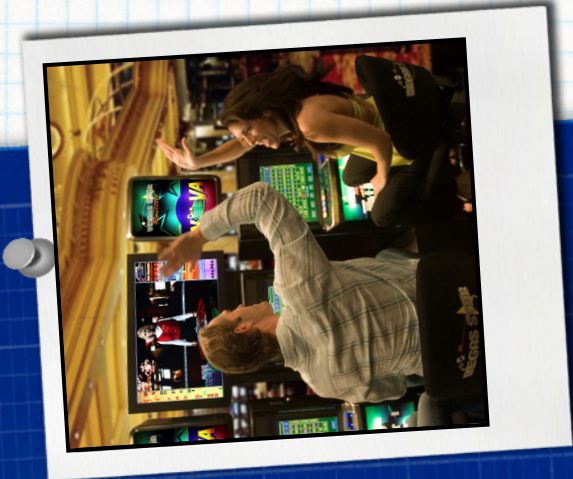
#### Proprietary Table Games

- ♣ Increases win/hold
- ♣ Offers competitive advantage
- Progressives**
- ♣ Offers players additional wagering options and volatility

### ELECTRONIC TABLE SYSTEMS

#### Table Master, Vegas Star

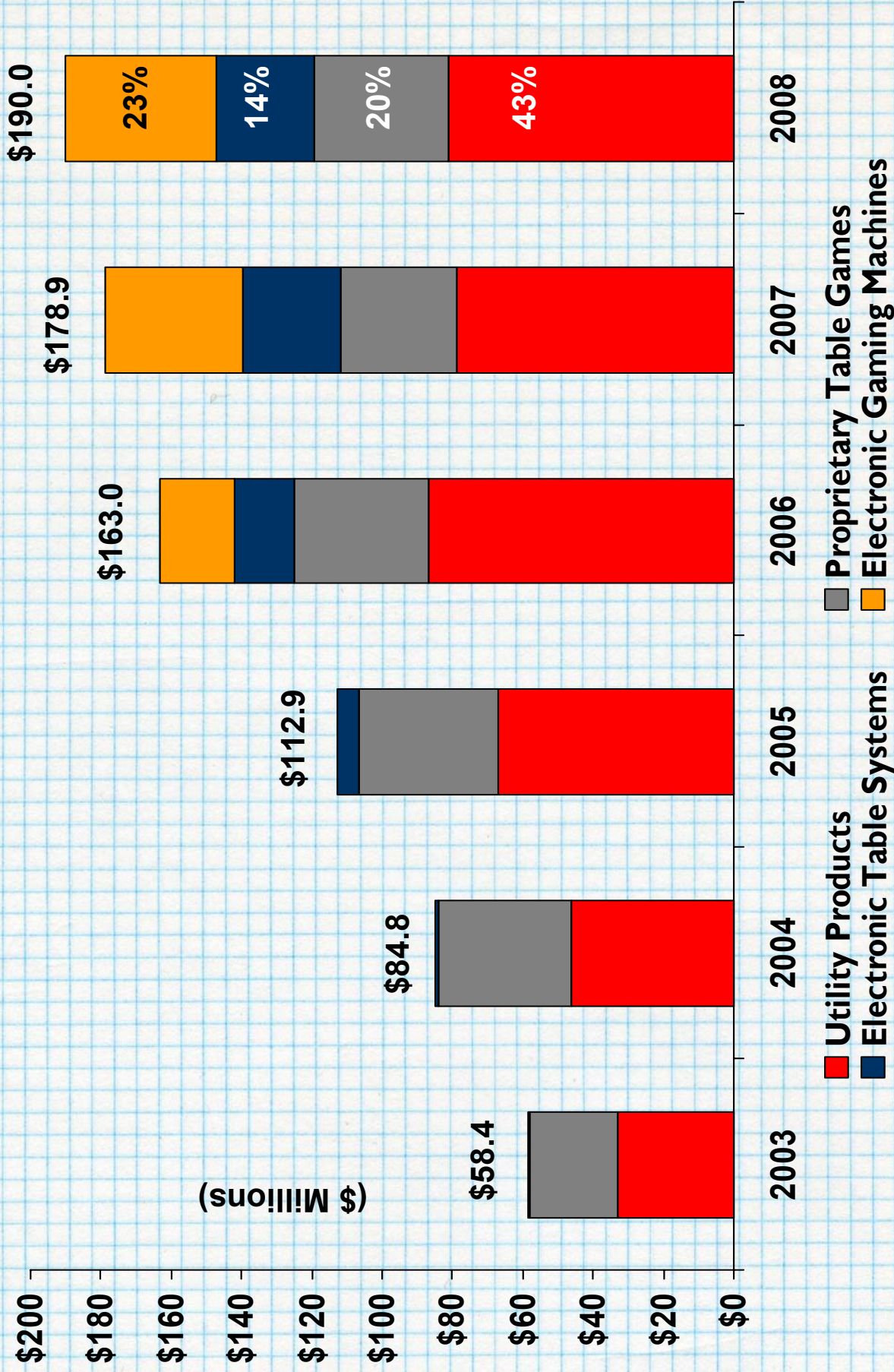
- ♣ Fully automated, no dealer
- ♣ 24/7/365 operation
- ♣ Increases operating efficiency
- Rapid**
- ♣ Increases rounds per hour



# FINANCIAL HIGHLIGHTS



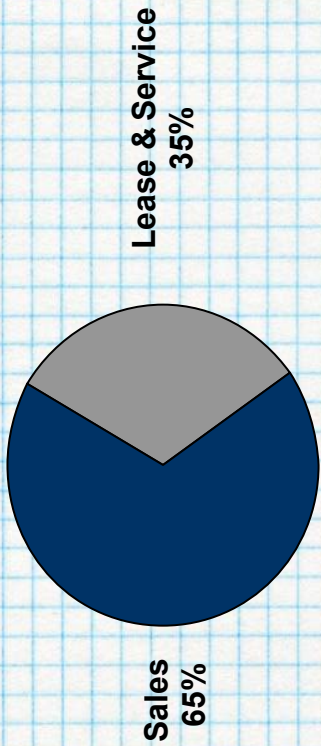
# TOTAL REVENUE (FROM CONTINUING OPERATIONS)



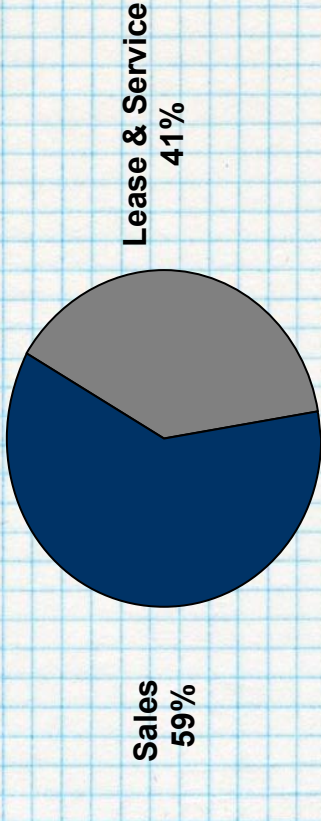
# GROWING LEASE REVENUE

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FY 2007 Revenue Breakdown



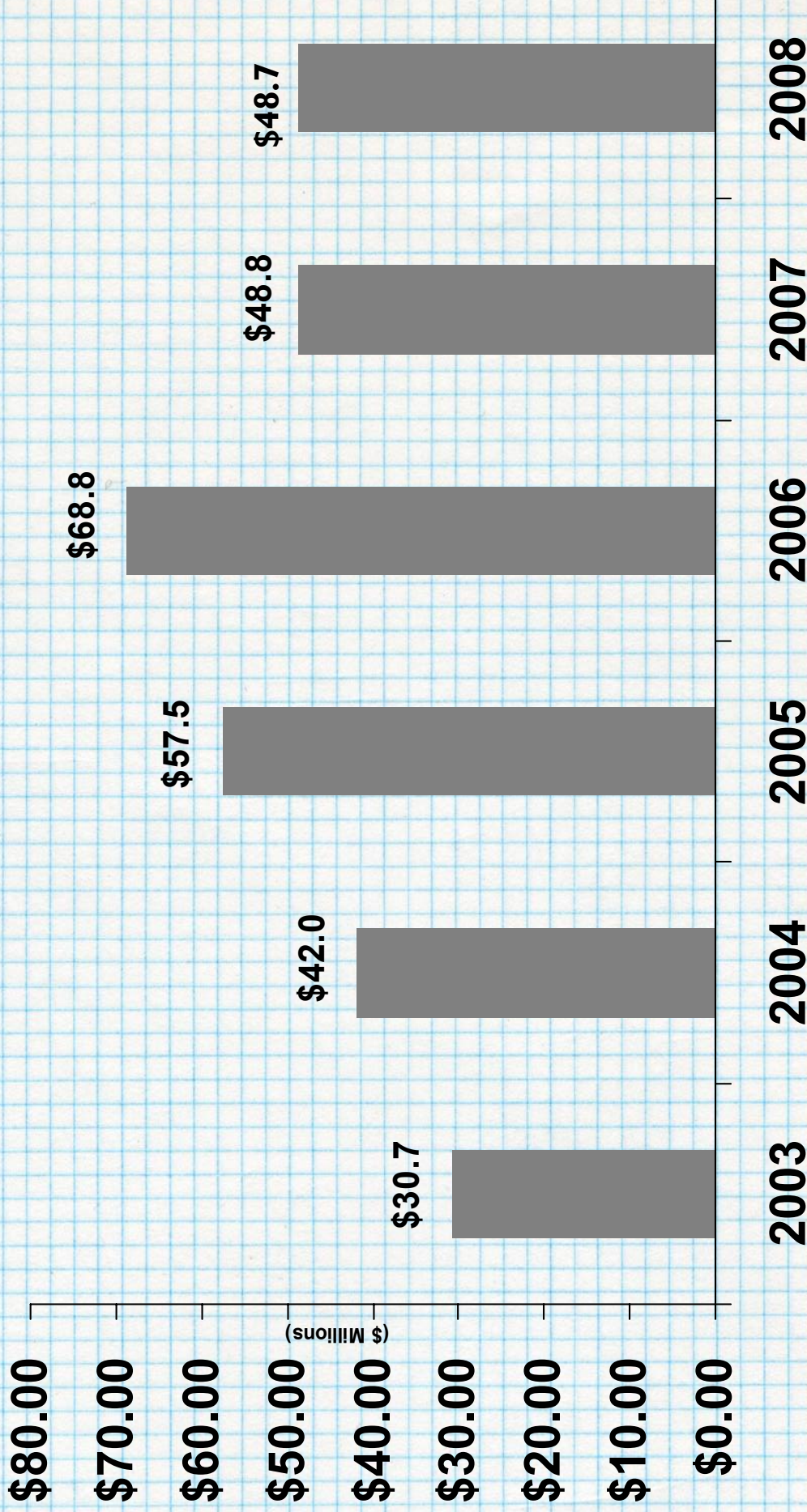
FY 2008 Revenue Breakdown



FY 2008 royalty, lease and service revenue has increased 25% year over year

# EBITDA (FROM CONTINUING OPERATIONS)

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# BALANCE SHEET STATISTICS — YEAR ENDED OCTOBER 31, 2008

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	<u>10/31/08</u>	<u>10/31/07</u>
<b>Total Cash &amp; Investments</b>	\$ 5,374	\$ 4,392
<b>Working Capital</b>	\$ 7,739	\$ 61,768
<b>Inventories</b>	\$ 22,753	\$ 34,081
<b>Total Debt</b>	\$ 125,149	\$ 235,011
<b>Total Net Debt</b>	\$ 119,775	\$ 230,619
<b>Total Equity</b>	\$ 102,858	\$ 87,634

(All amounts shown in thousands)



# OBJECTIVES & OUTLOOK

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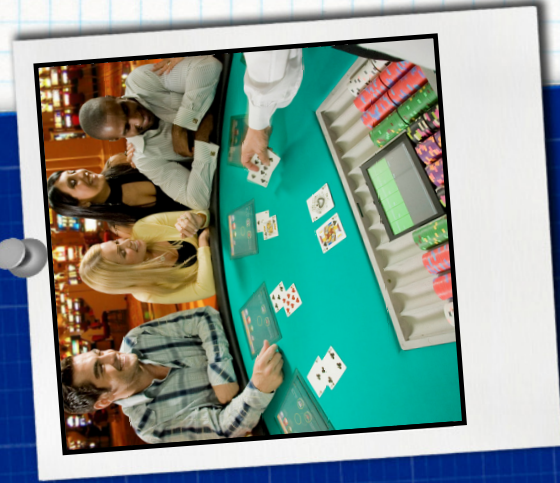
## PRIORITIES / CURRENT OBJECTIVES

- ◆ Continued focus on ongoing strategic initiatives
- ◆ Identifying and capitalizing on key opportunities
- ◆ Margin improvement and expense reduction
- ◆ Customer-centric
- ◆ Responding to the changing needs of customers in this challenging environment
- ◆ CFO Placement

## LONG-TERM OBJECTIVES

Build and maximize shareholder value by:

- ◆ Continuing innovation and protecting IP
- ◆ Focus on strengthening our competitive advantages
- ◆ Strengthening and developing management team



# OUTLOOK & OPPORTUNITY

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- ◆ Opportunities worldwide
  - ♣ New openings in the US, Macau, Singapore, Philippines, Vietnam and Taiwan
  - ♣ Market expansion in Latin America
  - ♣ New jurisdictions coming online – potential opportunity for e-Tables in NY, MD and KS
- ◆ Increased leasing or deferred capex opportunity
- ◆ Replacement cycle

# POISED FOR THE FUTURE

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- ◆ **Leading market share**
  - ♣ Within core businesses – shufflers, proprietary table games and e-Tables
- ◆ **Strong balance sheet**
  - ♣ Removal of the convert overhang and strong cash position
- ◆ **Fresh perspective coupled with experience**
  - ♣ Introduction of new CEO Tim Parrott, industry veteran with 20 years of experience, and promotions of David Lopez, Jerry Smith and Roger Snow to Executive Vice President
- ◆ **Dynamic strategic business model**
  - ♣ Aligned to meet the needs and challenges of our customers
- ◆ **Diverse global platform**
  - ♣ Positioned to capitalize on worldwide gaming growth



# QUESTIONS & ANSWERS

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