

Aristocrat Leisure Limited

Investor Presentation

24 May 2018



**Results Presentation
6 months to 31 March 2018**

ARISTOCRAT

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Plarium and Big Fish's financial information is presented in this document is shown on a 'bookings basis' unless otherwise stated. This means Plarium and Big Fish's presented revenue is net of platform fees and adjusted to include the change in deferred revenue (net of change in deferred platform fees) to be presented on a bookings (cash) basis. Plarium and Big Fish's presented EBITDA is adjusted to include the net change in deferred revenue (net of change in deferred platform fees) as per Plarium and Big Fish's revenue description above.

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Agenda

- 1 Group Results Summary
- 2 Financial Summary
- 3 Operational Performance
- 4 Outlook
- 5 Q&A
- 6 Appendix

Group Results Summary

NPATA up 32% to \$361.5m, driven by strong North American & ANZ land-based and acquisition assisted Digital businesses

A\$ million	Six months to 31 March 2018	Six months to 31 March 2017		Change %
Normalised results^{1,2}				
Operating revenue	1,640.9	1,228.2	▲	33.6
EBITDA	642.9	498.9	▲	28.9
EBITDA margin	39.2	40.6	▼	(1.4)pts
EBITA	551.9	433.2	▲	27.4
NPAT	310.5	249.6	▲	24.4
NPATA	361.5	272.9	▲	32.5
EPSA (fully diluted)	56.6c	42.7c	▲	32.6
Interim dividend per share	19.0c	14.0c	▲	35.7
Normalised operating cash flow ¹	302.0	401.9	▼	(24.9)
Reported Results				
Revenue	1,578.6	1,228.2	▲	28.5
Profit after tax	256.5	249.6	▲	2.8
NPATA	307.5	272.9	▲	12.7
Other items				
Net debt / EBITDA ³	2.0x	0.9x	▲	(1.1x)
Closing net debt/(cash)	2,557.9	833.1	▲	(207.0)

- Normalised NPATA up 32% to \$361.5m
- EPSA up 33% to 56.6cps
- Record results recorded across both North America and ANZ markets
- Digital earnings up on strong Product Madness and acquisition performance
- Interim dividend per share of 19.0cps (fully franked), up 36%
- Pro forma leverage reduced following digital acquisitions made during 1H driven by strong business performance

Notes:

¹ Refer to Review of Operations and page 7 for definitions and explanations of line items

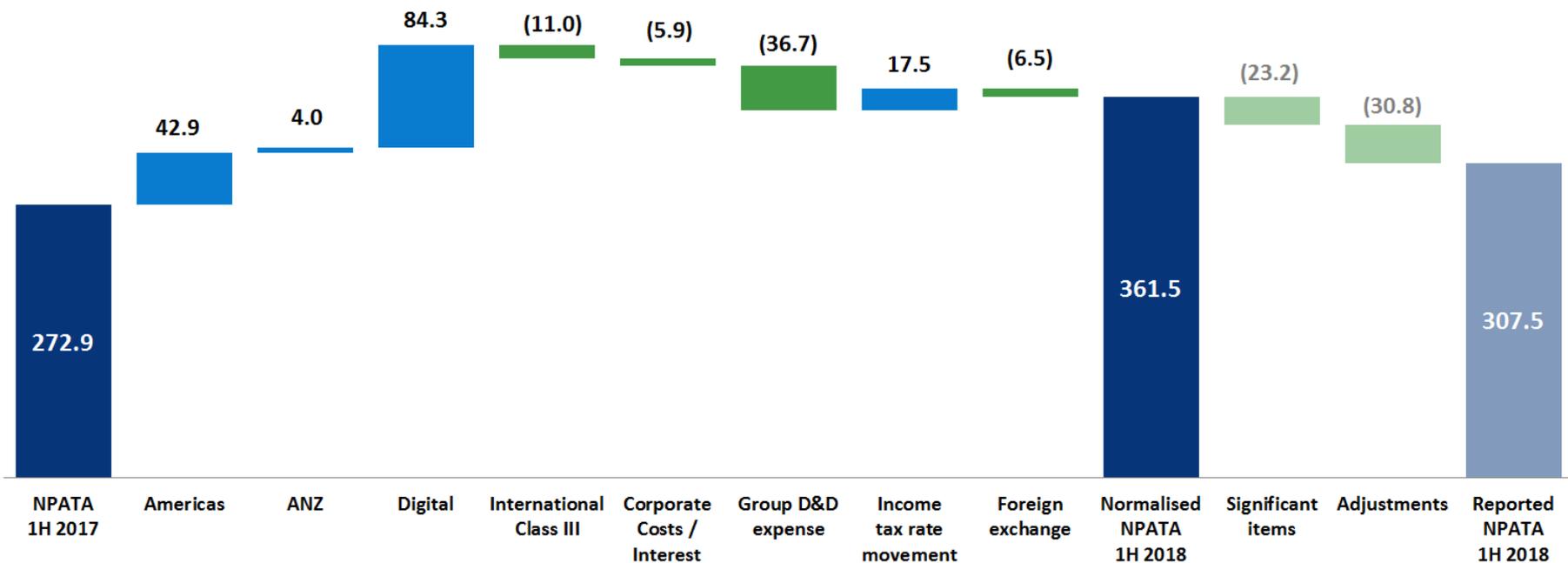
² The information presented in this document has not been audited in accordance with the Australian Auditing Standards

³ Pro forma leverage, adjusted for the acquisitions of Plarium and Big Fish shown at 31 March 2018, to reflect a full year earnings contribution from acquisitions

Financial Performance

Multiple sources of growth supporting increased D&D investment, contributing to sustained operational performance

NPATA bridge (\$m)¹



Note:

¹ Numbers above are reported on a constant currency basis and are tax effected at the prior year tax rate

Balance Sheet and Debt Profile

Continued strength following funding of Digital acquisitions during the period

Balance Sheet Statistics^{1,2}			
A\$ million	31 Mar 2018	30 Sep 2017	31 Mar 2017
Total debt	2,915.5	1,199.4	1,227.6
Net debt / (cash)	2,557.9	652.3	833.1
Net debt / EBITDA ³	2.0x	2.2x	0.9x
Interest Cover ³	10.8x	9.8x	14.7x

Debt Profile Statistics²			
A\$ million			31 Mar 2018
Total Liquidity	A\$m		465.2
Debt maturity	Years		5.4
Fixed / floating interest rate ratio	%		50.0

- Balance sheet reflects the Digital acquisitions made during 1H
- Reduction in gearing driven by strength in earnings
- Stable credit ratings maintained
- Incremental interest rate hedging undertaken
- Strong overall liquidity position maintained
- Debt maturity profile extended following new acquisition funding
- Post period end US\$950m tranche maturity extended to October 2024 (3 years) and repricing of total TLB US\$2.3bn facility arrangements

Notes:

¹ Refer to Review of Operations for definitions of line items

² The information presented in this document has not been audited in accordance with the Australian Auditing Standards

³ Pro forma gearing and interest coverage ratios, adjusted for the acquisitions of Plarium and Big Fish shown for 31 Mar 2018 and 30 Sep 2017

Cash Flow

Strong fundamentals maintained; Operating cash flow impacted by significant Australian tax payment following utilisation of tax losses

Operating Cash Flow A\$ million	Six months to 31 Mar 2018	Six months to 31 Mar 2017	Change %
EBITDA	642.9	498.9	28.9
Change in net working capital	(104.0)	(26.4)	(293.9)
Sub total	538.9	472.5	14.1
Interest and tax	(180.5)	(84.6)	(113.4)
Acquisition related items (cash and non cash)	(97.6)	-	n/a
Other cash and non-cash movements	(12.9)	14.0	n/a
Operating cash flow	247.9	401.9	(38.3)
One off and significant items (cash)	54.1	-	n/a
Operating cash flow (normalised)	302.0	401.9	(24.9)
Operating cash flow (normalised) less capex	181.8	295.6	(38.5)

Statutory Cash Flow A\$ million	Six months to 31 Mar 2018	Six months to 31 Mar 2017	Change %
Operating cash flow	247.9	401.9	(38.3)
Capex	(120.2)	(106.3)	(13.1)
Acquisitions and divestments	(1,848.1)	(23.0)	(7,935.2)
Investing cash flow	(1,968.3)	(129.3)	(1,422.3)
Proceeds from borrowings	1,660.0	-	n/a
Repayment of borrowings	(4.4)	(65.4)	93.3
Dividends and share payments	(130.4)	(95.6)	(36.4)
Financing cash flow	1,525.2	(161.0)	n/a
Net (decrease)/increase in cash	(195.2)	111.6	n/a

- Normalised operating cash flow lower reflecting:
 - \$77m increase in US land - based receivables driven by timing of product release schedule later in the period. Receivables normalised in April
 - Australian cash tax payment (\$93m, March 2018) following utilisation of historical tax losses; and
 - Acquisition related costs net of one-off and significant items normalised;
- Capex up 13% reflecting increased US gaming operations install base



Operational Performance

Americas

Strong results in our largest market; growth in Gaming Operations supported by consistent ship share in increasingly competitive outright sales market

		Six months to 31 March 2018	Six months to 31 March 2017	Change %	
Summary Profit or Loss					
Revenue	US\$m	592.8	536.7	▲	10.5
Profit	US\$m	319.1	271.3	▲	17.6
Margin	%	53.8	50.5	▲	3.3 pts
Volume					
Platforms	Units	6,465	6,760	▼	(4.4)
Conversions	Units	1,377	1,276	▲	7.9
Price					
ASP	US\$ / unit	18,726	18,901	▼	(0.9)
Gaming Operations					
Class III premium	Units	18,304	15,320	▲	19.5
Class II	Units	22,996	21,982	▲	4.6
Total units	Units	41,300	37,302	▲	10.7
Total avg fee per day	US\$ / day	51.40	49.68	▲	3.5

- Revenue and profit growth
- Strong performance across Class III premium and Class II gaming operations footprint driven by top performing content and hardware (Class II and Class III units up ~5% and ~19% respectively)
- Continued growth in average FPD (+3.5% to US\$51.40 / day)
- Stable ship share in outright sales, with ASP maintained in competitive market conditions
- Outstanding customer feedback reflected in recent slot manager surveys from EK Fantini (#1 Top performing lease games) and Goldman Sachs (#1 Supplier with most profitable new games for 5th consecutive year)

Adjacent market update

Invest to maintain leadership positions, grow in adjacent segments

Class II Gaming
Ops Video



Ovation™

Class III Gaming
Ops Stepper



RELM XL™

Class III Stepper
(Outright Sales)



RELM™

Video Lottery
Terminal
(Outright Sales)



VLT

- Class II video product, *Ovation™*, performing well. 2,800 gaming operations units placed
- VGT to drive growth, particularly outside of Oklahoma. Launch of new games includes Aristocrat's first Class II licensed title *Professional Bull Riders™* on ARC™
- Class III Gaming Ops stepper *RELM XL™* providing encouraging performance. Strong game portfolio
- Class III stepper *RELM™* refined offering and showing improved performance above floor average
- VLT product launched with six month trial in Atlantic Lottery Corporation (Canada) starting 2nd May

ANZ

Record result driven by a strong portfolio of games and leading hardware

		Six months to 31 March 2018 ¹	Six months to 31 March 2017	Change %	
Summary Profit or Loss					
Revenue	A\$m	215.4	210.8	▲	2.2
Profit	A\$m	97.8	91.9	▲	6.4
Margin	%	45.4	43.6	▲	1.8 pts
Volume					
Platforms	Units	6,805	7,081	▼	(3.9)
Conversions	Units	2,180	2,005	▲	8.7
Price					
ASP	A\$ / unit	20,858	20,504	▲	1.7

Note:

¹ Constant currency

- Market-leading ship share maintained driven by strong performing game portfolio and *Helix*TM cabinet configurations
- *ACCESS*TM model continued to deliver choice and flexibility for customers
- Growth in conversions, reflecting fleet optimisation
- Continue to invest for innovation and aggressively defend IP assets

International Class III

Ship share maintained despite lower casino openings

		Six months to 31 March 2018 ¹	Six months to 31 March 2017		Change %
Summary Profit or Loss					
Revenue	A\$m	106.3	129.2	▼	(17.7)
Profit	A\$m	55.1	71.3	▼	(22.7)
Margin	%	51.8	55.2	▼	(3.4) pts
Volume					
Platforms	Units	3,010	4,611	▼	(34.7)

Note:

¹ Constant currency

- Reduction in revenue and profit as the business cycled over a concentration of new casino openings
- Underlying performance remained strong with continued penetration of *Lightning Link*TM enabling the transition to floor optimisation strategies with customers following the prior focus on openings

Digital Summary

US\$150m profit driven by continued growth in Product Madness as *Cashman Casino*TM scales plus Big Fish and Plarium acquisitions

		Six months to 31 March 2018	Six months to 31 March 2017		Change %
Summary Profit or Loss					
Bookings	US\$m	435.9	129.6	▲	236.3
Revenue	US\$m	428.5	129.6	▲	230.6
Profit	US\$m	150.0	56.6	▲	165.0
Margin	%	35.0	43.7	▼	(8.7) pts
Key metrics					
DAU period end	Millions	8.3	1.4	▲	492.9
ABPDAU half year	US\$	0.41	0.49	▼	(16.3)

- Significant lift in performance driven by continued strength of Product Madness together with the acquisitions of Plarium and Big Fish during the period
- Margin moderated in line with expectations as Digital business scales to include new Social Gaming segment
- Product Madness business continued to scale and prove out multi-app strategy with ongoing success of *Cashman Casino*TM, *Heart of Vegas*TM and launch of our Asian themed app *FaFaFa Gold*TM
- Focus on content, customer acquisition and retention. Launching new *Lightning Link*TM app
- DAU grew almost six-fold to 8.3m

Pro Forma Plarium and Big Fish

Integration on track, performance trending in line with expectations

		Six months to 31 March 2018	Six months to 31 March 2017		Change %
Plarium					
Bookings	US\$m	143.9	139.3	▲	3.3
Adjusted EBITDA ¹	US\$m	31.7	19.8	▲	60.1
DAU period end	Millions	2.5	2.7	▼	(7.4)
Big Fish					
Bookings	US\$m	249.1	222.4	▲	12.0
Adjusted EBITDA ¹	US\$m	49.4	36.9	▲	33.9
DAU period end	Millions	3.8	3.3	▲	15.2

Note:

¹ EBITDA adjusted for gross bookings

- Integration progressing well and in line with plans
- Plarium bookings grew 3% with key contributions from Vikings™, Family Zoo™ and Alliance™
- 7% reduction in DAU reflecting Plarium's focus on higher quality users, reduction in UA spend for legacy games and pivot to mobile
- Big Fish bookings grew 12% driven by a renewed focus on social casino titles and scaling of social gaming titles such as *Cooking Craze*™
- Big Fish DAU increased 15% reflecting successful scaling of *Cooking Craze*™, growth in *Gummy Drop*™ as well as continued performance across social casino

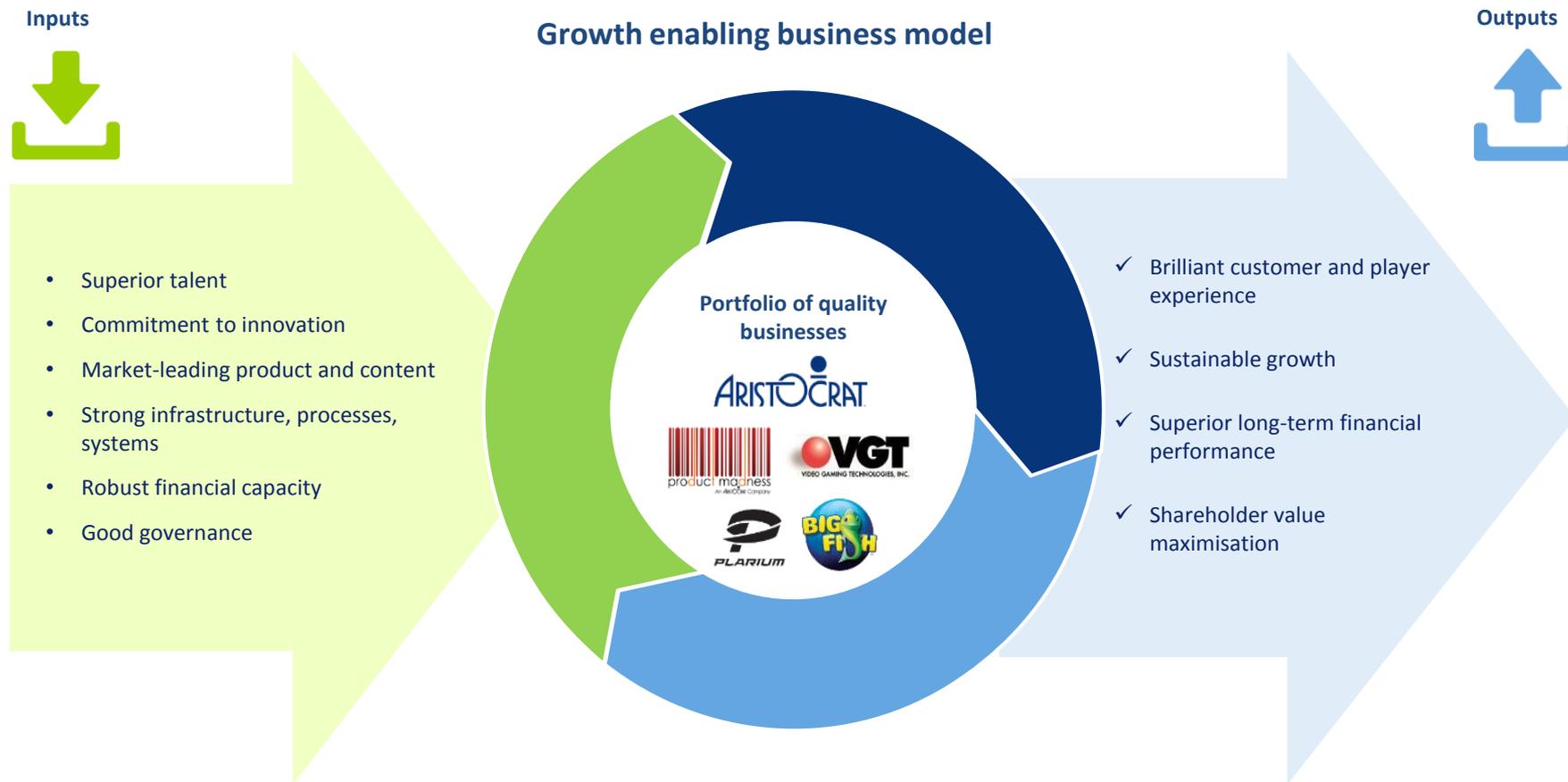
Outlook

We expect double-digit NPATA growth to continue over the twelve months to 30 September 2018, compared to the 2017 full year result

- In land-based outright sales, Aristocrat expects to successfully defend market-leading share positions across key for sale segments in North America, ANZ and International CIII segments
- In land-based gaming operations, Aristocrat anticipates increased investment in content and technology to expand its total install base and fuel growth in agencies, while maintaining a market-leading average fee per day performance
- In Digital, Aristocrat will continue to focus on integration of acquisitions, as it builds and leverages scale in line with its strategy. The Group expects further growth in its social casino and social games business, with increased investment in user acquisition associated with the launch of new apps across all business units
- Aristocrat anticipates lifting D&D investment across both land-based and digital portfolios – in absolute dollar terms – over the full year, in order to defend and grow leadership positions across a much broader business, and pursue priority agencies in line with Aristocrat’s growth strategy
- The Group expects a 300 basis point reduction in its effective tax rate over the 2018 full year, compared to the PCP

Aristocrat's Strategy

Our operating model supports long-term growth and value creation





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Appendix

Reconciliation of Statutory Financial Statements Revenue, EBITDA, NPATA, NPAT to Review of Operations

A\$ million	Statutory Financial Statements	Non-cash FV of Deferred Revenue on acquisition	Significant items		Review of Operations
			Contingent retention arrangements	Acquisition related costs	
Financial Results					
Revenue	1,578.6	62.3	-	-	1,640.9
EBITDA	566.8	43.5	6.7	25.9	642.9
NPATA	307.5	30.8	4.8	18.4	361.5
NPAT	256.5	30.8	4.8	18.4	310.5