

Aristocrat Limited

Acquisition of Big Fish

30 November 2017



Disclaimer

This document and any oral presentation accompanying it has been prepared in good faith, however, no express or implied warranty is given as to the accuracy or completeness of the information in this document or the accompanying presentation. All statutory representations and warranties are excluded, and any liability in negligence is excluded, in both cases to the fullest extent permitted by law. No responsibility is assumed for any reliance on this document or the accompanying presentation.

Without limiting the above, this document and any accompanying presentation may contain forward looking statements or statements as to future affairs which are based on estimates, assumptions and expectations of Aristocrat (some or all of which may not be satisfied or may not occur) that, while used in good faith, necessarily involve (i) subjective judgments; (ii) inherent uncertainties; and (iii) significant contingencies, many of which are beyond Aristocrat's control or reflect future business decisions which are subject to change. Any forecast or financial information presented in this presentation must not be taken as a representation as to future matters.

Therefore, there can be no assurance that such forecasts, forward looking statements or statements as to future affairs will be realised or that Aristocrat's actual or future results will not vary significantly from such forecasts, forward looking statements and statements as to future affairs. The actual results may vary from the anticipated results and such variations may be material. Any and all forecasts in this document and in any accompanying presentation are not, and shall not be relied upon as, a promise or representation as to future matters. Aristocrat and its subsidiaries accepts no responsibility or liability in relation to the accuracy or completeness of any forecasts, forward looking statements or statements as to future affairs, or whether they are achievable. Aristocrat and its subsidiaries does not assume any obligation to revise or update any of the estimates, assumptions or expectations underlying such forecasts, forward looking statements and statements as to future affairs. No representations or warranties are made as to the accuracy or reasonableness of such estimates, assumptions or expectations or the forecasts, forward looking statements or statements as to future affairs based thereon. Certain data included herein has been obtained from alternative external sources and as such may be inconsistent given differing underlying assumptions and sources.

Disclosures herein are not investment advice and are not intended to be relied upon as advice to investors or potential investors and do not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with independent professional advice when deciding if an investment is appropriate.

The information contained in this document (including tables) has not been audited in accordance with the Australian Auditing Standards.



Contents

1 Transaction overview

2 Overview of Big Fish

3 Strategic rationale

4 Funding

5 Conclusion

A Appendix



Section 1

Transaction overview

Key highlights

Aristocrat has entered into a binding agreement to purchase Big Fish for US\$990 million. Big Fish is one of the world's largest developers of Social Casino, Social Gaming and Premium Paid games

- ✓ Transforms Aristocrat's Digital business to create the 2nd largest Social Casino publisher globally by revenue
- ✓ Provides access to digital-first content creation and meta-game capability to access fast growing segments in the Social Casino sector
- ✓ Materially expands Aristocrat's Social Gaming business and penetration into new game genres
- ✓ Deep game development talent pool and strong cultural alignment
- ✓ Financially attractive and expected to be EPSA accretive in the first full year of ownership
- ✓ Provides a platform for growth through existing successful apps and an attractive pipeline of new apps



Transaction summary

Transaction overview	<ul style="list-style-type: none"> • Aristocrat has entered into a binding agreement to acquire 100% of Big Fish for total consideration of US\$990 million cash (A\$1,320 million⁽¹⁾), subject to customary completion adjustments • Big Fish is one of the world's largest developers of Social Casino, Social Gaming and Premium Paid games • Total transaction consideration implies a multiple of 11.9x Sep-17 LTM Adjusted EBITDA⁽²⁾
Financial impact	<ul style="list-style-type: none"> • Expected to be EPSA accretive pre-synergies in the first full-year of ownership⁽²⁾ • Transforms Aristocrat's Digital business, increasing Digital revenue contribution from 24%^{(2),(3)} to 38%^{(2),(3),(4)} and approximately doubling Digital revenues to A\$1.3 billion^{(2),(3),(4)} • Expands proportion of Aristocrat's pro-forma recurring revenues from 57%^{(2),(3)} to 65%^{(2),(3),(4)} • Pro-forma Net Debt / LTM EBITDA as at 30 September 2017 of 2.2x⁽⁵⁾ post the transaction
Funding	<ul style="list-style-type: none"> • Aristocrat will fund the acquisition via a US\$890 million Term Loan B debt facility • Aristocrat has secured fully committed financing for the acquisition
Management retention	<ul style="list-style-type: none"> • Big Fish's key game development and leadership team have entered into retention and non-compete arrangements with Aristocrat
Timing	<ul style="list-style-type: none"> • Expected to complete in the first quarter of calendar year 2018, subject to the receipt of necessary regulatory approvals and satisfaction of other customary closing conditions

Notes:

- (1) All financial information in this presentation related to Big Fish and Plarium has been converted using AUD:USD of 0.75.
- (2) Based on Adjusted Revenue and Adjusted EBITDA as defined in Appendix A.
- (3) Includes full year contribution of Plarium for 12 months ended 31 March 2017.
- (4) Includes full year contribution of Big Fish for 12 months ended 30 September 2017.
- (5) Net Debt / LTM EBITDA calculation based on definition used for the purposes of Aristocrat's debt covenants. See page 24 for detailed calculation.



Section 2

Overview of Big Fish

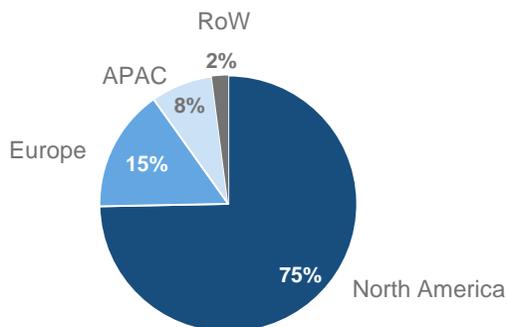
Overview of Big Fish

Big Fish is a leading global publisher of free-to-play games for mobile devices and desktop

Business overview

- Big Fish operates across the Social Casino, Social Gaming and Premium Paid segments⁽¹⁾
 - #6 Social Casino game publisher globally⁽²⁾
 - #7 mobile publisher by revenue in the US (2016)⁽³⁾
- Headquartered in Seattle, USA, with five in-house development studios in Seattle and Oakland, USA and employing c.700 FTEs
- For 12 months ending 30 September 2017, Big Fish generated Adjusted Revenue of US\$458m, Adjusted EBITDA of US\$83m⁽⁴⁾

Big Fish Adjusted Revenue by geography^{(4),(5)}



Notes.

- (1) See Appendix A (Glossary of terms) for definitions of game segments.
- (2) By revenue (September 2017 LTM); Source: Eilers & Krejci Gaming, LLC (Eilers & Krejci).
- (3) Source: Churchill Downs 2016 10-K filing.
- (4) Big Fish Adjusted Revenue and Adjusted EBITDA as defined in Appendix A.
- (5) Based on revenue for September 2017 YTD.

Segments

	Key current games (Launch date)	Adj. Revenue ⁽⁴⁾ contribution (Sep-17 LTM)
Social Casino	<i>In-house developed digital slots</i> 2012 2015 2016	 42% US\$194m
Social Gaming	<i>Diversified social games portfolio</i> 2007 2014 2014 2017	 40% US\$184m
Premium Paid	<i>c. 5,400 premium paid games</i> 2005 2010 2014	 18% US\$81m

Business model overview

Big Fish's capabilities and experience with developing digital-first content and meta-game based applications are key advantages

Successful business model

- 1 In-house digital-first content creation
- 2 Expertise in meta-game based applications
- 3 3rd party developer network
- 4 Diversified product portfolio (multi-app strategy)

Delivering...

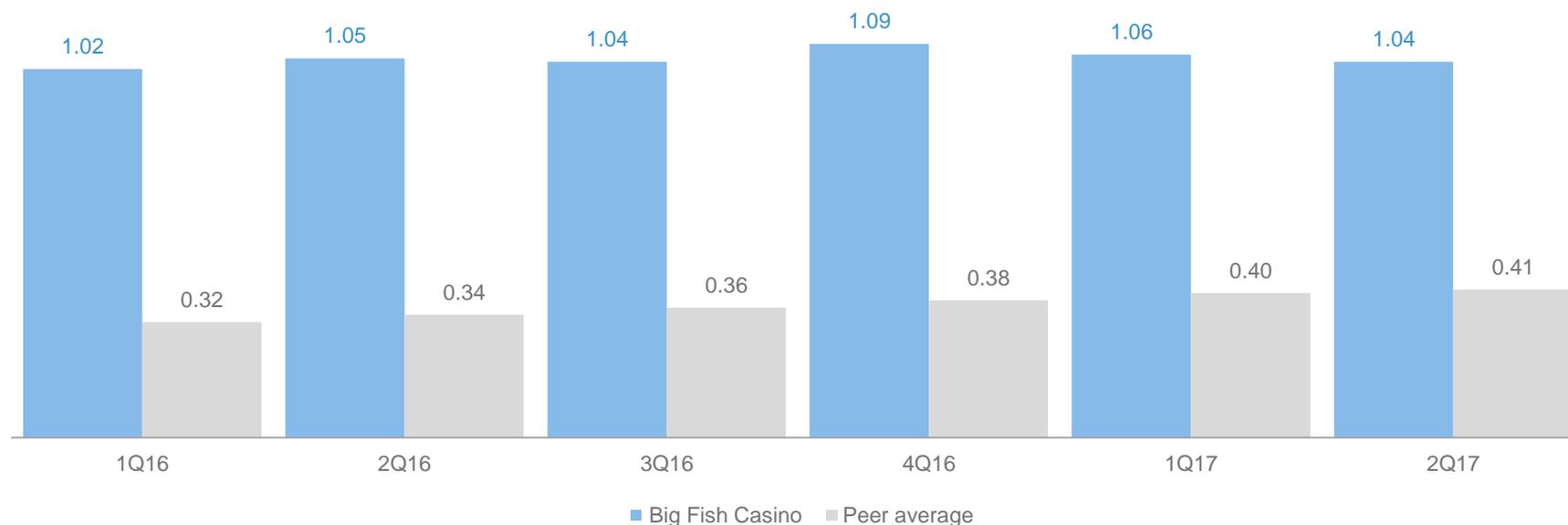
- ✓ Digital slot games that are not dependent on land-based content
- ✓ Meta-game based apps which are driving the next phase of growth
- ✓ High velocity game release capability
- ✓ Flexible and low-cost development approach
- ✓ Agility, leadership in innovation



Big Fish has a track record of industry leading user monetisation

Big Fish Casino, Big Fish's flagship Social Casino application, achieves best in class monetisation rates through high quality digital-first content and meta-game features

Big Fish Casino ARPDAU vs. Peers (US\$)⁽¹⁾



Source: Company reports, Sensor Tower, App Annie, Facebook, Eilers & Krejcik.

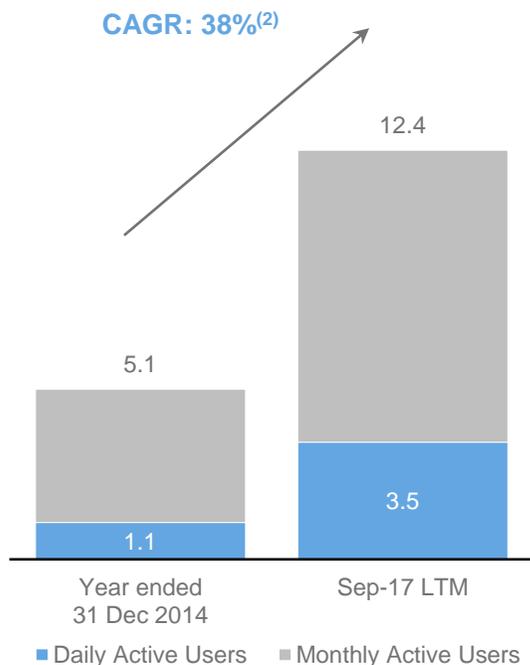
Note:

(1) Peers include Playtika, DoubleDown and SciGames.

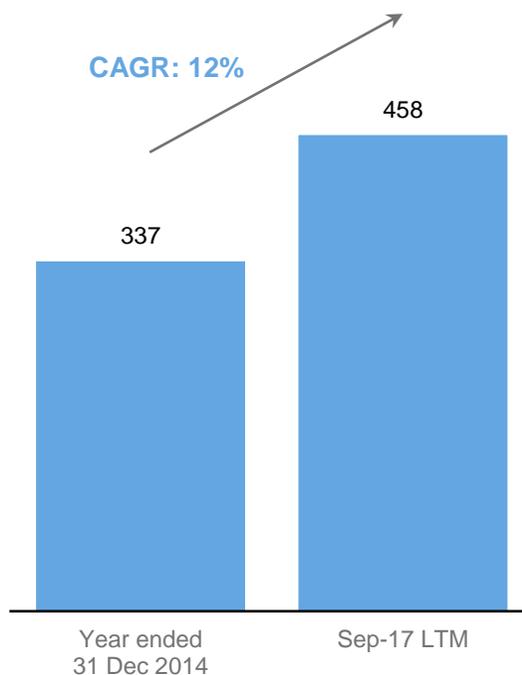
Big Fish performance over time

Big Fish has built a large and loyal base of players over time across various key titles, driving significant growth in users, bookings and earnings

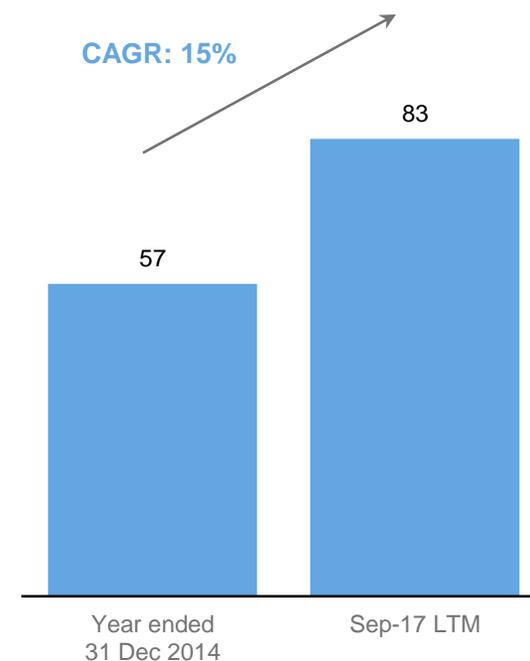
Daily and Monthly Active Users⁽¹⁾ (m)



Adjusted Revenue (US\$m)



Adjusted EBITDA (US\$m)



Notes:

(1) Includes Social Casino and Social Gaming segments only.

(2) CAGR refers to Monthly Active Users.



Section 3
Strategic rationale

Strong strategic rationale

The acquisition of Big Fish is a strategically and financially compelling transaction

1 Transforms Aristocrat's Digital business, creating the 2nd largest Social Casino

2 Provides Aristocrat with digital-first content creation and meta-game capability

3 Materially expands the Social Gaming business

4 Deep game development talent pool and strong cultural alignment

5 Financially attractive

6 Platform for growth

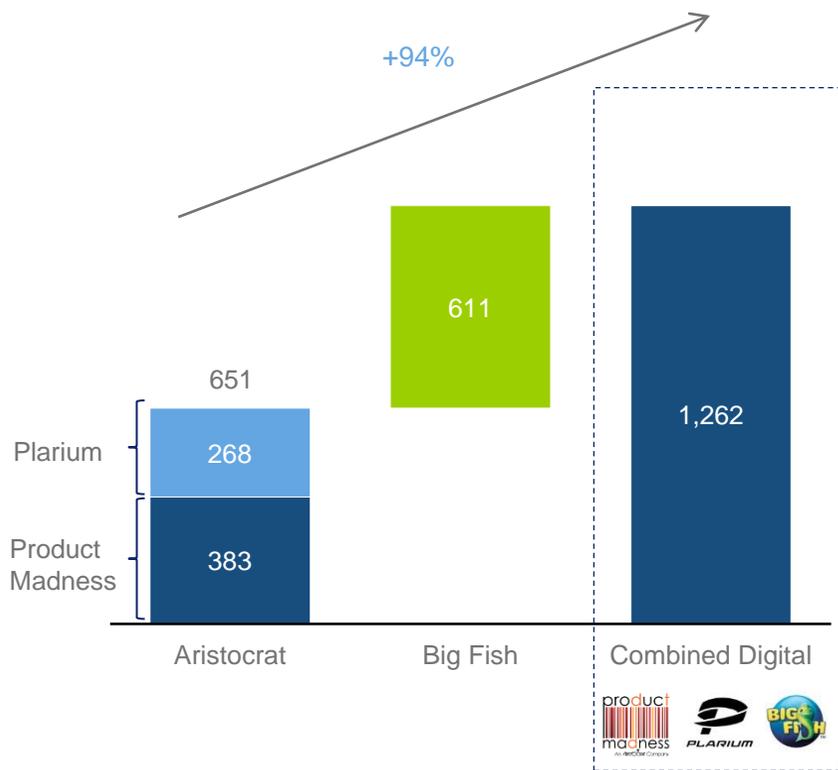


1 Transformation of Aristocrat's Digital business...

The acquisition of Big Fish is transformative for Aristocrat's Digital business, increasing overall Digital revenues by 94% and increasing Digital revenue contribution to 38%

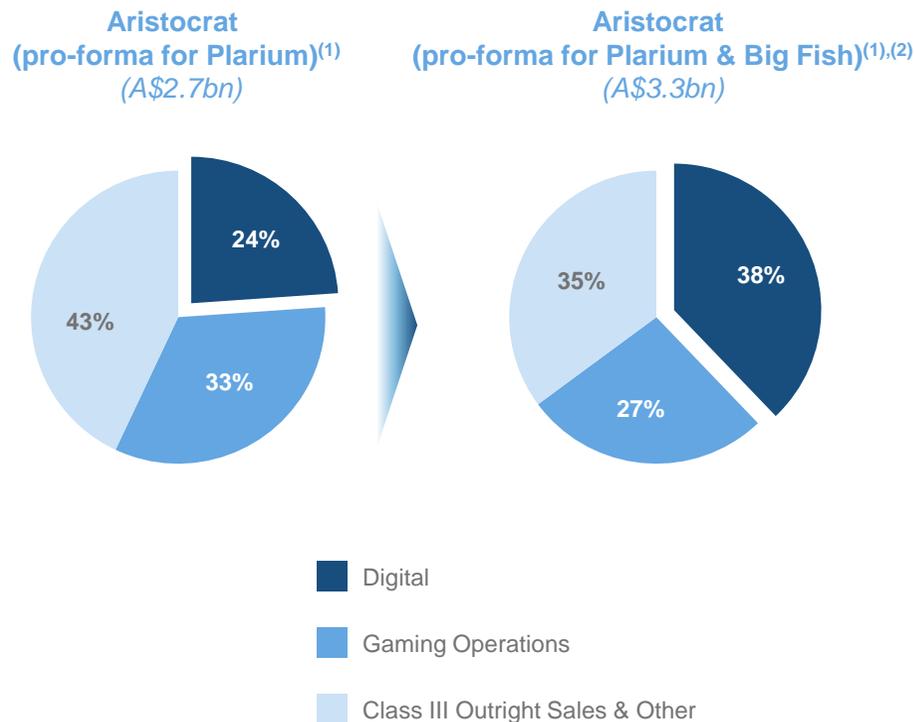
Significant expansion of Digital business

Sep-17 LTM pro-forma Adjusted Revenue (A\$m)^{(1),(2)}



Aristocrat's strategic commitment to build a Digital business

Adjusted Revenue by strategic segment (Sep-17 LTM)



Notes:

(1) Includes full year contribution of Plarium for 12 months ended 31 March 2017.

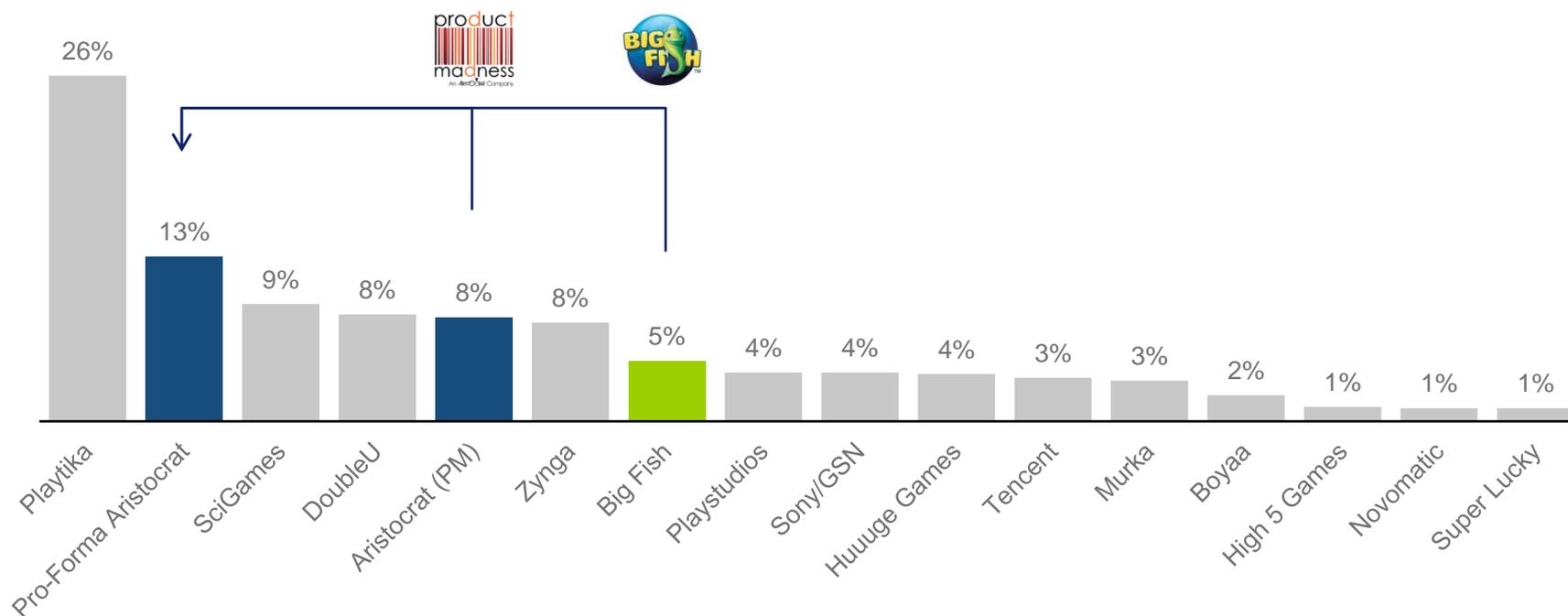
(2) Includes full year contribution of Big Fish for 12 months ended 30 September 2017.

1 ...Creating the 2nd largest Social Casino publisher by revenue

The combined business will become the #2 Social Casino publisher globally, significantly increasing the scale of the business and capacity to optimise user acquisition spend

Top Social Casino game publishers (Sep-17 LTM)

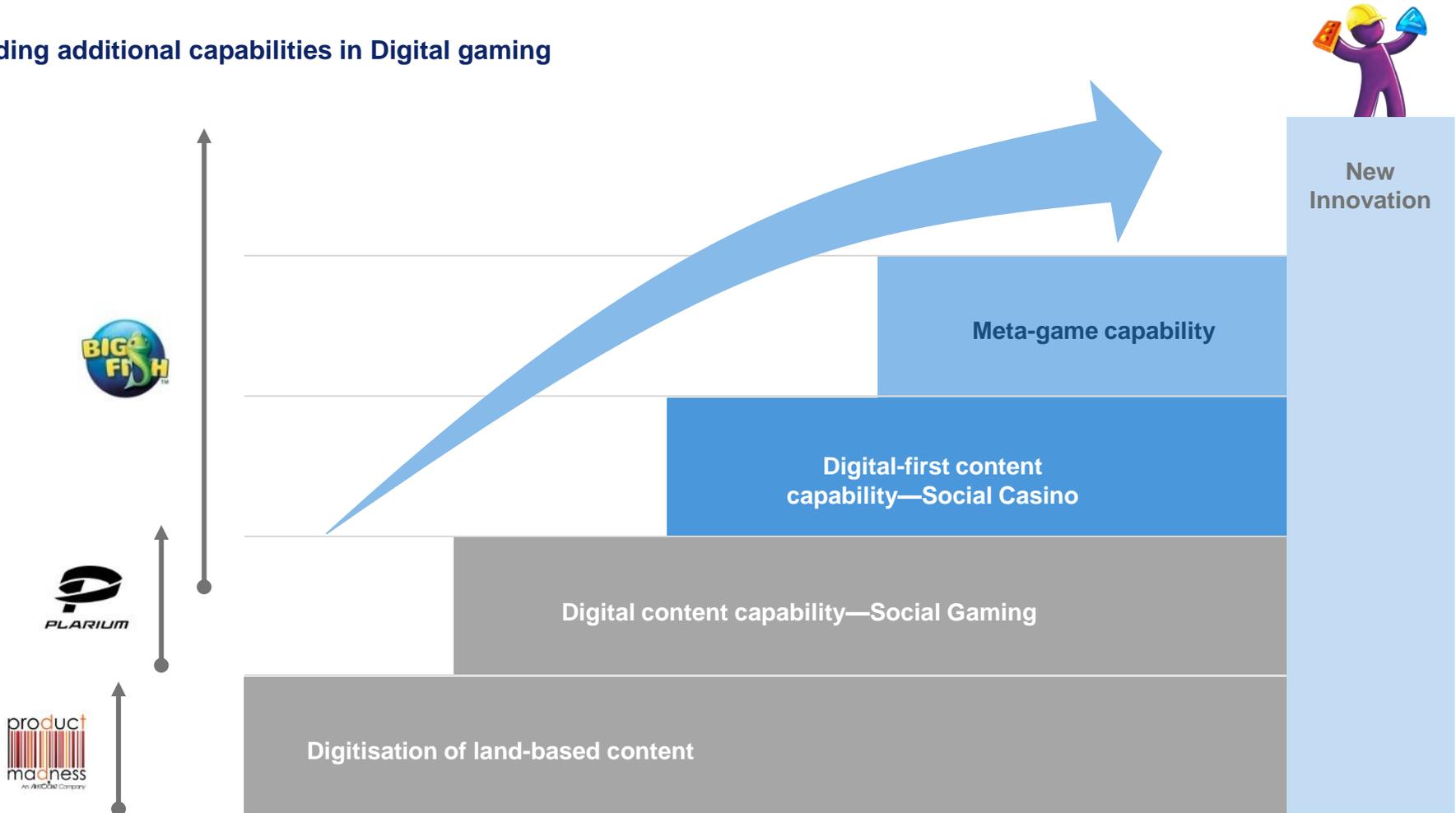
Market share by revenue (%)



2 Enhanced Digital and Social Casino capability...

Big Fish provides Aristocrat with digital-first content creation capability in Social Casino and expertise in meta-game based applications through high quality in-house studios and a network of third party development studios

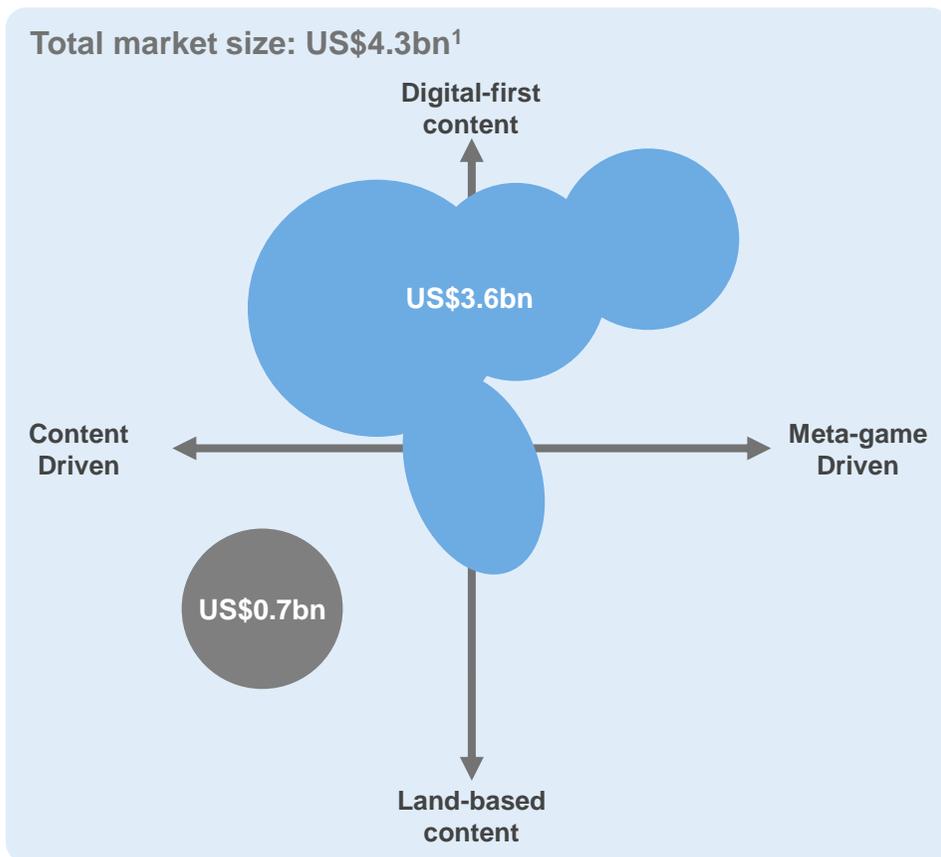
Building additional capabilities in Digital gaming



2 ...Significantly increasing the Social Casino addressable market

Access to the large and fast growing digital-first content and meta-game based sub-segments increases Aristocrat's addressable market in Social Casino by c.6x

Global Social Casino market by segment (US\$bn)



Addressable markets:

● Land-based, content driven only	US\$0.7bn
	+
● New markets opened up by Big Fish	US\$3.6bn

Total post-acquisition **US\$4.3bn**

- Applications based on digital-first content (i.e. content created for the Digital channel only and not monetised in land-based casinos) and meta-games represent the largest sub-segments in the Social Casino market
- Big Fish's digital-first social casino content and meta-game driven applications are thereby highly complementary to Aristocrat's industry-leading land based digital content business

Source: Eilers & Krejci, Management estimates.

Notes:

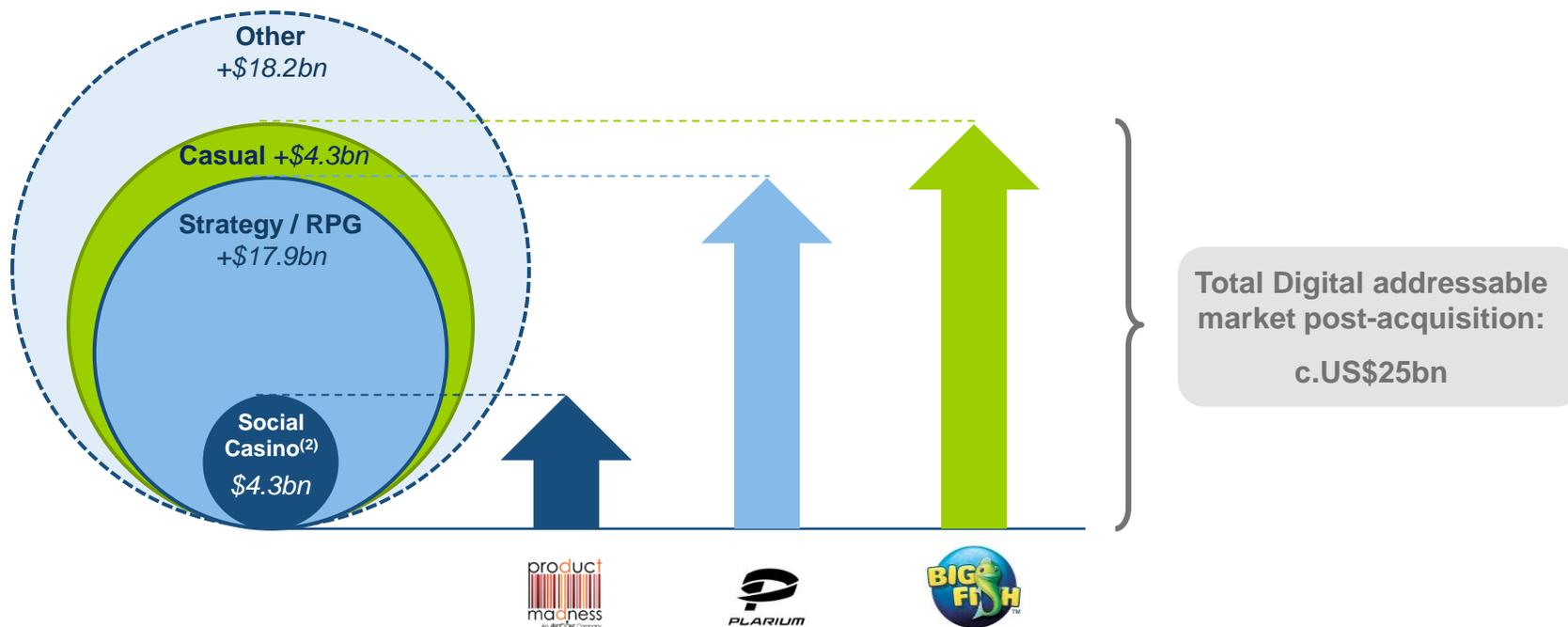
(1) Based on Eilers & Krejci 3Q17 Social Casino Tracker for the 12 months ended 30 September 2017.

3 Materially expands the Social Gaming business

The acquisition provides the Digital business with greater penetration into the Social Gaming market, particularly into the Casual and Cards segments

An acquisition of Big Fish significantly increases Aristocrat's penetration of the total Digital gaming market

Total mobile and web games market (US\$bn)⁽¹⁾
\$44.7bn



Source: Newzoo.

Notes:

(1) Includes the mobile phone, tablet and PC-Browser game market as classified by Newzoo.

(2) Based on Eilers & Krejciak 3Q17 Social Casino Tracker for the 12 months ended 30 September 2017.

3 ...With stronger penetration into new game genres

Big Fish's diversified portfolio is highly complementary to Aristocrat and Plarium's content and fills in the "white space" in targeted Digital sub-segments and game genres

Complementary application portfolio

Segment	Aristocrat / Product Madness	Plarium	Big Fish	Combined capability
Social Casino <i>Land-based content</i>	 			✓
Social Casino <i>Digital content</i>			  	✓
Cards			 	✓
Casual			  	✓
Strategy & RPG		   		✓

4 Deep game development talent pool and strong cultural alignment

Big Fish has a deeply experienced game development talent pool with demonstrated track record of success through innovation

- ✓ **Deep game development talent pool and leadership team** who have significantly grown the business through new apps and continued innovation
- ✓ Big Fish's key game development talent and leadership team have **entered into non-compete and retention arrangements**
- ✓ Big Fish will **operate as a separate business unit**, alongside Product Madness, with both businesses reporting in to the Chief Strategy Officer and supported by focused Digital resources, comprising finance and product leadership
- ✓ Common **leadership group will provide oversight, co-ordination and seek to realise potential combination benefits** whilst ensuring the core land based business is not distracted
- ✓ **Strong cultural alignment** with a common focus on producing the world's best gaming experience

5 Financially attractive

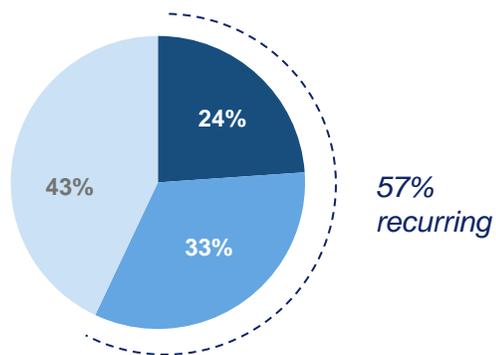
The acquisition of Big Fish is expected to be EPSA accretive in the first full year of ownership (pre-synergies) and will significantly increase the proportion of Aristocrat's recurring revenues

✓ **Earnings accretive**

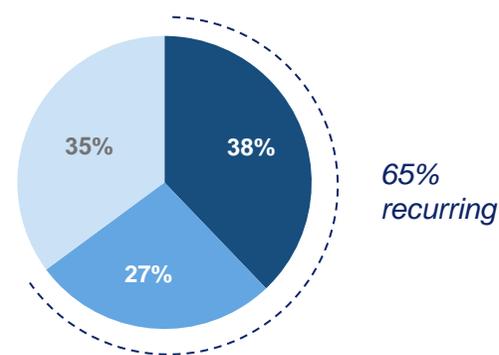
The transaction is expected to be EPSA accretive pre-synergies in the first full year of ownership

✓ **Expands proportion of Aristocrat's recurring revenues⁽¹⁾**

Aristocrat
(pro-forma for Plarium)⁽²⁾
(A\$2.7bn)



Aristocrat
(pro-forma for Plarium & Big Fish)^{(2),(3)}
(A\$3.3bn)



Digital
 Gaming Operations
 Class III Outright Sales & Other

Notes:

- (1) Based on Adjusted Revenue as defined in Appendix A.
- (2) Pro-forma Adjusted Revenue includes full year contribution of Plarium for 12 months ended 31 March 2017.
- (3) Pro-forma Adjusted Revenue includes full year contribution of Big Fish for 12 months ended 30 September 2017.

6 Platform for growth

Both the social casino and broader mobile games markets are forecast to continue to grow rapidly, supported by monetisation and gameplay improvements, broadening appeal and strengthening retention rates

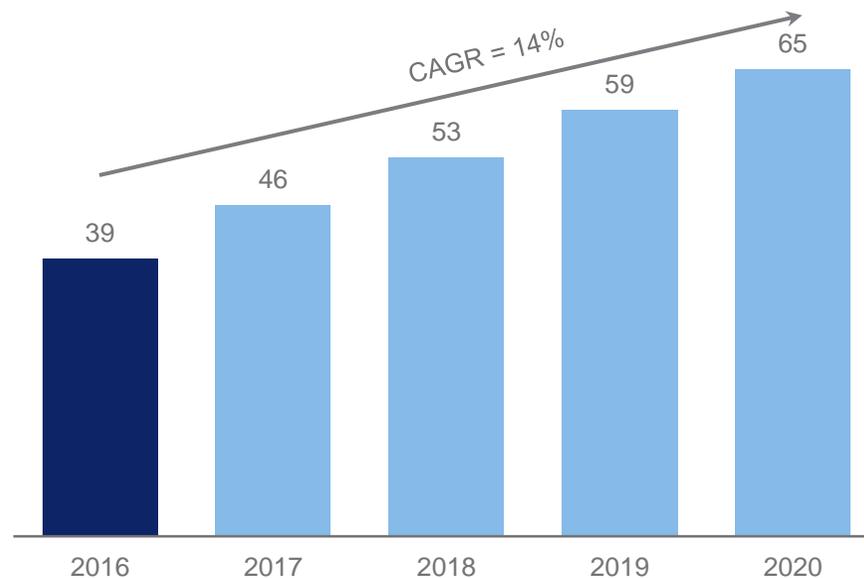
Social casino market forecasts (US\$bn, Dec y/e)⁽¹⁾

- Growth expected to be driven by continued innovation resulting in improving category appeal and retention



Mobile gaming market forecasts (US\$bn, Dec y/e)⁽²⁾

- Growth underpinned by continued innovation and increasing smartphone adoption



Source: Eilers & Krejcik, Newzoo, GSMA Intelligence | The Mobile Economy 2017.

Notes:

(1) Eilers & Krejcik forecasts.

(2) Newzoo forecasts. Includes mobile phones and tablets.

6 ...Attractive pipeline of new apps to continue to drive growth

Big Fish has an attractive pipeline of new games that are expected to continue to scale and drive strong growth in the business

Existing core apps



Big Fish pipeline overview

Social Casino

		Launch timing
	Sunset Riches	2017
	Slots Craft	2018
	Additional games to come	

Social Gaming

		Launch timing		Launch timing	
	Let's Cook	2018		Puzzle Gods	2018
	Knittens	2018		Bake Shop Blast	2018
	Anvil	2018		Additional games to come	



Section 4 Funding

Acquisition funding details

Aristocrat will fund the acquisition via a US\$890m TLB as well as existing cash

Acquisition funding details

Purchase price	<ul style="list-style-type: none"> Upfront cash consideration of US\$990 million (A\$1,320 million)
Debt	<ul style="list-style-type: none"> US\$890 million Term Loan B
Credit rating	<ul style="list-style-type: none"> Aristocrat continues to target financial metrics in line with an investment grade level

Sources and uses

Sources	US\$m	A\$m
Existing cash	125	167
Incremental TLB debt	890	1,187
Total sources	1,015	1,353
Uses	US\$m	A\$m
Cash consideration	990	1,320
Transaction costs	25	33
Total uses	1,015	1,353

Pro-forma balance sheet

A\$m	Aristocrat ⁽³⁾	Plarium & Adjustments ⁽⁴⁾	Big Fish & Adjustments ⁽⁵⁾	Aristocrat Pro Forma
Cash and cash equivalents	547	(122)	(167)	258
Total existing debt	1,211	-	-	1,211
Incremental Term Loan B	-	567	1,187	1,754
Net Debt⁽¹⁾	664	689	1,353	2,706
EBITDA ⁽²⁾	1,034	58	111	1,203
Net Debt / LTM EBITDA	0.6x			2.2x

Notes:

- (1) Net Debt as defined for the purposes of debt covenants in Aristocrat's Syndicated Facility Agreement.
- (2) EBITDA as defined for the purposes of debt covenants in Aristocrat's Syndicated Facility Agreement.
- (3) Aristocrat Net Debt as at 30 September 2017; EBITDA for the 12 months ended 30 September 2017.
- (4) Plarium EBITDA refers to Adjusted EBITDA (see Appendix A) and includes the full year contribution of Plarium for the 12 months ended 31 March 2017.
- (5) Big Fish EBITDA refers to Adjusted EBITDA (see Appendix A) and includes the full year contribution of Big Fish for the 12 months ended 30 September 2017.



Section 5
Conclusion

Recap of key highlights

Aristocrat has entered into a binding agreement to purchase Big Fish for US\$990 million. Big Fish is one of the world's largest developers of Social Casino, Social Gaming and Premium Paid games

- ✓ Transforms Aristocrat's Digital business to create the 2nd largest Social Casino publisher globally by revenue
- ✓ Provides Aristocrat with access to digital-first content creation and meta-game capability to access fast growing segments in the Social Casino sector
- ✓ Materially expands Aristocrat's Social Gaming business and penetration into new game genres
- ✓ Deep game development talent pool and strong cultural alignment
- ✓ Financially attractive and expected to be EPSA accretive in the first full-year of ownership
- ✓ Provides a platform for growth through existing successful apps and an attractive pipeline of new apps



Q&A





Appendix A
Glossary of terms

Glossary of terms

A\$	Australian dollar
Addressable market	Size of the market available, by revenue
Adjusted Revenue	Revenue net of platform fees and adjusted to include the change in deferred revenue (net of change in deferred platform fees) to present on a bookings (cash) basis
Adjusted EBITDA	Adjusted EBITDA excludes stock-based compensation expense, acquisition-related charges (including fair value adjustments related to earn-outs and deferred payments), allocated corporate costs from Churchill Downs, and includes the net change in deferred revenue (net of change in deferred platform fees) to present on a bookings (cash) basis
ARPPDAU	Average Revenue Per Daily Active User
Bookings basis	Includes the net change in deferred revenue (net of change in deferred platform fees) to present Revenue and EBITDA on a bookings (cash) basis
CAGR	Compound Annual Growth Rate
Card game	A card game is any game using playing cards as the primary device with which the game is played, be they traditional or game-specific
Casual game	A game that is characterised by easy gameplay where players can play infrequently or on a spontaneous basis
DAU	Daily Active Users (note that 'Active' means a player had at least one game session during the day)
Digital-first	A content strategy in which publishers prioritise and release content for digital channels in preference to other media
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPSA	Fully diluted Earning Per Share (EPS) before amortisation of acquired intangibles

FTE	Full-time equivalent
FTP	Free-To-Play
KPI	Key performance indicator
LTM	Last Twelve Months
MAU	Monthly Active Users (i.e. the number of unique players within a month that were active on the game at least once during that month)
Meta-game	A meta-game is an additional game layer in an application which sits above the core game, typically to engage players outside of the core game. Meta-games can include bonus games, progression mechanics or a social meta-structure.
Premium Paid	Premium paid games are those where customers pay a single price upfront or subscription fee to download a game on their PC, Mac and mobile devices. There is no further monetisation through in-app purchases.
RPG	A Role Playing Game. A game that focuses on the advancement of a main character, acquisition of items and has an over-arching storyline
Strategy game	A game that requires players to combat against one another, utilising skilful planning and tactical thinking
TLB	Term Loan B debt
US\$	US dollar



Appendix B

Reconciliation of reported EBITDA to Adjusted EBITDA

EBITDA reconciliation to public filings

US\$m, Dec-YE	Sep-17 LTM
Reported EBITDA⁽¹⁾	81
Corporate allocated expenses	3
GAAP to bookings adjustment ⁽²⁾	0
Purchase Price Adjustment reversal ⁽³⁾	(1)
Adjusted EBITDA	83

Notes:

(1) EBITDA as reported in Churchill Downs' public SEC filings.

(2) Alignment to Aristocrat Digital accounting.

(3) Relating to development fees recognised as amortisation in Churchill Downs' financial statements due to purchase price adjustments as part of the acquisition accounting.



ARISTOCRAT[®]